

City of Mt. Pleasant
ACH & Electronic Transactions Policy
Revised February 6, 2009

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 agreement” 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 clearing house.

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

Authority to Enter into ACH Agreements and Electronic Transfer of Public Funds

The City Treasurer and/or Finance Director may enter into an ACH agreement as provided by Public Act 738 of 2002, effective December 30, 2002. The City Commission shall have adopted a resolution to authorize electronic transactions and have received a copy of the policy.

An ACH arrangement under PA 738 of 2002 is not subject to the Revised Municipal Finance Act, PA 34 of 2001, or to provisions of law or charter concerning the issuance of debt by the City.

Responsibility for ACH Agreements

The City Treasurer shall be responsible for all ACH agreements, including payment approval, accounting, reporting, and generally overseeing compliance with the ACH policy.

Internal Accounting Controls to Monitor Use of ACH Transactions

- a) The City Treasurer and/or Finance Director shall be responsible for establishment of ACH agreements. The Finance Director shall notify the City Treasurer of those vendors to be paid by ACH or electronic transfers.
- b) Upon approval of an invoice for payment for vendors paid by ACH, the Finance Director shall approve payment and notify the City Treasurer, *City Clerk, Financial and/or System Analyst* of the date of debit from the City’s accounts. Accounts payable by this method may include any vendor that it is deemed in the best interest of the City to pay electronically. These payments shall be included on the report of payments to the City Commission and approved in the same manner as checks written.
- c) The Treasurer shall be responsible for recording electronic transactions in the City’s accounting system in the same level of detail as manual transactions.

- d) All invoices paid electronically shall be held along with the accounts payable files.
- e) For payment of payroll related withholding, the City Treasurer ~~and/or~~, Finance Director, *Clerk and/or Financial and System Analyst* shall initiate payment to the proper authority upon receipt of the information from the payroll department.
- f) For deposits from state, county, and/or federal authorities, and from third-party payment processors, the Treasurer shall obtain the amount of the deposit and either record the deposit or send the advice to the person responsible for preparing the receipt for the deposit.