

SAMPLE REPORT 2023

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
(SSAE 19)**

Board of Trustees of Example Relief Association
Minnesota City, Minnesota

Office of the State Auditor
Saint Paul, Minnesota

We have performed the procedures enumerated in the Financial Accounts and Compliance sections below for the year ended December 31, 2023. The Example Association's management is responsible for the financial accounts and for the Association's compliance with Minnesota Statutes.

The Example Association has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purposes of assisting the Example Association and the Office of the State Auditor in evaluating the financial accounts of the Example Association and the Example Association's compliance with applicable sections of the *Minnesota Legal Compliance Audit Guide for Relief Associations* and other matters for the year ended December 31, 2023. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Financial Accounts

Our procedures and findings regarding financial matters are as follows:

1. We obtained and read the minutes of the meetings of the board of trustees (Board) for the year ended December 31, 2023, and through the date of this report to determine if the minutes are adequately prepared and signed by the preparer and approved and signed by the (Name) Fire Relief Association (Association) Board by the subsequent monthly meeting. We also identified any board actions that could impact the other procedures.

We found that staff has not completed the minutes for the final three months, and the Board has not approved the final five months of 2023.

2. We obtained and read the current bylaws and any additional pertinent information of the Association to gain an understanding of how the Association is intended to operate.

We found that the Association has not amended its bylaws to reflect a benefit level change approved and ratified in June of 2023.

3. We inquired of the Association's management about whether they have assessed whether the Association's internal controls are adequate enough to prevent or detect errors or fraud or that internal controls are in place to mitigate the risk. We inspected the provided documentation of that risk assessment.

The Board has not completed documentation of its internal control procedures and its risk assessment of internal controls.

4. We inquired about the procedures and observed the records used to account for the Association's receipts and disbursements.

We determined such procedures and records are adequate for reporting the receipt and disbursement activities of the Example Association.

5. We obtained the bank account reconciliations for the year to determine that they are being performed within 15 days after the bank statement end date and that all bank and investment statements for the fiscal year are complete and on-hand. We inspected a haphazardly selected sample of 3 monthly bank reconciliations for 2023 to determine whether they had been reviewed and signed off on by a Board member.

No exceptions were found as a result of applying the procedure.

6. We mathematically recomputed two bank reconciliations and agreed the resultant cash balances per the bank to the respective general ledger account balances.

No exceptions were found as a result of applying the procedure.

7. We randomly selected a sample of 10 disbursements to trace the source document to the disbursements in the general ledger. We determined that the source or payee, amount, reference number, purpose or description, date, and account code agree to source documents and records.

No exceptions were found as a result of applying the procedure.

8. We inquired of management of how receipts are tracked to determine if receipts journal is complete. We agreed total collections reflected in the receipts journal to cash deposits shown on the bank statement for the month of August.

No exceptions were found as a result of applying the procedure.

9. We confirmed all checking accounts, savings accounts, certificates of deposits and investment accounts on the general ledger as of December 31, 2023, with financial institutions.

The Association's checking account, two savings accounts, and certificates of deposits agree in amount to the confirmations.

10. We compared the Association's receipts and disbursements records to the financial reporting form for accuracy and to determine if any revisions or adjustments are required.

We determined that a \$400 adjustment was required to the fire state aid amount reflected on the Association's financial reporting form.

11. We obtained lists of accounts receivable and payable and compared the lists to receipts and disbursement records of the subsequent year for accuracy and completeness. We also compared the current lists to the prior year's lists looking for any significant variances.

We determined that the Association's accounts receivable needed to be increased by \$1,000 to reflect an outstanding supplemental benefit reimbursement.

12. We agreed that the amount of fire state aid, supplemental state aid, and supplemental benefit reimbursements distributed to the Association for the year ended December 31, 2023, matched amounts reported by the Office of the State Auditor or the Minnesota Department of Revenue.

Fire state aid, supplemental state aid, and supplemental benefit reimbursements were traced and agreed to the Association's records.

13. We determined that the Example Association had non-routine journal entries, such as adjustments or reclassifications, posted to the general ledger. We reviewed significant items for the following attributes: (a) journal entries are reasonable and have supporting documentation; and (b) the Example Association has procedures that require journal entries to be reviewed, and there is evidence the reviews are being performed.

For the five journal entries examined, two did not show evidence of review and approval.

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Compliance

Our procedures and findings regarding compliance matters are as follows:

1. We confirmed that the Association was current with filing its annual reporting forms to the Office of the State Auditor and that the amounts reported reflect the amounts recorded in the Association's records.
2. We inspected and recalculated the bond of the Association's treasurer to assess compliance with Minn. Stat. § 424A.014.

We determined that the Association's treasurer is bonded in the manner and in the amount required by Minn. Stat. § 424A.014.

3. We traced the amount contributed by the municipality or independent nonprofit firefighting corporation, as applicable, to ensure it was of an amount at least equal to the required minimum municipal obligation.

We determined that the municipality provided a contribution to the Association in the amount equal to the minimum municipal obligation.

4. We inquired of management whether the Association amended its bylaws during the year and determine whether municipal or independent nonprofit firefighting corporation ratification of the amendment was received if so required because the bylaw amendment would affect the amount of, the manner of payment of, or the conditions for qualification for service pensions or ancillary benefits or disbursements other than allowable administrative expenses.

We determined that the Association received municipal ratification for the most recent plan amendment.

5. We obtained a list of the Association's special fund assets and inspected that list to determine whether they were invested in compliance with investments allowed by Minn. Stat. § 424A.095.

We determined that the Association invested its special fund assets solely in investment securities authorized under Minn. Stat. § 424A.095.

6. We selected a haphazardly selected sample of 8 of the Association's special fund administrative expenses to determine whether they are the type of administrative expenses allowed by Minn. Stat. § 424A.05, subd. 3.

We determined that the sampled items of the Association's special fund administrative expenses were authorized under Minn. Stat. §424A.05, subd. 3.

7. For electronic fund transfers, read approved policies and procedures to verify the specific method of payment and internal control policies and procedures regarding the method are approved by the board of trustees as required by Minn. Stat. § 424A.05, subd. 3. Select a sample of the Association's special fund disbursements to determine whether the checks or authorizations for electronic fund transfers were signed by the Association's treasurer and at least one other elected trustee.

We determined that the sampled items of the Association's special fund disbursements were signed by the Association's treasurer and president or secretary. However, we noted that no internal control policy or procedure was approved for the method of electronic fund transfers in use by the Association.

8. We inquired of the Association of any instances (regardless of materiality) indicating any fraud, illegal acts, or noncompliance, and whether they have been reported to the OSA.

The Association informed us that it had reported a theft of fundraising proceeds to the Office of the State Auditor.

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We were engaged by the Example Association to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial accounts and compliance with Minnesota Statutes. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Example Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Example Association and Office of the State Auditor, and is not intended to be, and should not be, used by anyone other than these specified parties.

Firm/Practitioner's Signature

Firm/Practitioner's City and State

Report Date