



**State Auditor  
Rebecca Otto**

## **OFFICE OF THE STATE AUDITOR**

# ***E-Update***

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

**June 23, 2017**

1. Released: Criminal Forfeitures Report
  2. Deadlines: City, Town, and Special District Financial Reporting Forms
  3. Pension: Payment of Fines and Penalties by Relief Associations
  4. Avoiding Pitfalls: Management Override
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### **1. Released: Criminal Forfeitures Report**

State Auditor Rebecca Otto has released the Criminal Forfeitures Report, which provides information on the amount of cash and property seized subject to forfeiture by Minnesota law enforcement agencies where the final disposition was completed in 2016.

The complete report, which includes an executive summary, tables and graphs, can be accessed at:

[www.auditor.state.mn.us/default.aspx?page=20170620.003](http://www.auditor.state.mn.us/default.aspx?page=20170620.003).

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### **2. Deadlines: City, Town, and Special District Financial Reporting Forms**

**City Financial Reporting Form & Audited Financial Statements** for cities in accordance with GAAP are due June 30. The financial reporting form can be found at:

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

Information on the requirements for Audited Financial Statements can be found at:

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

**Town Financial Reporting Form & Audited Financial Statements** in accordance with GAAP are due June 30. The financial reporting form can be found at:

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

Reporting information for towns is available at:

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

**Special District Financial Reporting Form & Audited Financial Statements** are due June 30 for districts whose fiscal year ended December 31, 2016. The financial reporting form can be found at:

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

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### **3. Pension: Payment of Fines and Penalties by Relief Associations**

The OSA receives questions about which funds may be used by a volunteer fire relief association to pay fines and penalties.

Any fines or penalties incurred by a relief association must be paid from the relief association's general fund. Fines and penalties are not allowable expenses from a relief association's special fund. Special fund assets are restricted pension assets and may be disbursed only for purposes expressly authorized by Minnesota law.

Additional information about authorized disbursements from a relief association's special fund and general fund is provided in our Statement of Position entitled "Fire Relief Association Funds: Special and General Funds, and Charitable Gambling Funds," which can be accessed at:

<http://www.auditor.state.mn.us/default.aspx?page=20110527.003>.

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### **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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The Office of the State Auditor is located at 525 Park Street, Suite 500, St. Paul, MN 55103.  
Phone: (651) 296-2551 or (800) 627-3529 (TTY) Fax: (651) 296-4755.

Web: [www.auditor.state.mn.us](http://www.auditor.state.mn.us).