

REQUEST FOR ACTION

<u>Department Head</u>	<u>City Council Date</u>	<u>Agenda Item</u>
Brian R. Bloch Finance Director	July 20, 2010	5. E

Consider an Electronic or Wire Transfer Policy for the City of Delano.

ACTION REQUESTED

Motion to approve the electronic or wire transfer policy for the City of Delano.

BACKGROUND

The City's auditors have cited the City for not following state statutes for not instituting a policy on electronic and/or wire transfers. State statutes require that if a city uses electronic or wire transfers to pay claims or make investments, that the city establish policies and procedures to ensure the validity of the electronic transaction.

Currently, the City of Delano performs electronic and/or wire transfers but does not have a formal policy governing such actions. Approval of this policy will put the City in compliance with state statutes. The policy identifies the scope of electronic or wire transfers, delegates authority, and establishes internal controls to maintain assurances that electronic or wire transfers are being performed within accordance of state statutes and the Council's parameters.

Staff recommends approval of the policy.

FUNDING

N/A.

ATTACHMENTS

- ✓ Electronic or Wire Transfer Policy

CITY OF DELANO ELECTRONIC OR WIRE TRANSFER POLICY

I. Purpose and Need for Policy

It is the policy of the City of Delano to allow electronic or wire transfers out of the City's bank or investment accounts in a manner complying with the requirements of this policy and conforming to all Minnesota statutes governing the electronic or wire transfers to pay claims or make investments. The purpose of this Policy is:

- to develop overall guidelines for when electronic or wire transfers can be performed,
- to provide proper procedures to ensure electronic or wire transfers are properly approved, and
- to establish delegation of authority and internal controls.

II. Scope

This policy applies to all electronic or wire transfers out of the City's bank or investment accounts.

III. Delegation of Authority

Responsibility for electronic or wire transfers is hereby delegated from the City Council to the Finance Director. The Finance Director, shall act in accordance with procedures as established with this electronic or wire transfer policy.

IV. Internal Controls

Internal controls are designed to prevent loss of public funds due to fraud, error, misrepresentation, or imprudent actions. All claims paid by electronic or wire transfers must follow the same procedures for claims paid by check and are required to be submitted to the City Council at the next regular meeting following the transfer if not submitted beforehand. All other electronic or wire transfers of funds from investment accounts require written approval of the City Administrator and Finance Director and are required to be submitted to the City Council at the next regular meeting following the transfer.

V. Authorized Uses of Electronic or Wire Transfers

The primary purpose of the investment policy is to maximize the rate of return while minimizing security risks of the funds of the City. This principle is best served by allowing electronic transfers of funds on a timely basis when desirable. This policy allows the use of electronic transfer of funds between investment accounts and depository accounts of the City.

Certain liabilities incurred by the City require the use of electronic payment (i.e. FICA, federal withholding, state withholding, etc.). In addition certain vendors require electronic payment. Electronic payment or wire transfers of funds will only be utilized in payment of an obligation of the City when the situation requires *immediate good funds* to settle a transaction. If a more inexpensive mechanism can be utilized to effect payment of the obligation (i.e. paper check), the City shall make payment with the more inexpensive mechanism.