

Resolution - Policy on Electronic Transfer of Funds

Whereas, Electronic payments of public funds are required for some federally mandated transactions of public funds, and electronic payments have become a commonly accepted practice by banks and other financial institutions, and

Whereas, Public Act 738 of 2002, effective December 30, 2002, authorizes a government municipality to make electronic transactions involving public funds by electronic payment, debit, or credit transfer processed through an automated clearing house, and

Whereas PA 738 authorizes a public official to enter into an ACH arrangement for a national and governmental organization that has the authority to process electronic payments (ACH), including, but not limited to the national automated clearing house association and the federal reserve system, and

Whereas, Geneva Township Board deems that it is in the best interest of the Township to make certain township financial transactions by electronic payments as described in PA 738.

Now Therefore Be It Resolved, that Geneva Township Board authorizes the Township to utilize electronic transactions in compliance with the policy presented on June 9, 2004 on ACH and Electronic Transactions of Funds be adopted.

The foregoing resolution offered by Board Member Nancy Whaley, Second offered by Board Member Bridgette Gumpert.

Upon roll call vote the following members voted:

Yes: Whaley, Gumpert, Primmer, Trowbridge, Funk

No: None

The Supervisor declare this a true and accurate statement of resolution and adoptions.

Bridgette Gumpert
Bridgette Gumpert, Clerk

June 8, 2004.

Geneva Township Electronic Transactions of Funds Policy
June 8, 2004

SCOPE: This policy pertains to Township Elected Officials, and management personnel.

DEFINITIONS: Automated clearing house (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.

ACH arrangement: means the agreement between the originator of the ACH transaction and the receiver of an ACH transaction.

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

ACH policy: means the procedures and internal controls as determined under the written policy developed and adopted by the Township.

1. Authority to Enter into ACH Arrangements and Electronic Transfer of Public Funds:

The Treasurer and Clerk may enter into an ACH arrangement as provided by Public Act 738 of 2002, effective December 30, 2002.

The township shall not be a party to an ACH arrangement unless the Township Board has adopted a resolution to authorize electronic transactions and the a written policy has been presented to the Township Board.

An ACH arrangement under PA 738 of 2002 is not subject to the Revised Municipal Finance Act, Public Act 34 of 2001 (MCL141.2101, et seq.) or to the provisions of law or charter concerning the issuance of debt by a local unit.

2. Responsibility for ACH Agreements:

The Treasurer and Clerk are responsible for Township ACH agreements, including payment approval, accounting, reporting, and generally for overseeing compliance with the ACH policy.

3. Internal Accounting Controls to Monitor Use of ACH Transactions:

The following system of internal controls will be used to monitor the use of ACH transactions made by the Township:

- a. The Treasurer and Clerk shall prepare a list of vendors authorized to be paid by ACH transaction and provide that list to the township Board.
- b. The Treasurer and Clerk initiates the transaction upon receipt of an invoice included on the authorized ACH list approved by the Township Board.
- c. The Treasurer and Clerk presents a separate list of the electronic payments for Board approval. All transactions not pre-approved required Board approval prior to disbursement. For pre-approved payments the Township Board will post audit those payments.
- d. Following Board approval, the Treasurer and Clerk signs the ACH warrant, initiates the electronic transaction with the vendor, and makes the actual transfer of funds.
- e. The Treasurer shall retain all ACH transaction documents and invoices, with copies to the Clerk for audit purposes.

Policy adopted this 8th day of June, 2004.