



State Auditor
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OFFICE OF THE STATE AUDITOR

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1. Message from Auditor Blaha

Our community, our state, our country, and the world have been reeling for the last 12 days. I hope that as you process George Floyd's murder, you think about how you can be a catalyst for change. If you read this newsletter, chances are you are in a position to affect the inner workings of our systems. Your attention to justice right now can have a lasting, concrete benefit.

As we push for change, we must do our best to remember that the COVID-19 pandemic is still an everyday reality for all of us. If you have volunteered for food and supplies collection, helped with clean-up efforts, or attended a protest in the last week and a half, please get tested as soon as possible. Even if you don't have symptoms, you can still spread this virus to other people. You may find testing locations near you here: <https://mn.gov/covid19/for-minnesotans/if-sick/testing-locations/index.jsp>

Another thing to be aware of during the pandemic are text scams. Contact tracing is a necessary tool in order to help reduce and slow the spread of COVID-19. Unfortunately, scammers have found their way into this important aspect of containing the spread of COVID-19 and recent reports have found scammers are impersonating public health workers. The Minnesota Department of Health wants to emphasize that "health officials in Minnesota would text someone only after contacting them by phone, so anyone who receives a text message without having already heard from public health officials by phone should ignore and delete the text."

This is also a reminder to never share sensitive information including your Social Security number, passwords, medical or bank information, unless you fully trust the source.

Thank you for all you do. Please take care of yourself, your family, and your community.

2. Pension: Submitting Pension Agreed-Upon Procedures and Audit Reports

Agreed-upon procedures reports and audit reports for volunteer fire relief associations should be submitted to the Office of the State Auditor electronically through the State Auditor's Form Entry System (SAFES). Both types of reports must be saved as PDF documents. To submit the report, choose the "Submit Documents" tab within SAFES. Browse and select the document for submission. When submitting the agreed-upon procedures report, choose "Agreed-Upon Procedures Report" when specifying the document type.

To submit an audit report through SAFES, choose "Pension Audit Report" when specifying the document type. When submitting audit reports, please be sure that the financial statements, required supplementary information, legal compliance report, and management letter are saved and submitted as one PDF document.

3. TIF: Documenting Pay-As-You-Go Expenditures

Many TIF districts have pay-as-you-go (PAYG) obligations in which the developer pays up-front costs and is reimbursed with tax increments. Those costs must be substantiated as TIF-eligible costs and documented. For more information see the full TIF Article at:

<https://www.auditor.state.mn.us/default.aspx?page=tifDocPAYGExp>

For more TIF Articles, please visit the TIF Articles webpage at:

<https://www.auditor.state.mn.us/default.aspx?page=tifarticles>

4. Released: Minnesota City Budgets Report – 2020 City Summary Budget Data Together with 2019 Revised Summary Budget Data

Earlier this week, the Office of the State Auditor (OSA) released the annual Minnesota City Budgets Report: 2020 City Summary Budget Data Together with 2019 Revised Summary Budget Data. This publication presents 2019 (revised) and 2020 budget data for Minnesota cities. The data reflects unaudited budgeted revenues and expenditures reported by cities to the OSA as required by Minn. Stat. § 6.745, subd. 1.

The data in this report is best used as a tool to help review budgeting decisions for the years 2019 and 2020. The budget represents a plan, reported by the city, for the coming year. The data reported does not represent all city revenues and expenditures.

Cities report budget data only for funds for which an annual budget is adopted. Cities with funds where annual budgets are not adopted would have more revenues and expenditures than reported in this report. Also, the revenues and expenses of city public service enterprises are not included. The inclusion of enterprise funds would significantly alter the revenue and expenditure trends of cities. Because of the limitations of budget data, as it is a plan, the OSA recommends using the financial information provided in our publication, Minnesota City Finances, which are the actual audited revenues and expenditures. To view the complete scope of the report go to: <https://www.auditor.state.mn.us/default.aspx?page=20200603.000>

5. Avoiding Pitfalls: Internal Control Environment

To help safeguard public assets, public entities need to develop a favorable control environment. Copies of internal control policies and procedures should be provided to all employees.

Equally important, however, is the tone set by management. To create a positive control environment, management should:

- Communicate to all employees the importance of internal controls;
- Demonstrate its own compliance with the entity's approved internal control policies and procedures;
- Take appropriate action against those who are not complying with approved internal control policies and procedures;
- Encourage employees to report exceptions not addressed by the policies; and
- Make employees feel comfortable when reporting potential wrongdoing or violations of policies and procedures.

For more information on internal controls, please see the Statement of Position entitled The Importance of Internal Controls on the OSA's website at:

<http://www.auditor.state.mn.us/default.aspx?page=20110607.013>

This Avoiding Pitfall is available on our website at:

<http://www.auditor.state.mn.us/default.aspx?page=20090724.071>

If you are interested in signing up to receive an e-mail version of the E-Update regularly, send an e-mail with your contact information to signup@osa.state.mn.us.

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