



OFFICE OF THE STATE AUDITOR

E-Update

*The official online news
publication of the Office
of the State Auditor*

**State Auditor
Rebecca Otto**

November 14, 2008

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1. Pension Updates: Working Group Meeting Cancelled & Forfeiture Deadline

Working Group Meeting Cancelled

The Volunteer Fire Relief Association Working Group meeting scheduled for Tuesday, November 18, has been cancelled due to a last-minute scheduling conflict with the Legislative Commission on Pensions and Retirement. The next meeting will take place at its regularly scheduled time on Thursday, December 4.

Forfeiture Deadline is November 30

State law requires forfeiture of fire state aid for volunteer fire relief associations that do not submit all required reporting information to the Office of the State Auditor by November 30. There are still nearly 40 relief associations that have yet to submit some or all of their 2007 reporting year forms.

If forms are not fully received by November 30, a relief association's 2008 fire state aid will be forfeited and the association will not be eligible for future fire state aid until the 2007 forms are received. The Office of the State Auditor does not have authority to grant filing extensions past the November 30 deadline.

If you have questions regarding reporting requirements or need access to the online reporting forms, please contact Gail Richie with the Pension Division at (651) 282-6110 or Gail.Richie@state.mn.us.

2. Avoiding Pitfalls: Documentation of Accounting Policies and Procedures

All local units of government should document their accounting policies and procedures. This documentation is traditionally maintained in a written policy statement or manual

which spells out the accounting policies and procedures that make up the entity's internal control system. The detail and complexity of the documentation will depend on the size of the entity.

The documentation should:

- Describe the procedures as they are intended to be performed;
- Indicate which employees are to perform which procedures; and
- Explain the design and purpose of control-related procedures to increase employee understanding and support for controls.

The written accounting policies and procedures will:

- Enhance employees' understanding of their role and function in the internal control system;
- Establish responsibilities;
- Provide guidance for employees;
- Improve efficiency and consistency of transaction processing;
- Improve compliance with established policies;
- Help prevent deterioration of key elements in the entity's internal control system;
- Maintain consistency in procedures from year to year and during employee transitions; and
- Help decrease circumvention of the entity's policies.

The written documentation of accounting policies and procedures should be prepared by appropriate levels of management. It should be approved by the entity's governing body to emphasize its importance and authority. To be effective, the written documentation should be shared with all employees. Entities may want to ask employees to sign a form acknowledging receipt of the policy or manual and agreeing to adhere to the policies contained in the policy or manual.

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