



# MEDINA, WASHINGTON

## AGENDA BILL

Monday, June 14, 2021

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**Subject:** Resolution No. 418 Amending Financial Policies, adding EFT (Electronic Funds Transfer) Control Procedures

**Category:** City Council Business

**Staff Contact:** Julie Ketter, Finance & HR Director

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### **Summary**

December 2020 the State Auditor's Office completed the City of Medina's 2019 annual audit. As in previous years, the auditor provided management with exit recommendations for updates to our policies and procedures. These do not affect the "clean audit" report status but need to be addressed before the next audit cycle.

It was noted that while staff has established procedures and adequate internal controls over Electronic Fund Transfers (EFTs), written documentation of these was missing from the City's Financial Policy manual. Any changes to the Financial Policies must be approved by Council via a resolution. The attached Exhibit A describes the existing procedures and controls. Upon Council approval, it will be inserted into the Financial Policy manual.

### **Attachment:**

Resolution 418, including **Exhibit A**

**Budget/Fiscal Impact:** None

**Staff Recommendation:** Approve

**City Manager Approval:**

**Proposed Council Motion:** "I move to Adopt Resolution No. 418 Amending Financial Management Policies as recommended by the State Auditor's Office."

*Time Estimate: 10 minutes.*

CITY OF MEDINA, WASHINGTON

RESOLUTION NO. 418

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MEDINA, WASHINGTON, AMENDING THE FINANCIAL MANAGEMENT POLICY TO INCLUDE EFT (ELECTRONIC FUND TRANSFER) CONTROL PROCEDURES

**WHEREAS**, State policy requires that agencies develop written internal policies for managing Electronic Fund Transfers; and

**WHEREAS**, as a result the State Auditor made recommendations that the City develop and adopt policies for managing these transactions; and

**WHEREAS**, based on example policies provided by MRSC and existing City practices, City staff drafted new policies and procedures for EFT Control Procedures for City Council consideration;

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF MEDINA, WASHINGTON, RESOLVES AS FOLLOWS:**

**Section 1.** Amended Financial Management Policies Adopted. The City Council finds it in the best interest of the City to have an EFT Control Procedures Policy and hereby adopts the amended Financial Management Policy attached hereto as **Exhibit A**.

**Section 2. Effective Date.** This Resolution shall be effective upon its adoption by the City Council.

**PASSED BY THE CITY COUNCIL OF THE CITY OF MEDINA ON JUNE 14, 2021 AND SIGNED IN AUTHENTICATION OF ITS PASSAGE ON JUNE 14, 2021.**

\_\_\_\_\_  
Jessica Rossman, Mayor

Approved as to form:  
Ogden Murphy Wallace, PLLC

Attest:

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Scott M. Missall, City Attorney

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Aimee Kellerman, City Clerk

FILED WITH THE CITY CLERK: XX  
PASSED BY THE CITY COUNCIL: XX  
Resolution No. 418

**EFT (Electronic Fund Transfer) CONTROL PROCEDURES**

To promote the safety of City funds in the electronic funds transfer environment, the following procedures will be adhered to:

1. The procedure to initiate, approve, and record an EFT payment is subject to the same financial policies, procedures, and controls that govern disbursements made by any other means.
  - Review of transfer by Finance Director or her/his designee who will not be entering or initiating the transfer.
  - Two approval signatures from authorized check signers.
  - Reconciliation of bank activity to the General Ledger will be performed in a timely manner with all exceptions resolved.
2. EFT transactions will not be made without proper authorization of affected parties in accordance with federal and state statutes and accepted business practices.
3. All EFT payments should be initiated by secure computer-based systems:
  - US Bank SinglePoint (designated administrator, dual control & time-limited token generated PIN)
  - Known payroll benefit providers' portals, such as IRS, AWC, DRS.
4. The City Finance Director shall serve as primary administrator to manage and control access to the systems used to process EFT transactions. The administrator shall ensure that adequate separation of duties exists in accordance with accepted internal control standards. In addition, the administrator shall ensure approval and maintenance of user system IDs, user permissions, including authorized representatives and their associated transfer limits. The City Manager has authority serve as back up administrator.
5. Because EFT transfers between City bank accounts have reduced risk, the Finance Office may use EFTs on a routine basis to concentrate funds for payment and investment purposes. Although the risks are minimal for transfers between City accounts, reasonable controls should exist with regard to authorization, reconciliation, and review of these transactions.
6. EFT payments are limited to transfers between City bank accounts, employee expense reimbursement, payroll and payroll benefits.
7. Employees must submit hard copy of completed Direct Deposit Agreement Form to the Finance Director. No electronic signatures will be accepted. Any change to banking information will require a newly completed form. Employee signatures will be verified against signature on file. If an employee submits a change request without enough time for authorization prior to payroll, payment will be made by check until such time as the information can be verified.