



State Auditor
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E-Update

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1. Deadline: Cash Cities and Towns Financial Reporting Forms
 2. Deadline: Relief Association Treasurer Bonds
 3. Avoiding Pitfalls: Electronic Funds Transfers
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1. Deadline: Cash Cities and Towns Financial Reporting Forms

The deadline for the 2017 Financial Reporting Form for cash cities and for towns is Monday, April 2. The form can be accessed at:

<https://www.auditor.state.mn.us/safes/>.

2. Reminder: Relief Association Treasurer Bonds

Minnesota law requires the treasurer of a volunteer fire relief association to be bonded for at least ten percent of the association's special fund assets. However, the amount of the bond need not exceed \$500,000.

Officers of relief associations affiliated with a city fire department where the city is bonded through the League of Minnesota Cities Insurance Trust (LMCIT) are automatically defined as covered employees on the city's bond. The relief association does not need to purchase a separate bond because the association treasurer and other officers are already bonded. The relief association should obtain a copy of the city's LMCIT bond to be sure that the amount of the bond is at least ten percent of the association assets.

3. Avoiding Pitfalls: Electronic Funds Transfers

To pay vendor claims, many 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 now specifically requires counties, local social service agencies, school districts, towns, park districts, and home rule charter cities of the second, third or fourth class to have all of the following policy controls in place before using electronic funds transfers:

- On an annual basis, the governing body 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; and
- A list with all transactions made by electronic funds transfer must be submitted to the governing body at its next regular meeting.

These requirements are mandatory for the local government entities listed above, and they provide guidance for other units of government when drafting their policies and procedures.

Statutes governing electronic funds transfers include [471.38](#) (counties, local social service agencies, school districts, towns, park districts, and home rule charter cities of the second, third or fourth class), and [471.381](#) (cities, towns, and counties).

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