

CITY OF BUCHANAN

Automated Clearing House (ACH) Transaction Policy

The following policy shall govern the use of electronic and ACH transactions with the City of Buchanan.

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 City Treasurer.

2. Authority to Enter into ACH Arrangements and Electronic Transfers of Public Funds.

The City Treasurer is authorized under this Policy to enter into ACH arrangements as provided by Public Act 738 of 2002, and as amended. An ACH arrangement transacted under this Policy and in conformity with 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 City Charter concerning the issuance of debt by a municipality.

3. Responsibility for ACH Agreements and Transactions.

The City Treasurer only, and no other City employee, shall be responsible for City ACH agreements and transactions, including but not limited to payment approval, accounting, reporting, and general oversight of compliance with this Policy and PA 738 of 2002. The Treasurer shall submit on a weekly basis to the City Commission and City Manager documentation detailing the goods or services purchased, the cost of the goods or services, the date of the payment, and the Departments serviced by line item for each payment of public funds made by electronic transfer. This report shall be recorded in the City's electronic general ledger software system and in a separate written report to the City Commission and City Manager.

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

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

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(a) The Treasurer shall prepare a list of vendors authorized to be paid by ACH transaction and provide copies of that list to the Commission and City Manager. Accounts payable by this method may include any vendor that it is deemed in the best interest of the City to pay electronically. The Commission, by majority vote, shall have the sole discretion to remove a vendor from the list of authorized vendors

(b) Each invoice to be paid by ACH transaction ("ACH Invoice") must be approved for payment in accordance with the City's Purchasing Policy (Policy Number _____,) only to an entity listed on the authorized vendor list and forwarded to the City Manager for approval before disbursement. The payment of each ACH Invoice by ACH transaction must be approved in a dated writing by the City Manager before disbursement.

(c) Upon receipt of the City Manager's written approval of the ACH payment, City Treasurer shall initiate each ACH approved transaction and make the electronic transfer of funds. For each ACH transaction, the ACH invoice must have been approved for payment in accordance with the Purchasing Policy and must have been pre-approved by the City Manager.

(d) The City Manager and City Treasurer shall retain their own sets of records of all ACH invoices and all ACH transaction documents for audit purposes.

Certification of Policy.

I, Deborah Perez, Treasurer of the City of Buchanan, certify that I developed and adopted the foregoing ACH policy and have presented it to the City Commission of the City of Buchanan on August __, 2022.

_____, Treasurer, City of Buchanan, Michigan.

This Automated Clearing House Transaction Policy was adopted by the City Commission of the City of Buchanan at a regular meeting of the Commission on Monday, August __, 2022, by the following vote:

Yeas: _____

Nays: _____

Sean Dennison, Mayor, City of Buchanan

Kalla Langston, Clerk, City of Buchanan