

Policy for Automated Clearing House (ACH) Arrangements and Electronic Transactions of Funds

The following policy shall govern the use of electronic transactions and automated clearing house (ACH) arrangements for (School District):

1. Definitions

Automated Clearing House or "ACH" means a national and governmental organization that has authority to process electronic payments, including, but not limited to, the National Automated Clearing House Association and the Federal Reserve System.

An "ACH Arrangement" means the agreement between the originator of the ACH transaction and the receiver of an ACH transaction.

An "ACH Transaction" means an electronic payment, debit, or credit transfer processed through an automated clearinghouse.

An "ACH Policy" means the procedures and internal controls as determined under this written policy developed and adopted by the Township Treasurer.

2. Authority to Enter into ACH Arrangements and Electronic Transfers of Public Funds

The Electronic Funds Officer (ETO) may enter into an ACH arrangement as provided by Public Act 738 of 2002, effective (Date).

(School District) shall not be a party to an ACH arrangement unless the (School District's) Board of Education has adopted a resolution to authorize electronic transactions and the ETO has presented a written ACH policy to the Board of Education.

An ACH arrangement under PA 738 of 2002 is not subject to the Revised Municipal Finance Act, Public Act 34 of 2001 (MCL 141.2101, *et seq.*), or to provisions of law or charter concerning the issuance of debt by a local unit.

3. Responsibility for ACH Agreements

The ETO is responsible for (School District) ACH agreements, including payment approval, accounting, reporting, and generally for overseeing compliance with the ACH policy.

An ACH transaction report detailing individuals or businesses paid, services purchased, the cost of goods or services and the date of the payment shall be contained in the school district's electronic general ledger software system. These ACH reports shall be retained for audit purposes and will be available for Board of Education review upon request.

4. Internal Accounting Controls to Monitor Use of ACH Transactions Made by School District

The following system of internal accounting controls will be used to monitor the use of ACH transactions made by (School District):

- 1) The local unit shall prepare a list of vendors authorized to be paid by ACH transaction and provide that list for approval.
- 2) The business office initiates the transaction upon receipt of an invoice included on the authorized ACH list approved by the ETO. ACH invoices must be approved before payment. The ETO signs the ACH invoice, which then acts as approval for the ACH transactions.
- 3) A separate list of electronic payments shall accompany disbursements list for approval.
- 4) The ETO or designee will sign the electronic transaction and make the actual transfer of funds.
- 5) The ETO shall retain all ACH transaction documents for audit purposes.

Certification

I, (School District Designated ETO), ETO of (School District), certify that I developed and adopted the foregoing ACH policy and have presented it to the (School District) Board of Education.

_____, ETO

(Typed Name of ETO's Signature)

Date: _____