



State Auditor
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OFFICE OF THE STATE AUDITOR

E-Update

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1. Message from Auditor Blaha

This week's "Avoiding Pitfalls" tip highlights an important part of the OSA's work. Today's warning about "phantom vendors" came directly from one of our investigations. Our specially trained fraud examiners and legal experts aid law enforcement in investigating financial crimes and follows up on tips from the public. If you suspect financial fraud, waste, or abuse, give us a call.

On another note, COVID-19 remains front of mind for Minnesotans. The challenges we now face in giving our students the education they deserve are yet another reason we all need to do our part to slow the spread of COVID-19. Let's all mask up, practice social distance, and stay home when we are sick.

As always, the Office of the State Auditor is here to help you. Please continue to reach out with your questions and concerns: <https://www.auditor.state.mn.us/default.aspx?page=contact>.

2. Reminder: Signing Pension Reporting Forms

Relief association reporting form submissions are not complete until they are signed by all required form signers. Reporting forms can be signed electronically in the State Auditor's Form Entry System (SAFES). Detailed instructions for signing forms electronically in SAFES are provided in the March 2019 Pension Division Newsletter, which can be accessed on the Office of the State Auditor's website at:

https://www.auditor.state.mn.us/other/pensiondocs/pensionNewsletter_1903.pdf (see page four).

3. Reminder: Copies of Completed TIF Forms

Annual reporting forms are due on August 3, 2020.

As a reminder, authorities must provide copies of completed TIF Annual Reporting Forms to their county auditor and, if the authority is not the municipality, to the municipality's governing body.

If you have any questions, please contact us at TIF@osa.state.mn.us.

4. Avoiding Pitfalls: Phantom Vendors

One method of fraud involves payments to fictitious companies for goods never delivered or services never provided. To protect against this, public entities need procedures in place to determine whether new vendors that are added to their accounts payable system are legitimate.

The ability to set up new vendors on the accounts payable system should be limited to those individuals with a logical need for this function. When new vendors are added to the system, the vendors should be reviewed by someone outside the accounts payable system. The outside reviewer should verify that the new vendor is legitimate. Finally, the vendor list should be reviewed periodically, and unused vendors should be removed from the system.

This Avoiding Pitfall is available on our website at:

<https://www.auditor.state.mn.us/default.aspx?page=20090724.094>

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