



# Audit & Reporting Group Agenda: August 1, 2024

- I. Call to Order**  
Approve Agenda
- II. Introductions**  
Membership List
- III. Review Meeting Norms and Expectations**  
Respectful Workplace Policy  
Meeting Norms Proposal  
AaRg Roadmap
- IV. Purpose Statement**  
Purpose Statement
- V. Current Requirements**  
Minnesota Local Government 2023 Auditing and Reporting Requirements
- VI. Preview Next Meeting Topics**
  - State of the shortage.
  - Requirements in other states
- VII. Next Meeting**  
Thursday, August 15, 2024  
2:00 p.m. to 4:00 p.m.  
In-Person/Virtual Hybrid Format
- VIII. Adjournment**

The OSA appreciates your participation in the Audit and Reporting Group. Your participation is optional, but without it we would lack your expertise. The Audit and Reporting Group meeting will be recorded, and by participating you consent to being included. The recording will be accessible to the public upon request for a limited time.

Individuals with disabilities who need reasonable accommodation to participate in this event, please contact Nadine Kottom-Dale at (612) 391-7000 or (800) 627-3529 (TTY) by July 30, 2024.



# Agenda Item 1

## Membership List

### State Senator

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**Non-Members who will be viewing meetings:**

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## OVERVIEW

### Objective

To build and maintain a workplace that is respectful toward all employees, volunteers, contractors, and other persons visiting the workplace and public service environment.

### Policy Statement

The State of Minnesota is committed to providing a positive environment in which all staff, members of the public and others doing business with the state are treated with respect.

### Scope

This policy applies to all employees in the executive branch of state government (as defined in M.S. 43A.02, subds. 2 & 22), including Minnesota State Retirement System, Public Employees Retirement Association, and Teachers Retirement Association.

### Definitions and Key Terms

#### *Gendered personal references*

A third-person term by which a person wishes to be referred to in order to indicate their gender identity, which includes, but is not limited to pronouns (e.g., she, her, hers, he, him, his, they, them, their,) titles (e.g., Mrs., Mr., Ms.,) and other terms indicating a person's gender identity.

#### *Public service environment*

A location that is not the workplace where public service is being provided.

#### *Respect*

Behavior or communication that demonstrates positive consideration, adherence to agency policies, and treats individuals in a manner that a reasonable person would find appropriate.

#### *Third parties*

Volunteers, contractors, customers and other non-employees in the workplace or public service environment.

## Exclusions

This policy solely addresses communications and behavior that do not involve protected class status or sexual harassment. Communications and behavior that involve protected class status and sexual harassment are addressed in [HR/LR Policy #1436](#) Harassment and Discrimination Prohibited and [HR/LR Policy #1329](#) Sexual Harassment Prohibited.

# GENERAL STANDARDS AND EXPECTATIONS

The State of Minnesota is committed to providing a respectful workplace and public service environment for employees and third parties. Respect for one another is fundamental to working in an effective, efficient and innovative manner. Disrespectful communications and behavior can disrupt the proper functioning of work units. Therefore, it is the intent of the State of Minnesota to ensure a respectful workplace and public service environment free of disrespectful communications or behavior and provide effective and non-retaliatory problem-solving processes that address concerns regarding respectful or professional communications or behavior.

## I. Responsibilities

Employees and third parties are expected to:

- Conduct themselves in a manner that demonstrates respect for others in the workplace and public service environment.
- Use informal means to address issues with the individual(s) involved whenever possible.
- Participate fully and in good faith in any informal resolution process or formal complaint and investigative process for which they may have relevant information.
- Report incidents that may violate this policy in accordance with processes identified by the agency.

In addition to their responsibilities as employees as described above, agency heads, managers and supervisors are also expected to:

- Inform their employees and third parties for whom they are responsible of the expectations outlined in this policy.
- Achieve and maintain compliance with this policy.
- Take timely and appropriate action when a complaint is made alleging violation of this policy.

Failure to comply with this policy and its procedures may result in disciplinary action, up to and including discharge, or ending a contractor or volunteer relationship with the agency.

## II. Retaliation Prohibited

Retaliation is prohibited against any employee or third party who:

- Initiates a complaint.
- Reports an incident that may violate this policy.
- Participates in an investigation related to a complaint.
- Is associated or perceived to be associated with a person who initiates a complaint or participates in the investigation of a complaint under this policy.

