Audit & Reporting Group
Agenda: March 4, 2026

Office of the State Auditor

I. **Call to Order**
Chair Auditor Blaha.

II. **Attendance**
Roll call.

III. **Review and Approval of Minutes**
Meeting Minutes December 17, 2025.

IV. **Overview of 2026 Legislative Session and Priorities**
Auditor Blaha will provide her overview and predictions for the 2026 legislative session. Additionally, she will discuss the legislatives priorities she has learned from recent meetings with CPA Society and MAT.

V. **How to Provide Education to External Groups**
Auditor Blaha will present the Oversight Grid Document and new calculator from the budget report.

VI. **$1M Threshold – Open Discussion**
Discussion with the group on what they are seeing, hearing, and experiencing following the change to the $1M threshold, including any suggested adjustments.

VII. **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).

Meeting Minutes
12/17/25 Draft Minutes

Office of the State Auditor

Members Present
Julie Blaha, State Auditor
State Senator Heather Gustafson
Lisa Sova, League of Minnesota Cities
Joel Stencel, Minnesota School Boards Association
E.J. Moberg, Minnesota Government Finance Officers Association
Chris Knopik, Minnesota Government Finance Officers Association
Andy Berg, Minnesota Society of CPAs
Jamie Fay, CPA, and Stakeholder
Paul Moore, Department of Management and Budget
Charles Selcer, Minnesota Board of Accountancy
Jake Sieg, Association of Minnesota Counties
Cap O'Rourke, MN Association of Small Cities

Members Excused
Representative Patti Anderson
Representative Bjorn Olson
Sharon Provos, Association of Metropolitan Municipalities
Kelly Gutierrez, Minnesota Charter Schools Association
Andi Johnson, Minnesota Association of School Business Officials
Jennifer Smith, Minnesota Association of School Business Officials
David Frame, Minnesota Association of Townships
Wilfredo Roman-Catala, Minnesota Inter-County Association
Cristen Christensen, MN Inter-County Association
Miranda Wendlandt, Minnesota Society of CPAs
Martha Burton, Department of Revenue
Cathy Erickson, Department of Education
Jake Rossow, Minnesota Board of Water and Soil Resources

Office of the State Auditor Staff Present
Chad Struss, Deputy State Auditor
Nadine Kottom-Dale, Communications Director, and Lead Staffer
Ramona Advani, Special Investigations Director/Data Practices Official
Kathy Docter, Director of Government Information
Lisa Young, Director of Standards and Procedures
John Jernberg, Government Information

I. Call to Order

Auditor Blaha called the meeting to order at 10:04 a.m.

II. Attendance

Nadine Kottom-Dale called the role.

III. Review and Approval of Minutes

Members reviewed the November 6, 2025, meeting minutes that were provided in advance. The minutes were approved with no changes.

IV. Summarize Recent Press Conversations

Auditor Blaha discussed an increase in media inquiries about fraud, oversight and audits.

Members discussed media protocols at their organizations.

V. Discuss Survey and AUP Principles

Auditor Blaha presented the Agreed-Upon Procedures (AUP) Guide for Small Entities, which included 14 procedures AUP engagements should include. She also asked members to discuss any additional procedures they believe should be included.

One member suggested adding a review of expense reports for the executive director and board members, as well as selecting a sample of checks written directly to the executive director.

VI. Audit Structure Analysis Documents

Government Information Division (GID) staff presented the Audit Structure Analysis for Cities document. The current model, with a combined Clerk-Treasurer, covers 99.6% of total revenues audited ($13,129,121,350). Benefits of this model include: Higher revenue coverage, more audits conducted and flexibility for small cities. Cons of this model include: Some audits aren't statutorily required and difficulty in tracking voluntary audits and AUPs. The proposed model, population and revenue only, covers 100% of total revenues audited ($13,129,121,350). Benefits of this model include: Streamlined requirements, potential cost savings, accountability and audit coverage. Cons of this model include: Lower audit coverage and less frequent oversight for small cities. Since the current model already audits nearly all revenues for cities, the benefit of switching to the alternative is marginal.

GID staff also presented the Audit Structure Analysis for Towns document. The current model, with a combined Clerk-Treasurer, covers 20.2% of revenues audited ($403,976,514). Benefits of this model include: Targeted oversight, lower audit burden and resource-efficient. Cons of this model include: Lower transparency and potential inequity. The proposed model, population and revenue only, covers 100% of revenues audited ($403,976,514). Benefits of this model include: Full transparency, simplified rules, equitable treatment and entities not switching from combined Clerk-Treasurer structure to separate Clerk-Treasurer structure to avoid audits/AUP's. Cons of this model include: High AUP volume and cost implications. GID suggests considering lowering the threshold for Towns to

$200,000 or implementing tiered thresholds. This change would increase the number of cash audits while decreasing the number of AUPs.

A member asked what year the data came from, which GID said it came from 2023. However, they could prepare an updated document ahead of the next meeting that reflects recent audit threshold changes. A member explained concerns about having revenue as a threshold; for example, if an entity bounces between GAAP and Cash every other year. A member asked how to best balance a need for oversight, while also not running up the costs of local government units. A member responded by asking if we have too many small sized local government units. A member added the importance that entities at least receive an AUP every five years if they're receiving taxpayer funds. A member said that, although it may seem uncomfortable to some, smaller sized local government units may need to be absorbed by larger entities that have budget space for annual audits. Another member agreed and said a better form of government unit for entities that small may be needed.

Members further discussed details about the current audit threshold structure and audit requirements.

VII. Accounting Education Ideas

Auditor Blaha presented an article about misconceptions students have that turns them away from studying accounting and recapped her recent meeting with Minnesota Management and Budget about getting state staff up-to-speed on government accounting. Auditor Blaha also presented the Education Options document. A member raised concern about inadequate government accounting classes offered at college and universities. A member said student demand for these courses will need to increase for colleges and universities to start offering them more. Members discussed starting college speaking tours to tell students the benefits of working in public accounting.

VIII. Adjournment

The meeting was adjourned at 11:35 a.m.