



State Auditor
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OFFICE OF THE STATE AUDITOR

E-Update

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1. Deadline: Forfeiture Reporting
2. Released: Fire Relief Association Financial and Investment Report
3. Released: Relief Association Investment Performance Information
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1. Deadline: Forfeiture Reporting

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

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

2. Released: Fire Relief Association Financial and Investment Report

The State Auditor released the Financial and Investment Report of Volunteer Fire Relief Associations for the year ended December 31, 2013. The report summarizes and evaluates the finances, basic benefit structure, and investment performance of Minnesota's volunteer fire relief associations.

To view the complete report, which includes an Executive Summary, tables, and graphs, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20150302.000>.

3. Released: Relief Association Investment Performance Information

Statute requires the Office of the State Auditor to annually provide information to volunteer fire relief associations on the investment performance of the Minnesota State Board of Investment and on the voluntary Statewide Plan administered by the Public Employees Retirement Association. A document providing this information can be found on our website at:

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

4. Notice: OPEB Investment Reporting

Minnesota law permits local government entities to create trusts to set aside money to pay current and future OPEB liabilities.

Starting in 2015, administrators of OPEB trusts created by local governments are required to annually report and certify certain investment information to the Office of the State Auditor by October 25. Trust administrators must also certify that the procedures used to compute rates of return are consistent with certain industry standards. The information must be reported based on a fiscal year-end of June 30.

Additional information about the upcoming reporting deadline will be provided in future E-Updates. If you have questions regarding the new reporting requirements, contact us at OPEB@osa.state.mn.us.

5. Avoiding Pitfalls: The "Fraud Triangle"

When reviewing the risk of fraud, auditors often refer to the "Fraud Triangle", first identified by sociologist Donald Cressey. The "points" of the Fraud Triangle are made up of three factors which are present for fraud:

- Incentive/Pressure - Pressure, such as a financial need, is the "motive" for committing the fraud. One common pressure is a gambling problem.
- Rationalization - The person committing the fraud frequently rationalizes the fraud. Rationalizations may include, "I'll pay the money back", "They will never miss the funds", or "They don't pay me enough."
- Opportunity - The person committing the fraud sees an internal control weakness and, believing no one will notice if funds are taken, begins the fraud with a small amount of money. If no one notices, the amount will usually grow larger.

In any organization, the risk of fraud can be reduced. Internal control procedures can particularly diminish the "opportunity" point of the Fraud Triangle.

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