



Memorandum

To: Mayor Nelson and Members of the City Council

From: Daniel R. Buchholtz, MMC, Administrator, Clerk/Treasurer

Date: December 11, 2023

Subject: Financial Policies

Over the past several years, there have been more instances of fraud perpetrated against Minnesota cities. The City of Cottage Grove, while constructing a sanitary sewer project, was the victim of an email fraud scheme that resulted in the loss of \$1.2 million. The City of Mayer lost \$430,000 to an email phishing scam.

The League of Minnesota Cities encourages cities to adopt policies to prevent these fraud schemes from occurring. Staff has drafted policies relating to the verification of vendor bank account changes and relating to wire/funds transfer verification.

The policies call for staff to thoroughly vet these requests to ensure they are legitimate.

Staff recommends approval of these policies. If you have any questions, please do not hesitate to contact me at 763-784-6491.