



State Auditor
Rebecca Otto

OFFICE OF THE STATE AUDITOR

E-Update

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

October 19, 2012

1. Deadline: 2012 Fire State Aid
2. Released: Statement of Position on Paying Service Pensions
3. Avoiding Pitfalls: Documentation of Accounting Policies and Procedures

1. Deadline: 2012 Fire State Aid

The second certification deadline for 2012 fire state aid for volunteer fire relief associations is November 1. To be certified as eligible for receipt of fire state aid in the second round of payments, all required 2011 reporting information for a relief association must be submitted, the review of the reporting information must be completed, and any identified issues must be resolved by that date.

Relief associations that have submitted reporting forms but have been notified by our Pension Division staff that additional information is needed are encouraged to submit the requested information as soon as possible.

If you have questions regarding relief association reporting requirements, please contact the Pension Division at (651) 282-6110 or at pension@osa.state.mn.us.

2. Released: Statement of Position on Paying Service Pensions

A new Statement of Position entitled The Process of Paying a Defined-Benefit Lump-Sum Service Pension: From Application to Disbursement has been released. The Statement lists steps that should be taken by a volunteer fire relief association's board of trustees between the time a member applies for a service pension distribution and when the pension is paid.

The Statement includes a chart that illustrates steps for calculating the pension. The complete Statement can be viewed at:

<http://www.auditor.state.mn.us/default.aspx?page=20121016.000>.

3. 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.

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.