



PATRICIA AWADA  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

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September 25, 2003

The Honorable Oliver "Skip" Swanson  
Chair  
Pennington County Board of Commissioners  
16637 - 140th Street N.E.  
Thief River Falls, Minnesota 56701

Dear Chair Swanson:

As follow-up to a telephone conversation between Kenneth Olson, County Auditor, and Dianne Syverson, a member of my staff, I am confirming that the Office of the State Auditor (OSA) will not be providing audit services to Pennington County for the three years ending December 31, 2003, December 31, 2004, and December 31, 2005. We do intend to audit Pennington County for the year ending December 31, 2006.

It is the County's responsibility to ensure that audit requirements continue to be met. The goal for all audits, regardless of who performs them, is to maintain a consistent level of audit coverage. In order to accomplish this, the State Auditor will issue guidelines pursuant to Minn. Stat 6.65 which prescribe minimum procedures and the audit scope for county audits performed by CPA firms. A task force consisting of representatives from the OSA, the Minnesota Society of Certified Public Accountant's (MNCPA's), the Association of Minnesota Counties (AMC), the Minnesota Association of County Officers (MACO), and the Metropolitan Inter-County Association (MICA) will meet to recommend the form and content of the guidelines. Adherence to those audit guidelines will be required and should be referenced in audit engagement letters. These audit guidelines will be sent to you by mid-November 2003.

We would be happy to discuss your audit needs before you initiate a request for proposals (RFP). In addition, attached to this letter are items for consideration in hiring a CPA and a sample RFP that may assist you in the RFP process. (The sample RFP will be emailed to the County next week.) Please note that the proposals that you receive from CPA firms will need to include the additional audit guidelines mentioned in the previous paragraph. Therefore, the County may have to issue an addendum to the RFP that would include these audit guidelines. Also, the proposed audit costs submitted by CPA firms should take into consideration the procedures necessary to comply with these audit guidelines. In making your arrangements for a CPA firm to perform your audit, please do not hesitate to contact us should they wish to review past work papers.

The Honorable Oliver "Skip" Swanson  
Chair  
September 25, 2003  
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Pursuant to 2003 Minn. Laws, 1<sup>st</sup> Spec. Sess., Ch. 1, art. 2, § 4, we will be exercising the authority to review audits performed by CPA firms. The 2003 legislative change, addressing the review process, was agreed to by AMC and private CPA's. Any additional information from the CPA firm that the State Auditor deems in the public interest may be included in the review such as the work papers supporting the audits. The County will be billed for any such review.

When your audit is complete, please submit a copy of the report, including the management letter, to:

Tom Karlson  
Office of the State Auditor  
525 Park Street, Suite 500  
St. Paul, MN 55103

If you have any questions regarding this matter, or if we can provide you with any other assistance, please do not hesitate to contact me at (651) 296-2551 or Greg Hierlinger, Deputy State Auditor, Audit Practice, at (651) 296-7003.

Sincerely,

A handwritten signature in black ink, appearing to read 'Patricia Awada', written over a horizontal line.

Patricia Awada  
State Auditor

Attachments

cc: The Honorable Kenneth Olson  
Pennington County Auditor