



State Auditor  
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# OFFICE OF THE STATE AUDITOR

## *E-Update*

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

March 21, 2014

1. Released: Fire Relief Association Financial and Investment Report
2. Deadline: Financial Reporting Form for Cash Towns
3. Deadline: Financial Reporting Form for Cash Cities
4. Deadline: Special District Reporting Form
5. Avoiding Pitfalls: Documentation of Accounting Policies and Procedures

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### **1. Released: Fire Relief Association Financial and Investment Report**

The State Auditor released the Financial and Investment Report of Volunteer Fire Relief Associations for the year ended December 31, 2012. The report summarizes and evaluates the finances, basic benefit structure, and investment performance of Minnesota's volunteer fire relief associations. To view the complete report, which includes an Executive Summary, tables and graphs, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20140319.000>.

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### **2. Deadline: Financial Reporting Form for Cash Towns**

The deadline for the 2013 Local Government Financial Reporting Form for towns reporting on a cash basis is Monday, March 31. The form can be accessed at:

<https://www.auditor.state.mn.us/safes/>.

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### **3. Deadline: Financial Reporting Form for Cash Cities**

Monday, March 31 is the deadline for the 2013 Local Government Financial Reporting Form for cities reporting on a cash basis. The form can be accessed at:

<https://www.auditor.state.mn.us/safes/>.

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#### **4. Deadline: Special District Reporting Form**

The Special District Financial Reporting Form and Financial Statements are due Monday, March 31 for districts whose fiscal year ended September 30, 2013. The reporting form can be accessed at:

<https://www.auditor.state.mn.us/safes/>.

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#### **5. 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;
- Explain the design and purpose of control-related procedures to increase employee understanding and support for controls; and
- Be reviewed and updated periodically.

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 to agree to adhere to the policies contained in the policy or manual.

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