



State Auditor  
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# OFFICE OF THE STATE AUDITOR

## *E-Update*

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February 5, 2016

1. Released: 2015 Revenue Thresholds for Audit Requirements
  2. Deadline: Forfeiture Reporting
  3. Relief Associations: Membership Start Date
  4. Avoiding Pitfalls: Mandatory Vacations
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### **1. Released: 2015 Revenue Thresholds for Audit Requirements**

**Cities** - A city with a population over 2,500 must have an annual audit performed.

**Cities with Combined Clerk/Treasurers** - A city with a population of 2,500 or less and a combined clerk/treasurer must have an annual audit for 2015 if its annual revenue is more than \$207,000. A city with a combined clerk/treasurer and annual revenue of \$207,000 or less must have an Agreed-Upon Procedures engagement once every five years.

**Towns** - A town with a population over 2,500 and 2015 annual revenue of \$922,000 or more must have an annual audit.

**Towns with Combined Clerk/Treasurers** - A town with a combined clerk/treasurer must have an annual audit for 2015 if its annual revenue was more than \$207,000. A town with a combined clerk/treasurer and annual revenue of \$207,000 or less must have an Agreed-Upon Procedures engagement once every five years.

**Special Districts** - A special district must have an annual audit for 2015 if its annual revenue was more than \$207,000. A special district with annual revenue of \$207,000 or less must have an Agreed-Upon Procedures engagement once every five years.

The Office of the State Auditor has developed minimum procedures and a reporting format for Agreed-Upon Procedures engagements of cities and towns that have combined the offices of clerk and treasurer, and special districts, with annual revenues less than the audit threshold. The minimum procedures and reporting format for Agreed-Upon Procedures engagements can be found on the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20111222.001>.

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## **2. Deadline: Forfeiture Reporting**

February 20th is the deadline for law enforcement agencies to report final disposition of property seized subject to forfeiture for the month of January. To report final disposition of forfeitures, please go to:

<https://www.auditor.state.mn.ushttps://www.mailermailer.com/feedback.rwps/safes/>.

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## **3. Relief Associations: Membership Start Date**

A firefighter's start date in the relief association is now defined in statute. Membership in a relief association begins upon the date of hire by a municipality, joint powers board, or independent nonprofit firefighting corporation, unless otherwise specified in the relief association bylaws. Relief associations may define a different membership start date in their bylaws if they prefer something other than the new statutory default.

The OSA's Sample Bylaw Guides provide several options that can be used as a reference by relief associations when defining the membership start date in their bylaws. The options are identified in Article II of the Sample Bylaw Guides, which can be accessed in PDF and Word versions on the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20120208.000>.

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## **4. Avoiding Pitfalls: Mandatory Vacations**

Public entities should consider a mandatory vacation policy for employees – especially those with financial responsibilities. When an employee never takes a day off from work, it may be a red flag for fraud. Employees who engage in fraud may resist taking a vacation, fearing that someone else doing their job in their absence may discover the irregularities.

For a mandatory vacation to be effective as a fraud deterrent and detection tool, someone else must be cross-trained in the bookkeeping and cash functions and must perform the work during the mandated vacation.

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