

2025 Legislative OSA **Overview** 

Minnesota State Auditor Julie Blaha and OSA Operations Division Director Matt Lindemann

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# **AGENDA**

- What We Do
- What We've Done
- What We Do Next



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# WHAT WE DO

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# **Fiscal Oversight**

- \$40 billion in local government activity
- \$20 billion in federal funds spent at the state level



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## **Examinations**

- Audits
- Legal Compliance
- Investigations



### **Support**

- Training
- Accounting Tools
- One on One



# **Analysis**

- Collect Data
- Reports
- Comparison Tools



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# WHAT WE DO

# **Audit Division**

Our largest division and primary source of local government examinations

- 70 financial and compliance audits annually
- Technical assistance and education
- Funded primarily by audit fees
- Hourly rates unchanged for the last three years



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# **Government Information Division**

Primary source of financial information on Minnesota local governments

- Compiles financial information of over 3,300 entities
- Certifies over \$500 million in state aids
- Supports local governments on legal reporting requirements



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# WHAT WE DO

# **Legal / Special Investigations Division**

Investigates allegations of theft or misuse of public funds

- When appropriate, coordinates with law enforcement
- Findings of certain types of wrongdoing are reported to prosecutors
- Reports are posted to educate the public and local government officials



# **Tax Increment Finance Division**

Oversees expenditures of approximately 1,670 Tax Increment Financing (TIF) districts

- 92% of cities with over 1000 residents have used TIF
- Educates TIF authorities to comply with the law
- Identifies issues with TIF authorities to correct problems
- Funded by 0.36% of the tax increment



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# WHAT WE DO

# **Pension Division**

Supports about 520 local public pension plans

- Most are fire relief associations, also includes St. Paul Teachers' Retirement Fund Association and the University of Minnesota Supplemental Benefits Plan
- First call for help for trustees on these pension plan boards
- Responds to thousands of questions each year



# **Operations Division**

Supports the day-to-day operations of the entire office

- Primary work includes technology, office management, and budgeting
- Calculates fiscal notes for the legislature
- Coordinates OSA infrastructure shared with the State of Minnesota



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# WHAT WE DO

# **Constitution Division**

The Constitutional Division is the State Auditor herself and her support staff

- Coordinates legislative activity and policy development
- Communicates with the public
- Supports the State Auditor's work on seven boards



# **Budget**

85% of our funding supports staffing

- Most of our budget is funded by fees and other sources
- Our fees are based on the actual costs and approved each year by Minnesota Management & Budget
- Last sessions funding closed the gap since 2000 by 13%
- Our budget is less than 0.05% of the state budget



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# WHAT WE'VE DONE



### **Operations**

- Increased administrative support
- Decreased vacancies



### **Township Specialist**

 Added staff member to focus on township needs



### **Special Investigators**

 Adding investigators to handle increased public requests



### Technology

- Chief Information Officer and new IT staff
- Compliance dashboards
- Improved CTAS



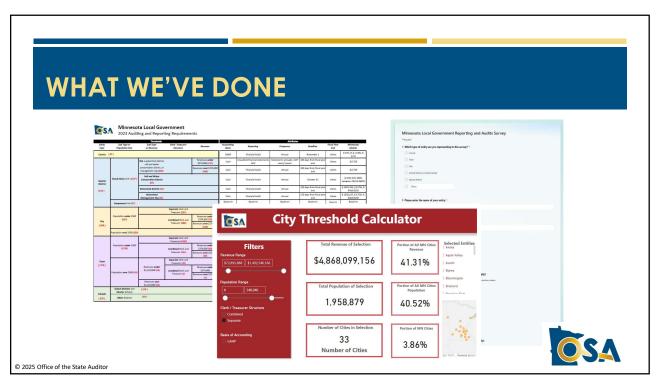
# WHAT WE'VE DONE



# Audit and Reporting Group (AaRG)

- Mission to improve local government reporting in light of public finance staff shortages
- Working group of public sector and private sector auditors, legislators, local officials, state officials
- Examining types, timing, and thresholds for and basis of accounting requirements

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# WHAT WE'VE DONE



### **Peer Review**

- Audit practices assessed for accuracy and adherence to standards by auditors from other states
- Achieved top rating

### **Efficiency Review**

- External reviewer assessed our efficiency in conducting audits
- We are making changes in our structure and technology in response

### **Performance Review**

- OLA completed our regular performance review
- OLA assessed our technology processes against best practices for the first time
- We are using this baseline to improve our IT work



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# WHAT WE DO NEXT

75%
of US CPAs
can retire
TODAY

# **OSA Change Items Goals**

- Continue essential oversight
- Respond to national public finance staff shortage



# WHAT WE DO NEXT



# Operating Adjustment

Continues current work



### Data Warehouse

 Gets our data in a form that can interface with new data technology



### **Trainers**

- Internal trainer to allow the OSA to accept different audit backgrounds
- External auditor to support local entities with staff turnover



### **IT Auditors**

Adds staff that specialize in technology standards in financial audits



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# WHAT WE DO NEXT



# Operating Adjustment

- FYs 2026 and 2027: \$486,000 (net)
- 8.8% increase
- Supports 14.5 current FTEs

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### Data Warehouse

- FYs 2026 and 2027: \$456,000
- 1.6% increase
- Technology costs equal to 1 FTE



### **Trainers**

- FYs 2026 and 2027: \$567,000
- 1.9% increase
- Adds 2 FTEs



### **IT Auditors**

- FYs 2026 and 2027: \$567,000
- 1.9% increase
- Adds 2 FTEs



# WHAT WE DO NEXT



# **Funding Priorities**

- Operating adjustment keeps us from going backwards
- Increasing pay for staff key to fully staffing OSA

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State Auditor Julie Blaha 651-202-1996 State.Auditor@osa.state.mn.us www.osa.state.mn.us