



OFFICE OF THE STATE AUDITOR

E-Update

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State Auditor
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1. Avoiding Pitfalls – Federal Check 21 Act
2. Pension Update – Service Credit Definitions

1. Avoiding Pitfalls – Federal Check 21 Act

To identify potential problems, such as errors or theft, in a timely manner, local units of government must reconcile bank balances on a monthly basis. With the enactment of the Federal Check 21 Act, it may no longer be possible for you to obtain your canceled checks from depository banks. By promptly identifying potential problem checks, local units of government may be able to avoid the destruction of evidentiary information.

For more information on the Federal Check 21 Act and our recommendations, see our Statement of Position 2007-1111, available on our website at:

http://www.auditor.state.mn.us/other/statements/check21_0703_statement.pdf

2. Pension Update – Service Credit Definitions

When determining service pension amounts for members of a volunteer fire relief association it is important to ensure that service credit is calculated accurately. Service can only be credited for completed years of active service, unless the fire relief association bylaws specifically provide for service pensions to be prorated monthly. A completed year of service generally means that the volunteer firefighter has been an active member of the fire department for an entire 12-month period. Service credit cannot be rounded up to the nearest full year. Likewise, if the fire relief association bylaws allow for service pensions to be prorated monthly, credit can be

given for completed months of service. A completed month of service means that the volunteer firefighter was active for an entire month.
