



State Auditor
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OFFICE OF THE STATE AUDITOR

E-Update

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November 1, 2013

1. Meeting: Volunteer Fire Relief Association Working Group
2. Revised: Statement of Position on Legal Restrictions on Public Investing
3. Released: Pension Newsletter
4. Avoiding Pitfalls: Management Override

1. Meeting: Volunteer Fire Relief Association Working Group

The first meeting of the 2013-2014 Volunteer Fire Relief Association Working Group will be held on Wednesday, November 6 at 11:00 a.m. at our 525 Park Street office in Saint Paul. Meetings are open to the public. Working Group meeting materials are available at:

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

2. Revised: Statement of Position on Legal Restrictions on Public Investing

The Statement of Position entitled Legal Restrictions on Public Investing has been revised. The revised Statement clarifies that when government entities obtain certificates of deposit or other time deposits directly from their bank or credit union, they do so using their authority to deposit public funds. The full Statement can be viewed at:

<http://www.auditor.state.mn.us/default.aspx?page=20110607.004>.

3. Released: Pension Newsletter

The October **Pension Newsletter** has been released. The Newsletter contains a reminder about the upcoming fire state aid forfeiture deadline and descriptions of relief association plan types. The Newsletter also provides information about deferred interest rates set by a relief association's board of trustees and authorized administrative expenses.

The complete Newsletter can be viewed at:

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

4. Avoiding Pitfalls: Management Override

Governmental entities may find themselves dominated by someone who can override internal controls. It may be an elected official or a department head. It may also be a person with a strong personality, or one who has “too many important things to do” to comply with internal control procedures. Left unchecked, “management override” can negate the effectiveness of other internal control measures.

A strong control environment within a public entity sets the tone of the entity’s workplace. One of the best ways to reduce the risk of management override is to create a culture where integrity is held in high esteem and practiced every day. The message must be clear: internal control policies and procedures apply to every official, department head and employee. The message should be sent from the top -- an entity's governing body.

In a strong control environment, timely and appropriate actions should be taken when problems are discovered, and employees should feel comfortable reporting irregularities without fear of retaliation.

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