



ACH (Automated Clearing House) Policy - Lenawee County Treasurer

POL#2017-902

Date of Adoption: June 11, 2003

Dates of Amendment: 09/13/17

Last Review 09/17

The following policy shall govern the use of electronic transactions and ACH arrangements for Lenawee County.

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 transactions and the receiver of an ACH transaction.

An “ACH transaction” means an electronic payment, debit or credit transfer processed through an automated clearing house.

An “ACH policy” means the procedures and internal controls as determined under this written policy developed and adopted by the county treasurer.

2. AUTHORITY TO ENTER INTO ACH ARRANGEMENTS AND ELECTRONIC TRANSFERS OF PUBLIC FUNDS

The county treasurer may enter an ACH arrangement as provided by Public Act 738 of 2002, effective December 30, 2002.

Lenawee County shall not be a party to an ACH arrangement unless the Lenawee County Board of Commissioners has adopted a resolution to authorize electronic transactions and the Lenawee County Treasurer has presented a written ACH policy to the board.

An ACH arrangement under Public Act 738 of 2002 is not subject to the Revised Municipal Finance Act, Public Act 34 of 2002 (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 Lenawee County Treasurer is responsible for Lenawee County’s ACH agreements, including payment approval, accounting, reporting and generally for overseeing compliance with the ACH policy.

Any department wishing to make ACH transactions must present a completed ACH enrollment form at least two full weeks prior to the transaction so verification of information provided can be completed and the Clerk and the Board of Commissioners notified of the addition.

The treasurer shall submit to the county board documentation detailing the goods or services purchased, the cost of the goods or services, the date of the payment, and the department levels serviced by each payment of public funds made by electronic

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transfer. This report may be contained in the county's electronic general ledger software system or can be provided by separate report.

4. INTERNAL ACCOUNTING CONTROLS TO MONITOR USE OF ACH TRANSACTIONS MADE BY THE COUNTY

The following system of internal accounting controls will be used to monitor the use of ACH transaction by Lenawee County.

- a) The Treasurer shall prepare a list of vendors authorized to be paid by ACH transaction and provide the list to the Clerk. This list may be modified, at any time, by mutual consent of the Treasurer and the Clerk.
- b) All employees are now paid by ACH transaction and the Payroll Clerk maintains a current list.
- c) An ACH enrollment form shall be on file with the Lenawee County Treasurer or an employee designated by the Treasurer for all vendors authorized to be paid by ACH transaction.
- d) A separate summary schedule for claims submitted for payment by ACH transaction shall be prepared and approved by the Board of Commissioners.
- e) It shall be the policy to have a party, not involved in the voucher entry system, approve invoices for ACH payment.
- f) The treasurer shall retain all ACH transaction documents for audit purposes.

5. INTERNAL ACCOUNTING CONTROLS TO MONITOR ACH TRANSACTIONS RETURNED TO THE COUNTY

Upon notification from the Treasurer of a returned ACH transaction, appropriate measures are immediately taken to determine the cause. The ACH option for either the vendor or employee will be immediately disengaged and a paper check will be issued. Consideration is given in each situation to be certain that the appropriate general ledger entries have been posted in the accounting software and documentation is maintained accordingly.

6. EFFECTIVE DATE

This policy does not affect the validity of any ACH arrangement entered into by the County of Lenawee before the effective date of Public Act 738 of 2002 (December 30, 2002).