



State Auditor
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OFFICE OF THE STATE AUDITOR

E-Update

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June 29, 2012

1. Released: Report on Local Government Lobbying Services
2. Revised: Statement of Position for Fire Relief Associations
3. Released: Pension Division Newsletter
4. Avoiding Pitfalls: Fraud Increases During Economic Downturn

1. Released: Report on Local Government Lobbying Services

The Office of the State Auditor has released the 2011 Local Government Lobbying Services Report. The report shows the expenditures by local governments and their associations for lobbyists and lobbying services.

To view the complete report, which includes an executive summary, tables and graphs, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20120622.000>.

2. Revised: Statement of Position for Fire Relief Associations

The Statement of Position entitled Volunteer Fire Relief Association Investment Authority has been revised to reflect changes enacted during the 2012 legislative session. The revised statement summarizes the numerous changes made to the investment requirements and restrictions for volunteer fire relief associations, and includes attachments summarizing specific statutory limitations on an association's portfolio.

The complete statement can be viewed at:

<http://www.auditor.state.mn.us/default.aspx?page=20110527.006>.

3. Released: Pension Division Newsletter

The June **Pension Newsletter** has been released. The Newsletter includes a reporting reminder and identifies resources for auditors, in addition to providing information on the approval of expenditures and on submitting audit reports.

The complete Newsletter can be viewed at:

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

4. Avoiding Pitfalls: Fraud Increases During Economic Downturn

The number of fraud incidents and the dollar amount of losses due to fraud both increased during the recent recession. These are findings from "Occupational Fraud: A Study of the Impact of an Economic Recession", copyright 2009 by the Association of Certified Fraud Examiners. Specifically, the study found an increase in employee embezzlements.

Increases in fraud stemmed from the pressure of increased financial strain on organizations and on individuals, according to the study. During a downturn the opportunities for fraud may increase as cuts are made to the workforce, which may in turn lead to internal controls being eliminated as a consequence of staff reductions. In addition, bad financial news may allow individuals to rationalize previously unthinkable acts.

The study confirms that fraud prevention measures are essential during periods of financial distress. For more information on the study, go to:

<http://www.acfe.com/occupational-fraud.aspx>.

The link will bring you to an outside website.

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