

Pension Division Newsletter

Inside this issue:

<i>Internal Controls for Special Events</i>	2
<i>Requirement to Report Evidence of Theft</i>	2
<i>Records Retention Schedule</i>	3
<i>Pension Division Staff</i>	3

Legislative Update

The 2019 Omnibus Retirement Bill was signed into law by Governor Walz on May 30. There are several provisions in the bill that affect relief associations. The Office of the State Auditor (OSA) will provide a Legislative Update this summer with detailed information about the relief association changes.

Of special note are three substantive changes included in the Bill, which will permit relief associations to offer full vesting after ten completed years of active service, expand eligibility for supplemental benefits to designated beneficiaries and estates, and define the applicable benefit level when a firefighter does not return from a leave.

No changes were made to the fire state aid program or to the statutes that govern relief association dissolutions. The non-OSA, temporary work groups that met last year to discuss fire state aid and relief association plan conversions and dissolutions will continue to work on these topics this summer. It is anticipated that legislation on these topics will be considered during the 2020 Legislative Session.

State Auditor’s Working Group

State Auditor Julie Blaha is looking forward to reconvening the Volunteer Fire Relief Association Working Group. Several larger discussion items have been forwarded to the Working Group for consideration. These topics include:

Vesting. A discussion of whether the current lengths of service required for full and partial vesting are too long.

Deferred Interest. A discussion of whether the crediting of interest or additional investment income to deferred members should be discontinued.

Surpluses. A discussion of the large surplus amounts in some relief associations and whether or how they should be addressed.

Please continue watching the Pension Division Newsletter for updates on these topics and for Working Group meeting notices.



Office of the State Auditor
 Pension Division
 525 Park Street, Suite 500
 Saint Paul, MN 55103
 (651) 282-6110
 Fax: (651) 282-5298
pension@osa.state.mn.us

What’s Ahead:

June 30:

Reporting forms for relief associations with assets or liabilities of at least \$500,000 are due to the OSA.

August 1:

The 2019 Schedule Form must be certified to the municipality or independent nonprofit firefighting corporation.

September 15:

First certification deadline for 2019 fire state aid. To be certified as eligible, all 2018 information must be submitted to the OSA, the OSA review must be completed, and any issues resolved.

Internal Controls for Special Events

Many relief associations hold special events during the summer. For a relief association hosting a special event, written policies and procedures documenting internal controls for the handling of funds at the event are important. Approval of the policies and procedures by the relief association’s board of trustees emphasizes their importance and authority.

Documenting the policies and procedures will help people working at the event understand their role in the internal control system. Documentation will also improve the efficiency and consistency of transaction processing and support risk identification, evaluation, and mitigation. The documentation should:

- Describe procedures as they are intended to be performed;
- Indicate who is responsible for performing each procedure; and
- Explain the design and purpose of control-related procedures.

A Statement of Position answering some questions frequently asked regarding internal controls can be found on the [OSA website](#).

Requirement to Report Evidence of Theft

Public pension plan trustees and employees, including trustees and employees of volunteer fire relief associations, are required to promptly report in writing to the OSA and local law enforcement evidence of theft or misuse of public funds. The written report to the OSA must include a detailed description of the alleged incident or incidents.

In addition, whenever a public accountant discovers evidence pointing to nonfeasance, misfeasance, or malfeasance on the part of a relief association trustee or employee during the course of auditing the books and affairs of the relief association, the public accountant must promptly make a report of such discovery to the OSA and the county attorney.

Information on how to report financial concerns to the OSA, and a form for reporting, can be found on the [OSA website](#).

Records Retention Schedule

Statements of Position:

Relief associations are governmental entities that receive and manage public money. Therefore, they must follow state guidelines that govern the retention of records.

Considerations When Making Benefit Changes

A relief association has several options for the retention of its records. A relief association’s board of trustees may choose to adopt the General Records Retention Schedule for Volunteer Fire Relief Associations in its entirety and notify the Minnesota Historical Society of its adoption. Relief associations choosing this option may destroy certain types of records after they have been maintained for a specified length of time as detailed in the schedule.

Checking Accounts for Fire Departments and Relief Associations

Alternatively, a relief association may choose to modify the General Records Retention Schedule or to create its own schedule. Relief associations choosing these options must submit the proposed schedule to the State Records Disposition Panel for approval before the customized schedule can be used and any records destroyed.

Fundraisers and Donations

If a relief association fails to choose one of these options, the association must permanently retain all of its records.

Special and General Funds, and Charitable Gambling Funds

The general records retention schedule, instructions, and a form for use in notifying the Minnesota Historical Society that the schedule has been adopted can be found on the [Minnesota Historical Society’s website](#).

Additional information about relief association records management can be found in an updated Statement of Position on this topic, posted on the [OSA website](#).

Pension Division Staff

If you have questions, please contact us:

Michael Johnson, Pension Analyst

(651) 282-5430

michael.johnson@osa.state.mn.us

Robin Paulsen, Administrative Specialist

(651) 296-6267

robin.paulsen@osa.state.mn.us

Molly Resch, Pension Analyst

(651) 297-2765

molly.resch@osa.state.mn.us

Rose Hennessy Allen, Pension Director

(651) 296-5985

rose.hennessy-allen@osa.state.mn.us