

Allegan District Library Automated Clearing House and Electronic Transactions of Funds Policy

Purpose

This policy provides a process for addressing the use of Automated Clearing House (ACH) and Electronic Transactions of Funds (ETF) for the purchase of materials or in the payment of funds for the Allegan District Library. The authority of the Library to use ACH and ETF is provided by Michigan Public Act 738 of 2002.

Definitions

- A. 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.
- B. An “ACH arrangement” means the agreement between the originator of the ACH transaction and the receiver of an ACH transaction.
- C. An “ACH transaction” means an electronic payment, debit, or credit transfer processed through an automated clearinghouse.
- D. An “ACH policy” means the procedures and internal controls as determined under this written policy.
- E. Electronic Transactions Officer or ETO means the person designated by the Library to have the authority granted under this policy.

Authority

The Board of Trustees shall have adopted a resolution to authorize electronic transactions and have received a copy of this policy. The Library Director shall fill the role of electronic transaction officer (ETO). The ETO may enter into an ACH or ETF agreement on behalf of the Library.

Responsibility

The ETO shall be responsible for all ACH agreements, including payment approval, accounting, reporting, and overseeing compliance with this policy. The ETO shall submit to the Board of Trustees documentation on a monthly basis detailing the goods or services purchased, the cost of goods or services, the date of the payment, and the department serviced by payment. This report can be contained in the electronic general ledger or in a separate report to the governing body (such as in the monthly Board packet).

Internal Controls

- A. The ETO shall be responsible for the establishment of ACH agreements. The ETO shall notify the Administrative Assistant and bookkeeper of those accounts to be paid by ACH or electronic transfers.
- B. Upon receipt of an invoice for payment for accounts paid by ACH, the Library Director shall approve payment and notify the Administrative Assistant and bookkeeper to move

the funds and of the date of debit to the library accounts. These payments shall be included in the report of payments to the Board of Trustees.

- C.** For payment of State and Federal payroll taxes, the ETO shall initiate payment to the proper authority upon receipt of the information from the accountant or bookkeeper using the established Electronic Federal Tax Payment System (EFTPS) and state program.
- D.** For deposits from state, county, and/or federal authorities, and from third-party payment processors, the ETO shall obtain the amount of the deposit for recording and accounting purposes and send documentation to the Administrative Assistant and bookkeeper.
- E.** All invoices shall be filed by the bookkeeper along with copies of payment documentation.

Review

The Budget & Finance Committee will review this policy every four years.