

electronic transactions, the Local Government Commission adopted rules to exempt a local governments from affixing the pre-audit certification to electronic transactions. (Note: This does not mean that a local government is exempt from performing the pre-audit.)

The Town has on occasion received requests from vendors to be paid by ACH. While Automated Clearinghouse (ACH) payment is a common method of vendor payment across all types of industries and organizations, local governments have not been able to fully take advantage of this process until now. The Finance Team has started to explore the feasibility of paying vendors by ACH rather than check. This will not only increase staff productivity and reduce costs, but also improve security of the payment process, especially since check payments attract fraudulent behavior.

In order for the Town to be exempt from affixing a pre-audit certification on electronic transactions, the LGC requires the governing body to 1) adopt a resolution authorizing the use of electronic payments; and, 2) adopt written policies and procedures for pre-auditing obligations that will be subject to electronic payment. The governing body may develop these policies and procedures or delegate this task to the Finance Officer. The attached resolution, Section 2, delegates this to the Finance Officer; however this can be modified to have Council perform this task if so desired. Upon adoption of the resolution, the LGC requires the Finance Officer to provide da budget to actual statement by fund at least quarterly that includes: budgeted accounts, actual payments made, amounts encumbered(including electronic obligations), and the amount of budget unobligated.

FISCAL & STAFF IMPACT: There is no fiscal impact to adoption of the attached resolution.

RECOMMENDATION: That the Town Council adopt the attached resolution authorizing the Town to engage in electronic payments.