



**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*

**April 20, 2018**

1. Released: Pension Newsletter
  2. Website: Statements of Position
  3. Avoiding Pitfalls: Segregation of Duties – Part II
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### **1. Released: Pension Newsletter**

The April **Pension Newsletter** has been released. The Newsletter provides information on a compliance issue and a reminder about the annual business renewal that relief associations are required to complete with the Secretary of State's Office.

Information regarding relief association service credit for firefighters who are absent from firefighting service due to military service is also included. The Newsletter also contains reminders regarding administrative expenses that may be paid from a relief association's special fund and insurance requirements for certain consultants who work with relief associations.

The complete Newsletter can be accessed at:

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

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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. Avoiding Pitfalls: Segregation of Duties – Part II**

When the segregation of accounting functions is not possible due to the size of the entity, management should constantly be aware of this condition. The concentration of duties and responsibilities in a single individual is not desirable from an accounting point of view. Additional internal control policies and procedures should be used to compensate for the lack of segregated duties.

Additional policies and procedures could include:

- A formal, numbered receipt book should be used for all receipts;
  - Minutes should include the claim number of bills approved for payment;
  - Invoices should be canceled to ensure they are not paid twice;
  - Town supervisors or city council members should determine that reports are submitted promptly, and are in agreement with cash balances and grant expenditures; and
  - The town board or city council should adopt a formal conflicts of interest policy.
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