



**State Auditor  
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## **OFFICE OF THE STATE AUDITOR**

# ***E-Update***

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publication of the Office  
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**April 14, 2017**

1. Released: City Summary Budget Report
  2. Website: Statements of Position
  3. Relief Associations: Multi-Year Benefit Level Proposals
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### **1. Released: City Summary Budget Report**

The OSA has released the City Summary Budget Report. The report includes 2017 budget data together with 2016 revised budget data.

Budgets are simply plans for the coming year. The 2017 budgets were adopted by city councils in November and December of 2016. The 2016 budgets were adopted by city councils in November and December of 2015.

To view the complete Report, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20170411.001>.

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### **2. Website: Statements of Position**

The OSA's website has a page dedicated to Statements of Position (SOP). SOPs are an educational resource for local governments, auditors and the public.

Statements address topics that have arisen or may arise as a result of the OSA's oversight of local government. They are developed after careful review of current state law including Minnesota Statutes, relevant Minnesota case law and Minnesota Attorney General Opinions.

The SOPs are sorted by general topic area alphabetically and are also cross-referenced. To access this feature, click on the "For Local Officials" tab on the home page and scroll down to "Statements of Position". You can also find it by clicking on the following link:

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

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### **3. Relief Associations: Multi-Year Benefit Level Proposals**

Many relief associations review their benefit levels in the spring when completing their annual reporting forms. We understand that occasionally relief association trustees have an interest in seeking municipal ratification to increase the relief association's benefit level over multiple years. Such a proposal is not consistent with established law unless the municipality ratifies each incremental benefit level before it becomes effective.

For example, if a relief association would like to increase its benefit level from \$2,000 to \$3,000 per year of service over a five-year period, the \$2,000 benefit level would need to be ratified by the municipality in year one, and the \$2,200 benefit level would need to be separately ratified in year two and so on.

Annual ratification of any benefit level change is required by law. Annual ratification also ensures that each incremental benefit level does not exceed the relief association's maximum allowable benefit level, which can fluctuate from year to year.

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### **4. Avoiding Pitfalls: Internal Control Environment**

To help safeguard public assets, public entities need to develop a favorable control environment. Copies of internal control policies and procedures should be provided to all employees.

Equally important, however, is the tone set by management. To create a positive control environment, management should:

- Communicate to all employees the importance of internal controls;
- Take appropriate action against those who are not complying with approved internal control policies and procedures;
- Encourage employees to report exceptions not addressed by the policies; and
- Make employees feel comfortable when reporting potential wrongdoing or violations of policies and procedures.

For more information on internal controls, please see the Statement of Position entitled The Importance of Internal Controls on the OSA's website at:

<http://www.auditor.state.mn.us/default.aspx?page=20110607.013>.

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