### III. Respectful Behavior

Context is important in understanding the difference between respectful behavior and disrespectful behavior. Individuals may experience stress or discomfort in the workplace that is not related to disrespectful behavior. For example, disrespectful behavior does not include:

- The normal exercise of supervisory or managerial responsibilities, including, but not limited to performance reviews, work direction, performance management, and disciplinary action provided they are conducted in a respectful, professional manner.
- Disagreements, misunderstandings, miscommunication, or conflict situations where the behavior remains respectful.

Disrespectful behavior may or may not be intentional. Unintentionally disrespectful behavior may still violate this policy. Examples of *disrespectful behavior* include but are not limited to:

- Exhibiting aggressive behaviors including shouting, abusive language, threats of violence, the use of obscenities or other non-verbal expressions of aggression.
- Behavior that a reasonable person would find to be demeaning, humiliating, or bullying.
- Unwelcome touching or comments about a person's hair, body, clothing, or personal effects.
- Repeatedly misgendering a person, including using gendered personal references that do not align with another person's identity.
- Repeatedly or deliberately mispronouncing a person's name, including use of an unwelcome nickname, or shortening a name without permission.
- Repeatedly or deliberately using a name other than a person's chosen name, except as legally required or for business necessity.
- Microaggressions, which may have the appearance of being harmless. Microaggressions include comments, behavior, or other interactions that intentionally or unintentionally communicate hostility or bias toward a person who might identify as being a member of a marginalized group or nonmainstream community. Comments, behavior, or other interactions are often rooted in a bias towards a certain group.
- Deliberately destroying, damaging, or obstructing someone's work performance, work product, tools, or materials.
- Use of this policy and procedure to make knowingly false complaint(s).

### IV. Procedures

As with all allegations of misconduct, informal resolution and formal investigatory processes related to this policy will be conducted in a timely, fair, and objective manner.

Individuals are encouraged to informally resolve concerns whenever possible. In addition to the options provided in this policy and those identified within the agency, the involved parties and the agency may seek mediation services or tools through the Minnesota Department of Administration's [Office of Collaboration and Dispute Resolution](#).

#### a. Informal Resolution

If possible, the employee or third party who feels a violation has occurred should have a conversation with the other individual(s) involved.

Employees and third parties are encouraged to speak with their supervisor, agency Human Resources office, union representative, or Employee Assistance Program (EAP) representative for assistance or guidance on how to resolve the situation.

If a direct approach is not possible or does not resolve the concern, employees and third parties are encouraged to meet with their supervisor or manager to discuss next steps.

If the concern is about the supervisor or manager, parties are encouraged to contact the Human Resources office or an EAP counselor to determine options for resolution.

### **b. Formal Complaints**

Any employee or third party may choose to initiate a formal complaint under this policy. Complaints should be submitted to the agency Human Resources office or as provided by agency procedure. If the complaint concerns a member of the Human Resources office, the complainant may contact their supervisor or manager or the Human Resources Director. If the complaint concerns an agency head, the complainant may contact Minnesota Management and Budget's Deputy Commissioner of Enterprise Employee Resources.

Complaints must contain details of the situation and the identity of the person or persons against whom the complaint is being made. A person against whom a formal complaint is made may be informed of the complaint.

- As a matter of best practice, the agency or Human Resources office receiving a complaint made pursuant to this policy is encouraged to acknowledge receipt of any complaint in writing, to the complainant, with a statement to include:
  - The date that the complaint was made.
  - A statement that the agency or Human Resources office retains the discretion to determine whether an investigation is warranted.
  - A statement that if it is determined that an investigation is warranted, all investigations will be conducted in a timely, fair, and objective manner.
  - A statement that all data associated with a complaint, including any investigation and any outcome, are government data, and that the release or non-release of data is governed by the Minnesota Government Data Practices Act (MGDPA).

Agency Human Resources and Labor Relations may contact MMB Labor Relations and Enterprise Employee Resources for guidance implementing this policy and addressing behaviors or complaints. This process does not supersede any applicable grievance or dispute resolution process under a collective bargaining agreement or plan.

## **RESPONSIBILITIES**

### **Agencies are responsible for:**

- Achieving and maintaining agency compliance with this policy.

### **MMB is responsible for:**

- Maintaining this policy.



## FORMS AND INSTRUCTIONS

Recommended content for an agency Complaint Form and Complaint Acknowledgment Form are included below. As a matter of best practice, agencies are encouraged to update their existing complaint forms consistent with the guidelines of this policy.

