



State Auditor  
Rebecca Otto

# OFFICE OF THE STATE AUDITOR

## *E-Update*

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

August 19, 2011

1. Reminder: Best Practices Survey
2. Pension: Relief Association Tax-Exempt Status Revocations
3. Avoiding Pitfalls: Schools - Cash Receipts

---

### **1. Reminder: Best Practices Survey**

The Office of the State Auditor is currently working on the next Best Practices Review, which will be one part of a series on collaboration in government. The OSA recently sent a letter asking city, county and town officials to complete an online survey to assist the OSA in collecting information for the next Review. Thanks to all of those who have already completed the online survey. The survey will be available for completion until August 26th. The estimated time to complete is 5-10 minutes.

If you have any questions about the survey, please contact Christy John in our office at 651-297-3681 or by e-mail at [christy.john@osa.state.mn.us](mailto:christy.john@osa.state.mn.us).

---

### **2. Pension: Relief Association Tax-Exempt Status Revocations**

In June the Internal Revenue Service (IRS) announced that approximately 275,000 organizations nationwide had automatically lost their tax-exempt status because they did not file required annual reports for three consecutive years. About 60 volunteer fire relief associations in Minnesota were included on the June revocation list.

The IRS is updating the revocation list monthly as organizations lose their tax-exempt status for not filing. Updates made during July and August show that about twelve additional Minnesota relief associations have lost their tax-exempt status.

Further information for relief association trustees seeking reinstatement of their tax-exempt status can be viewed at:

[http://www.auditor.state.mn.us/other/PensionDocs/pensionNewsletter\\_1106.pdf](http://www.auditor.state.mn.us/other/PensionDocs/pensionNewsletter_1106.pdf).

To view the list of organizations that have lost their tax-exempt status, go to <http://www.irs.gov/charities/article/0,,id=239696,00.html> and click on the link that says "Automatic Revocation of Exemption List."

---

### **3. Avoiding Pitfalls: Schools - Cash Receipts**

The school year will begin soon, so it's a good time for schools to review some basic internal control procedures for payments received from students, parents, and members of the community. Here are some basics worth following:

- Provide a sequentially pre-numbered receipt to the person turning in the payment. If a teacher/coach collects the payments, the teacher/coach should use a pre-numbered receipt book. At a minimum, the teacher/coach should maintain a list of the individual payments received, including whether the payments were cash or checks (and the check number). The teacher/coach should be provided with a receipt when the funds are turned into the main office for deposit.
  - Indicate on the receipts whether the payment was in the form of cash or check and, for checks, indicate the check number.
  - Use pre-numbered tickets for events and document the starting and ending numbers of the tickets sold at the event. Have someone other than the ticket seller reconcile the number of tickets sold to the money collected.
  - Segregate duties so the person preparing the deposit slip is not the person collecting the money. Have someone other than the person preparing the deposit slip verify that the description of the deposit on the supporting receipts agrees with the funds actually being deposited (e.g., cash vs. check amounts on the receipts match the deposit; the receipted checks are the checks actually being deposited).
- 

If you are interested in signing up to receive an e-mail version of the E-Update regularly, [click here](#).

The Office of the State Auditor is located at 525 Park Street, Suite 500, St. Paul, MN 55103.  
Phone: (651) 296-2551 or (800) 627-3529 (TTY) Fax: (651) 296-4755.  
Web: [www.auditor.state.mn.us](http://www.auditor.state.mn.us).