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E-Update

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State Auditor
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1. Pension Update: Selected Relevant Statutes Summary
 2. Reminder: Town Financial Reporting – Cash Basis of Accounting
 3. GOA Report: “State and Local Governments: Persistent Fiscal Challenges Will Likely Emerge Within the Next Decade”
 4. Avoiding Pitfalls: Electronic Funds Transfers
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1. Pension Update: Selected Relevant Statutes Summary

An updated version of the Selected Relevant Statutes Summary is now available on the Office of the State Auditor’s website. The document summarizes many of the state laws applicable to volunteer fire relief associations. Relief association trustees may use the summary as a reference when updating bylaws, making investment decisions, or calculating benefit payments. The summary is provided for your convenience and is not a substitute for Minnesota Statutes. The Selected Relevant Statutes Booklet, which contains complete copies of the selected state laws, is also a good reference for relief association trustees. The summary and booklet are available at the following link:

http://www.auditor.state.mn.us/Other/pensionDocs/vfraStatutesSummary_0803.pdf.

2. Reminder: Town Financial Reporting – Cash Basis of Accounting

The Town Financial Reporting Form for towns using the cash basis of accounting was due on March 1. Thank you to those towns that have submitted their forms. If you have not yet submitted your form, please do so as soon as possible at <https://www.auditor.state.mn.us/safes/>. Your User ID and Password are the same as last year and will allow you to file your financial information using an Excel spreadsheet. The detailed instructions for completing the form are included as part of the form. CAUTION: Before beginning, please save your reporting form to your computer.

If you have any questions concerning the completion of the form, please contact GID Supervisor Dave Kazeck at (651) 297-3682 or Dave.Kazeck@state.mn.us. If town clerks do not have Internet access and are unable to complete the form electronically, please contact Jessica Schwartz at (651) 282-6115 for a paper copy of the form and instructions.

3. GAO Report: “State and Local Governments: Persistent Fiscal Challenges Will Likely Emerge Within the Next Decade”

We would like to make you aware of a recent U.S. Government Accountability Office (GAO) report, “State and Local Governments: Persistent Fiscal Challenges Will Likely Emerge Within the Next Decade.” The report is an important and timely resource for state and local governments. The report’s simulations for the state and local government sector indicate that, in the absence of policy changes, large and growing fiscal challenges at the federal level will create fiscal stress for state and local governments within the next few years. It has some very sobering data that everyone should be aware of.

You can access the full report here:
<http://www.gao.gov/new.items/d071080sp.pdf>

4. Avoiding Pitfalls: Electronic Funds Transfers

Cities, towns, counties, and school districts may use electronic funds transfers, instead of checks, to pay vendor claims. Electronic funds transfers may also be used to purchase and sell investments. While convenient, these transactions present unique opportunities for fraud. As a result, the law requires local units of government to adopt policies and procedures before electronic funds transfers are made.

The law specifically requires school districts to have all of the following policy controls before using electronic funds transfers:

- On an annual basis, the school board must delegate the authority to make electronic funds transfers to a designated business administrator.
- The disbursing bank must keep on file a certified copy of the delegation of authority.
- The person initiating the electronic transfer must be identified.

- The person initiating the electronic transfer must document the request and obtain approval from the designated business administrator before initiating the transfer.
- Written confirmation of the transaction must be made within one business day after the transaction.
- A list with all transactions made by electronic funds transfer must be submitted to the school board at its next regular meeting.

These requirements are mandatory for school districts. They also provide guidance for other units of government when drafting their policies and procedures.

Statutes governing electronic funds transfers include Minn. Stat. §§ 385.071 (counties), 471.38 (school districts), and 471.381 (cities, towns, and counties).
