

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

The following policy shall govern the use of electronic transactions and ACH arrangements for Highland Township:

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

Highland Township shall not be a party to an ACH arrangement unless the Highland Township Board has adopted a resolution to authorize electronic transactions and the Highland Township Treasurer has presented a written ACH policy 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 (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 Highland Township Treasurer or Deputy Treasurer is responsible for Highland Township's ACH agreements, including payment approval, accounting, reporting, and generally for overseeing compliance with the ACH policy.

The treasurer shall submit to the township 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 transfer. This report may be contained in the township's electronic general ledger software system or in a separate report to the township board.

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

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

- 1) The treasurer shall prepare a list of vendors authorized to be paid by ach transaction and provide that list to the clerk.
- 2) The clerk initiates the transaction upon receipt of an invoice included on the authorized ACH list approved by the appropriate township official. ACH invoices must be approved before payment. The clerk signs the ACH invoice, which then acts as the warrant.
- 3) The clerk presents the warrants, a list of bills for payment, and a separate list of the electronic payments for township board approval. The board approves all transactions prior to disbursement.
- 4) Following board approval, the treasurer signs the ACH warrant, initiates the electronic transaction with the vendor, and makes the actual transfer of funds.
- 5) The treasurer shall retain all ACH transaction documents for audit purposes.
- 6) The clerk shall retain all invoices for audit purposes.

Certification

I, Judith A. Kiley, Treasurer of Highland Township, certify that I developed and adopted the foregoing ACH policy and have presented it to the Highland Township Board.

_____, Treasurer _____, Date

This policy was adopted by the Highland Township Board at a regular meeting of that Board on Wednesday, March 26, 2003 at which Patricia M. Pilchowski, Mary L. McDonell, Judith A. Kiley, Judy Dietrich, Thomas P. Dunleavy and Lawrence Pepera were present and Nancy Sharp was absent. The motion was made by Mr. Dunleavy and supported by Mr. Pepera and carried with a unanimous voice vote: Pilchowski – yes, McDonell – yes, Kiley – yes, Dietrich - yes, Dunleavy – yes, Pepera – yes.

Patricia M. Pilchowski, Supervisor

Mary L. McDonell, Clerk