

MMFOA SAMPLE RESOLUTION and POLICY for ACH and ELECTRONIC TRANSACTIONS

The Legislative Committee of the Michigan Municipal Finance Officers Association was instrumental, with the assistance of Scott Schrager, in the passage of ACH legislation, PA 738 of 2002. A sample resolution required by the act was reviewed by the Committee and approved by the Board for dissemination to our members. Following is the sample resolution for the adoption of an ACH and Electronic Transactions policy. The resolution, as is required by Act No. 738, calls for a written policy to be presented to the entity's governing body. Also following is a sample ACH and Electronic Transactions policy.

Prior to presenting the resolution and adopting the policy, please review both to see that the procedures called for are appropriate for your entity. Procedures and personnel responsible for payment approval, accounting, reporting, and generally overseeing compliance, as is called for in the policy, will vary from community to community.

Sample RESOLUTION FOR ACH and ELECTRONIC TRANSACTIONS

At a regular meeting of the (governing body) of the (City, Township, County, etc) held in the (place) on (date), at (time)

Present:

Absent:

The following resolution was offered by _____ and seconded by _____:

WHEREAS, on December 30, 2002, the Governor of the State of Michigan approved Act No. 738 of the Public Acts of 2002 authorizing the use electronic transactions by designated officers of the local government; and

WHEREAS, the (governing body) deems that it is in the best interest of the (entity) to make certain financial transactions by using electronic transactions as described in the Act;

NOW, THEREFORE, BE IT RESOLVED, that the following policy shall govern the use of electronic transactions:

(a) The Treasurer or electronic transaction officer (ETO) shall be responsible for establishing all ACH arrangements for the local unit;

(b) The Treasurer or ETO shall draft a written policy to be followed in accordance with the act and presented to the governing body;

(c) The Treasurer or ETO shall be responsible for payment approval, accounting, reporting, and generally overseeing compliance or shall appoint an employee to perform such duties;

(d) The Treasurer or ETO shall submit documentation to the governing body, or person responsible for approving payments by resolution or charter requirements, detailing goods and services purchased, the cost of goods or services, the date of payment, and the department levels serviced ;

(e) All ACH transactions shall be approved by the Treasurer or ETO BEFORE payment is made.

Ayes:

Nays:

Abstentions:

Absent:

STATE OF MICHIGAN)

)ss

COUNTY OF _____)

I, the undersigned, the duly qualified and elected Clerk of the (local unit), _____ County, Michigan, do hereby certify that the foregoing is a true and complete copy of the resolution enacted by the (governing body) at a regular meeting held on the ____ day of (month), 2003, the original of which is on file in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature this ____ day of (month), 2003.

Clerk

Sample ACH AND ELECTRONIC TRANSACTIONS POLICY

Date

The following policy shall govern the use of electronic transactions and ACH arrangements for the (city, village, township of etc):

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

The (treasurer or ETO) may enter into an ACH agreement as provided by Public Act 738 of 2002, effective December 30, 2002. The (governing body) shall have adopted a resolution to authorize electronic transactions and have received a copy of the policy. Applicable definitions in the act shall apply.

An ACH arrangement under PA 738 of 2002 is not subject to the Revised Municipal Finance Act, 2001 PA 34, MCL 141.2101 to 141.2821, or to provisions of law or charter concerning the issuance of debt by the township.

2. Responsibility for ACH Agreements.

The (treasurer or ETO) shall be responsible for all ACH agreements, including payment approval, accounting, reporting, and generally overseeing compliance with the ACH policy. The (treasurer or ETO) shall submit to the (governing body) documentation detailing the goods or services purchased, the cost of goods or services, the date of the payment, and the department levels serviced by payment. This report can be contained in the electronic general ledger software system or in a separate report to the governing body.

3. Internal Accounting Controls to Monitor Use of ACH Transactions

- a. The (treasurer or ETO) shall be responsible for the establishment of ACH agreements. The (treasurer or ETO) shall notify the (person responsible for approval and payment) 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 (person responsible for approval and payment) shall approve payment and notify the (treasurer or ETO) of the date of debit to the township accounts. Accounts payable by this method may include utility and recurring lease payments. These payments shall be included on the report of payments to the (governing body). All other invoices approved by the (person responsible for approval and payment) and payable by ACH may be paid in that matter if deemed in the best interest of the (city, village, township etc), e.g. to avoid a late fee.
- c. For payment of State and Federal payroll taxes, the (treasurer or ETO) shall initiate payment to the proper authority upon receipt of the information from the payroll department using the established EFTPS and state program.
- d. For deposits from state, county, and/or federal authorities, and from third-party payment processors, e.g. (Banks, vendors), the (treasurer or ETO) shall obtain the amount of the deposit and send an advice to the person responsible for accounting records.
- E. All invoices shall be held by the (person charged with keeping the records) along with copies of payment advices.