



OFFICE OF THE STATE AUDITOR

E-Update

*The official online news
publication of the Office
of the State Auditor*

**State Auditor
Rebecca Otto**

February 20, 2009

1. Pension Update: Working Group Bill for Legislature
 2. To Be Released: Municipal Liquor Store Report
 3. Feedback Request: Best Practices Review
 4. Avoiding Pitfalls: Electronic Funds Transfers
-

1. Pension Update: Working Group Bill for Legislature

The Volunteer Fire Relief Association Working Group has drafted its 2009 legislative bill, which we hope to have ready for introduction next week. The bill is now available for viewing at:

<http://www.auditor.state.mn.us/default.aspx?page=20090219.000>.

We will continue to keep you updated regarding the bill's progress as it makes its way through the legislative process. If you have questions regarding the Working Group bill, please contact Rose Hennessy Allen at (651) 296-5985 or Rose.Hennessy-Allen@state.mn.us.

2. To Be Released: Municipal Liquor Store Report

The State Auditor will release the 2007 Analysis of Municipal Liquor Store Operations on Tuesday, February 24th. The report provides comparative data on municipal liquor operations which are owned and operated by Minnesota cities. You will find a link to the report on the home page of the State Auditor's website under "What's New" at:

<http://www.auditor.state.mn.us/default.aspx>.

3. Feedback Request: Best Practices Review

The Office of the State Auditor is interested in your feedback on the 2008 Best Practices Review: Reducing Energy Costs in Local Government. If your entity has been able to make use of the Review to begin reducing energy costs, please let us know. Also, please share with us what was helpful and/or if there was something else that may have been helpful to include in the Review. You can send your feedback to:

Jim.Levi@state.mn.us.

4. Avoiding Pitfalls: Electronic Funds Transfers

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

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

- On an annual basis, the school board must delegate to a designated business administrator the authority to make electronic funds transfers.
- 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).

If you are interested in signing up to receive an e-mail version of the E-Update regularly, [click here](#).

The Office of the State Auditor is located at 525 Park Street, Suite 500, Saint Paul, MN 55103. Phone: 651-296-2551 Fax: 651-296-4755 Web: www.auditor.state.mn.us