### SAMPLE COMPLAINT FORM

Name:

Date:

Summary of Concerns:

Summary of any Documentation Related to Allegations (please include with complaint):

Witnesses (please describe what might they know regarding allegations.):

### SAMPLE COMPLAINT ACKNOWLEDGMENT FORM

This form acknowledges receipt of a complaint made under the Respectful Workplace policy on \_\_\_\_ (date). Responsible authorities will review the complaint to determine whether an investigation is warranted. If an investigation proceeds, it will be conducted in a timely, fair, and objective manner.

Investigations and other actions taken in response to this complaint are subject to any applicable processes under applicable collective bargaining agreements and plans, including applicable review and/or appeal procedures.

All data associated with this complaint, including any investigation and any outcome, are government data. The release or non-release of this data is governed by the Minnesota Government Data Practices Act (MGDPA).

MMB Labor Relations and MMB Enterprise Human Resources are available to consult and offer guidance on implementation of this policy and procedure. As provided by relevant collective bargaining agreements, union representatives may also be available to assist.

## CONTACTS

MMB Enterprise Employee Resources

Any appropriate authority as set forth in this policy

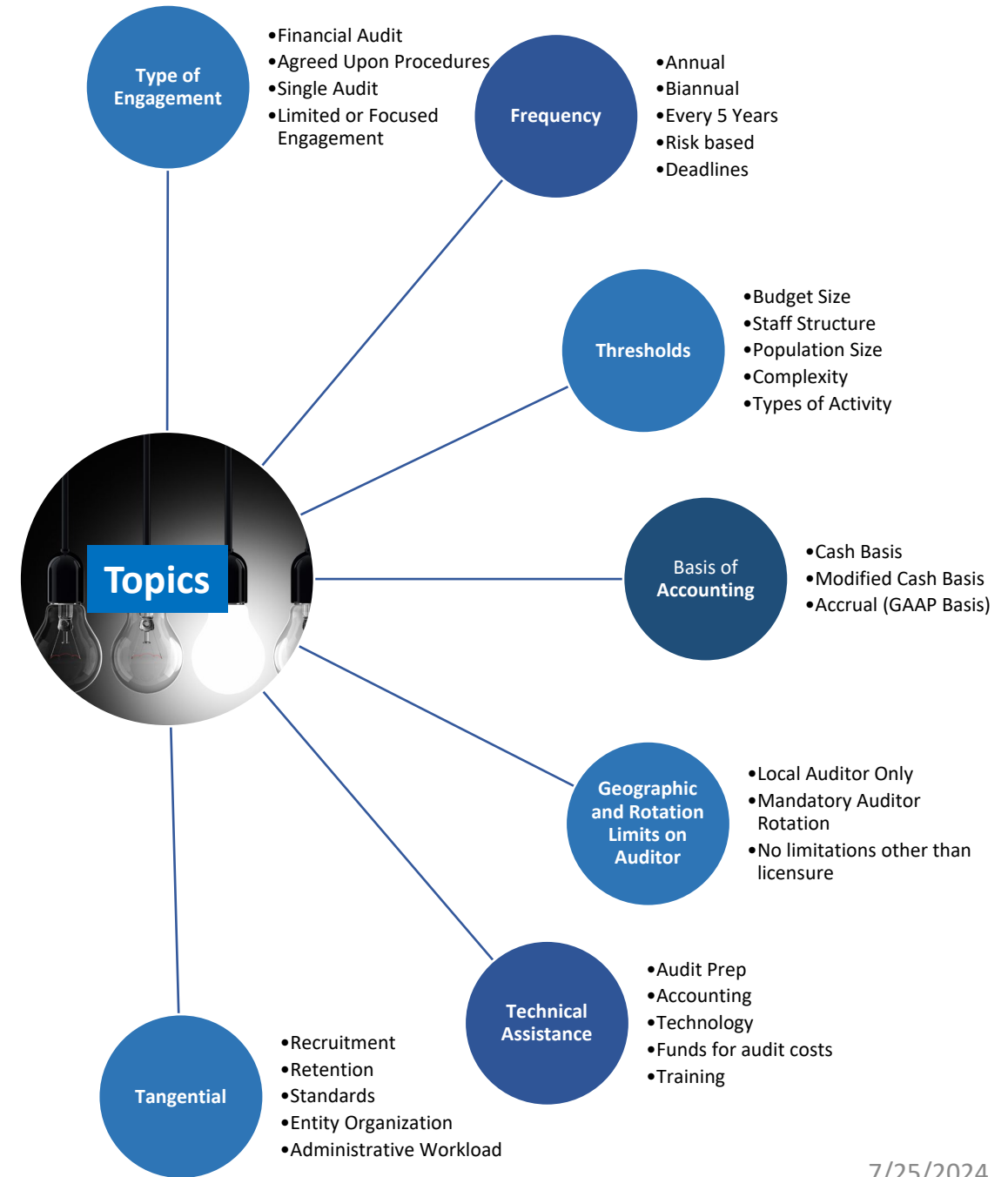
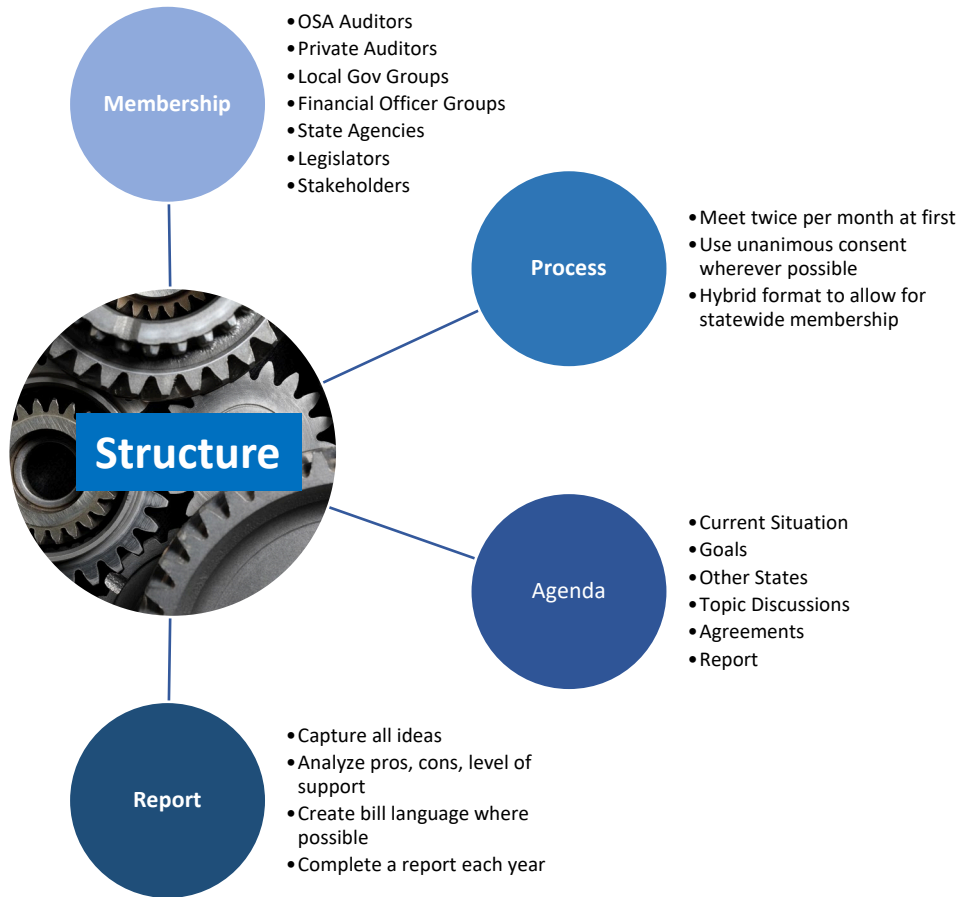


# Audit & Reporting Group *Meeting Norms Proposal*

- Discuss and articulate options to build options to streamline, modernize, and calibrate local oversight requirements to respond to public finance staffing shortages and update older rules.
- Unanimous consent is required for proposals to move forward from the group, although proposals without unanimous consent may be revisited and reconsidered.
- The chair will use an informal style of parliamentary procedure to keep things organized, based on Robert's Rules of Order.
- The meetings will be recorded and are public information (including the chat function).
- The chat function on Teams will be used for technical questions, not discussion.
- During group discussions or if you have questions, signal the chair if you are in the room, use the hand raising function on Teams, or get the attention of the chair verbally if you are joining by phone.
- All meetings will follow Human Resources standards from the Minnesota Management Budget Respectful Workplace Policy.
- OSA staff will send meeting materials at least five days prior to the meeting.



