

LIVINGSTON COUNTY
AUTOMATED CLEARING HOUSE (ACH) POLICY

RESOLUTION #703-227

LIVINGSTON COUNTY, MICHIGAN

APPROVED: 7.7.03

1. The County Treasurer shall be responsible for the County's ACH agreements, including payment approval, accounting, reporting and for generally overseeing compliance with the ACH Policy.
2. The County Treasurer will be responsible for disbursements of funds, by ACH and will submit documentation detailing goods or services purchased, costs of said goods or services, the date of payment and the department serviced by the payment.
3. The County Treasurer shall design a system of internal controls to monitor the use of ACH transactions by the County.
4. It is the policy of Livingston County to have a party not involved in the voucher entry system approve invoices for ACH payments before an ACH transaction is created.

INTERNAL CONTROLS FOR ACH TRANSACTIONS

For purposes of maintaining effective internal control, this policy clarifies and emphasizes the responsibility of the County Treasurer initiating ACH transactions through systems provided by the County. Accordingly, this policy promotes the implementation of procedures that ensure compliance with State law, Federal law and National Automated Clearing House Association (NACHA) rules.

COUNTY TREASURER RESPONSIBILITIES

County Treasurer is responsible for ensuring that only authorized individuals have access to any system capable of initiating ACH transactions. A current list of persons authorized to initiate and approve electronic funds transfer (EFT) transactions must be maintained by the County Treasurer.

County Treasurer is responsible for ensuring that ACH payments are lawful expenditures of County funds and comply with legislatively-approved budgets.

County Treasurer is responsible for obtaining proper authorization for debiting or crediting any customer, vendor or payer account via ACH, in accordance with NACHA rules. A file of current authorizations must be maintained by the County Treasurer. All authorizations must be retained for two (2) years following termination or revocation of the authorization.

County Treasurer must establish and maintain adequate reconciliation procedures which include timely resolution of all material reconciling items,

County Treasurer is responsible for ensuring that her department staff responsible for ACH activity has the necessary training and knowledge required to effectively perform their duties.

RESOLUTION #703-227

APPROVED: JULY 7, 2003

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RESOLUTION ATTACHED HERETO

ELECTRONIC TRANSACTIONS OF PUBLIC FUNDS (EXCERPT)
Act 738 of 2002

124.303 ACH policy; contents.

Sec. 3.

A local unit shall not be a party to an ACH arrangement unless the governing body of the local unit has adopted a resolution to authorize electronic transactions and the treasurer or the ETO of the local unit has presented a written ACH policy to the governing body. The ACH policy shall include all of the following:

- (a) That an officer or employee designated by the treasurer or ETO is responsible for the local unit's ACH agreements, including payment approval, accounting, reporting, and generally for overseeing compliance with the ACH policy.
- (b) That the officer or employee responsible for disbursement of funds shall submit to the local unit 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 payment. This report can be contained in the electronic general ledger software system of the local unit or in a separate report to the governing body of the local unit.
- (c) A system of internal accounting controls to monitor the use of ACH transactions made by the local unit.
- (d) The approval of ACH invoices before payment.
- (e) Any other matters the treasurer or ETO considers necessary.

124.304 Noncompliance; order limiting or suspending local unit's authority.

Sec. 4.

After notice and hearing as provided under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, the department of treasury may issue an order limiting or suspending the authority of a local unit to make electronic transactions under this act for failure to comply with the requirements of this act or with the requirements of the local unit's ACH policy.

124.305 ACH arrangement; validity; compliance.

Sec. 5.

- (1) This act does not affect the validity of an ACH arrangement entered into by a local unit before the effective date of this act.
- (2) All electronic transactions made on or after the effective date of this act shall comply with this act.

History: 2002, Act 738, Imd. Eff. Dec. 30, 2002

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RESOLUTION

NO. **Substitute**
703-227

LIVINGSTON COUNTY

DATE: **July 7, 2003**

**RESOLUTION TO AUTHORIZE ELECTRONIC TRANSACTIONS UNDER PUBLIC ACT 738 OF 2002
- Office of the Treasurer**

WHEREAS, the State of Michigan, P.A. 738 of 2002, as amended, requires the Board of Commissioners to adopt a resolution to authorize electronic transactions; and

WHEREAS, the County Treasurer has prepared a written Automated Clearing House policy, as required by the Act, for the purpose of maintaining effective internal control by clarifying and emphasizing the responsibility of her department initiating ACH transactions through systems provided by the County; and

WHEREAS, this policy promotes the implementation of procedures that ensure compliance with State law, Federal law and National Automated Clearing House Association (NACHA) rules.

THEREFORE BE IT RESOLVED that the Livingston County Board of Commissioners authorizes the County Treasurer to enter into Automated Clearing House (ACH) arrangements and to maintain the County's ACH policy.

BE IT FURTHER RESOLVED that the Board Chair be authorized to sign any and all necessary documents pertaining to this matter upon review and approval of civil counsel.

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MOVED: Commissioner Belser
SUPPORTED: Commissioner Andersen
CARRIED: 7-0-2 Absent (Chrysler, Parker)