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New Audit Threshold for Volunteer Fire Relief Associations

By Rebecca Otto, State Auditor

The New Year brings with it a new audit threshold for volunteer fire relief associations. As a result, many relief associations will have an earlier reporting deadline during 2014, so it is important that boards of trustees begin preparations now to make sure that reporting forms will be completed and submitted by their due date.

Audit Threshold and Reporting Deadlines

The threshold at which a relief association is required to have an audit was increased during the 2013 legislative session from \$200,000 to \$500,000.

Beginning with financial reports due during 2014 that cover the 2013 calendar year, relief associations with assets or liabilities of at least \$500,000 must submit an audit report and annual reporting forms to the Office of the State Auditor (OSA). The audit report and annual reporting forms are due to the OSA by June 30.

Relief associations with assets and liabilities of less than \$500,000 must submit annual reporting forms. The financial Reporting Form (form RF) must be certified by an independent public accountant or auditor. These relief associations need not obtain an audit. The reporting forms and accountant or auditor certification are due to the OSA by March 31.

As an example, the Blue Dog Fire Relief Association's assets are \$300,000. This relief association was required to have an audit during the 2012 reporting year because the association's assets exceeded the \$200,000 threshold that was effective at that time. The relief association does NOT need to have an audit for the 2013 reporting year because its assets are below the new \$500,000 threshold. This relief association will only be required to submit, by March 31, annual reporting forms and the accountant or auditor certification.

Once a relief association exceeds the new \$500,000 threshold it must continue to have an audit and comply with the June 30 reporting deadline, even if its assets and liabilities subsequently drop below the threshold.

Internal Controls

It is important for all relief associations to have sound internal controls in place to protect their assets from loss or misuse. A Statement of Position is available on the OSA website that provides additional information on the importance of internal controls. The OSA website is www.auditor.state.mn.us. The Statement can be found by selecting the “For Local Officials” menu item and then clicking on “Statements of Position.” The Statement titled “The Importance of Internal Controls” can be found under the “Internal Controls” heading.

Tools for Reporting

To assist reliefs with their reporting obligations, the OSA provides a number of resources for completing forms on its website. These resources include a calendar of required relief association reporting forms and their respective due dates, helpful hints for completing the forms, and a list of contact information for government offices to which relief associations report. These documents can be found by selecting the “Forms” menu item on the OSA website and then clicking on “Pension Forms.”

If a relief association has questions about its reporting requirements or new reporting deadline, please do not hesitate to contact our Pension Division staff at pension@osa.state.mn.us or at (651) 282-6110.