# Audit & Reporting Group Roadmap





# Audit & Reporting Group

## *Purpose Statement*

To address concerns amidst a shortage of public finance staff, the Office of the State Auditor formed the Auditing and Reporting Group (AaRG).

Our mission is to modernize local audit requirements, streamline regulations, and update oversight practices across county, city, town, school district, and special district levels.

We will accomplish this by convening financial experts statewide to strategize audit requirements, ensuring transparent and efficient public finance management.

The goal is to reduce public finance staff workload, while fostering local accountability.



# Minnesota Local Government

## 2023 Auditing and Reporting Requirements

Thresholds						Attributes					
Entity Type	Sub Type or Size	Population	Sub Type or Budget	Clerk -Treasurer Structure	Budget Size	Accounting Basis	Reporting	Frequency	Deadline	Minnesota	Statute
<b>County</b>						GAAP	Financial Audit	Annual	November 1	\$ 375.17, § 6.481, § 6.74	
<b>Special District</b>	<b>Stand Alone Unit</b>	Not a watershed district or management org	Revenues under \$274,000			Cash	Unaudited financial statements, AUP	Statements: annually AUP: every 5 years	Within 180 days of fiscal year end	\$ 6.756	
			Revenues over \$274,000			Cash	Financial Audit	Annual	Within 180 days of fiscal year end	\$ 6.756	
		Watershed District			Cash	Financial Audit	Annual	Within 180 days of fiscal year end	\$ 103D.355, § 6.756, R. 8410.0150		
		Watershed Management Org			Cash	Financial Audit	Annual	Within 120 days of fiscal year end	\$ 103B.231, subd. 14; § 6.756, R. 8410.0150		
	Component Unit			Based on parent unit	Based on parent unit	Based on parent unit	Based on parent unit	Based on parent unit			
<b>City</b>	Population under 2500	Separate Clerk and Treasurer			Cash	Unaudited financial statements	Annual	March 31	\$ 6.74, § 471.698		
		Combined Clerk and Treasurer	Revenues under \$274,000			Cash	Unaudited financial statements, AUP	Statements: annually AUP: every 5 years	Statements: March 31 AUP: June 30th	\$ 6.74, § 471.698, § 412.02, § 412.591	
			Revenues over \$274,000			Cash	Financial Audit	Annual	March 31	\$ 6.74, § 412.02, § 412.591	
	Population over 2500			GAAP	Financial Audit	Annual	June 30	\$ 471.697			
<b>Town</b>	Population under 2500	Separate Clerk and Treasurer			Cash	OSA Reporting Form	Annual	March 31	\$ 6.74		
		Combined Clerk and Treasurer	Revenues under \$274,000			Cash	Unaudited financial statements, Financial Audit	Statements: annually Audit: every 5 years	Statements: March 31 Audit: June 30th	\$ 6.74, § 367.36	
			Revenues over \$274,000			Cash	Financial Audit	Annual	March 31	\$ 6.74, § 367.36	
	Population over 2500	Revenues under \$1,223,000	Separate Clerk and Treasurer			Cash	OSA Reporting Form	Annual	March 31	\$ 6.74	
			Combined Clerk and Treasurer	Revenues under \$274,000			Cash	Unaudited financial statements, Audit or AUP	Statements: annually Audit or AUP: every 5 years	Statements: March 31 Audit or AUP: June 30th	\$ 6.74, § 367.36
		Revenues over \$274,000			Cash	Financial Audit	Annual	March 31	\$ 6.74, § 367.36		
		Revenues over \$1,223,000			GAAP	Financial Audit	Annual	June 30	\$ 471.697		
<b>School</b>	School District			GAAP	Unaudited data, Financial Audit	Annual	Data: September 15 Audit: November 30	\$ 123B.77			
	Charter Schools			GAAP	Financial Audit	Annual	December 31	\$ 123B.77, § 124E.16			

**Notes:**

- These are minimum reporting requirements. A local government might be required to do more based on other agreements.
- These may include but are not limited to single audit requirements, grant agreements, bond covenants, and joint powers agreements. Audited financial statements should be submitted when available.
- Local governments that have a minimum reporting requirement of cash basis but chose to report on a GAAP basis, must meet all the requirements of a GAAP entity.

**Updated:**  
7/26/2023