



Pension Division Newsletter

June 2022

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Reporting Reminder

Reporting forms for relief associations with special fund assets or liabilities of at least \$500,000 are required to be submitted to the Office of the State Auditor (OSA) by June 30. Relief associations with assets or liabilities above this statutory threshold must also submit an annual audit to the OSA.

Whether a relief association has exceeded the statutory threshold is determined using end of year asset and liability amounts, and is based on Special Fund amounts only. After a relief association exceeds the threshold in either assets or liabilities, according to the previous year's financial report, an audit is required beginning with the next reporting year's reports.

The [2021 Minnesota Legal Compliance Audit Guide for Relief Associations](#) prescribes the minimum procedures and audit scope for legal compliance audits.

The reporting forms can be accessed through the [State Auditor's Form Entry System \(SAFES\)](#) website. Helpful hints for completing, submitting, and electronically signing the reporting forms are included in the [Reporting Checklist for Volunteer Fire Relief Associations](#).

If you have not already done so, please complete and submit the [2022 User Authorization Form](#) to provide the relief association's accountant or auditor with access to the relief association's reporting information.

Relief associations with assets and liabilities that are both less than \$500,000 are permitted to submit certified, rather than audited, financial statements to the OSA and have a March 31 reporting deadline. The certification must be signed by a certified public accountant in accordance with [agreed-upon procedures and forms](#) prescribed by the OSA.

Training Videos

The OSA provides online training videos as an educational resource to assist relief association trustees in completing their annual reporting forms and to inform trustees of their reporting requirements. General information about using the State Auditor's Form Entry System (SAFES) and videos covering legislative updates and information for new trustees are also provided.

On the OSA's [Training Videos](#) webpage, filter by the "Pension" category to find relief association-specific videos.

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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 2022 Schedule Form must be certified to the municipality or independent nonprofit firefighting corporation.

September 15:

First certification deadline for 2022 fire state aid. To be certified as eligible, all 2021 information must be submitted to the OSA, the OSA review must be completed, and any issues resolved.

Internal Controls for Special Events

As pandemic restrictions have eased, some relief associations are planning to hold special events or fundraisers this 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 who work at the event understand their role in the internal control system. Documentation will also improve the efficiency and consistency of transaction processing and will 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](#).

Additional information that is specific to relief association fundraising activities is provided in a separate Statement of Position on the [OSA website](#). This document provides suggested practices for relief associations holding fundraisers or soliciting donations and information about donations from a relief association to the affiliated municipality.

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 to access the form for reporting, can be found on the [OSA website](#).

Treasurer Bonds

Statements of Position:

Minnesota law requires the treasurer of each fire relief association to be bonded for at least ten percent of the relief association’s special fund assets. However, the amount of the bond need not exceed \$500,000.

[Governance for Relief Associations](#)

Officers of relief associations affiliated with a city fire department where the city is bonded through the League of Minnesota Cities Insurance Trust (LMCIT) are automatically defined as covered employees on the city’s bond. These relief associations should obtain a copy of the city’s LMCIT bond to determine whether the amount of the bond is at least ten percent of the relief association’s special fund assets (with the required amount capped at \$500,000).

[Management of Records](#)

If the city’s LMCIT bond meets the coverage requirement for the relief association’s officers, the relief association does not need to purchase a separate bond. If the city’s LMCIT bond amount is less than what’s required for the relief association, the relief association should either purchase a separate bond to bring coverage to the required amount, or work with the city to increase the amount of the LMCIT bond.

[Survivor Benefits](#)

Because the statutory requirement specifies that the bond must be in an amount equal to at least ten percent of the assets of the relief association, the bond should not be subject to a deductible. For relief associations covered by a LMCIT bond, the LMCIT will reimburse the relief association in full in the event of a covered loss, subject to the bond coverage limit. The city will reimburse the LMCIT for any deductible that applies to the loss. This arrangement is specified in the LMCIT bond coverage.

[Fundraisers and Donations](#)

Relief association treasurers who are bonded through an entity other than the LMCIT should review their fidelity bond and make changes as necessary to ensure that it is not subject to a deductible.

Pension Division Staff

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