

Parchment Community Library

ACH and Electronic Transactions Policy

The following policy shall govern the use of electronic transactions and ACH (Automatic Clearing House) arrangements for the Parchment Community Library.

1. Authority to Enter into ACH (Automatic Clearing House) Agreements and Electronic Transfer of Public Funds

The Library Board Treasurer or ETO (Electronic Transactions Officer) may enter into an ACH agreement as provided by Public Act 738 of 2002. The Library Board shall have adopted a resolution to authorize electronic transactions and have received a copy of the policy. Applicable definitions in the act shall apply.

The ETO shall be the Bookkeeper for the Parchment Community Library.

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 library.

2. Responsibility for ACH Agreements.

The Library Board Treasurer or ETO shall be responsible for all ACH agreements, including payment approval, accounting, reporting, and generally overseeing compliance with the ACH policy. The Library Board Treasurer or ETO shall submit to the Library Board 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.

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

- A. The Library Board Treasurer or ETO shall be responsible for the establishment of ACH agreements. The Library Board Treasurer or ETO shall notify the Library Board 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 Library Director shall approve payment and notify the Library Board Treasurer or ETO of the date of debit to the Library 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 Library Board. All other invoices approved by the Library Director and payable by ACH may be paid in that manner if deemed in the best interest of the Parchment Community Library to avoid a late fee.
- C. For payment of State and Federal payroll taxes, the Library Board 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, the Library Board Treasurer or ETO shall obtain the amount of the deposit and send an advisory to the person responsible for accounting records.
- E. All invoices shall be held by the Bookkeeper along with copies of payment advices.

Adopted 6/27/2006
Reviewed 5/25/2010