

TOWN OF CAROLINA BEACH



ELECTRONIC FUNDS TRANSFER POLICY January 13, 2026

I. OBJECTIVE & PURPOSE

This policy sets forth the Town of Carolina Beach's written policy prescribing the accounting and control procedures under which any funds under its control are allowed to be moved by electronic funds transfer for any purpose, including direct deposit, wire transfer, withdrawal, or investment.

II. DEFINITION

Electronic Funds Transfer ("EFT") is defined as the transmission of an electronic message to a financial institution instructing it to make an electronic entry reflecting the transfer of ownership of funds from one depositor to another.

III. STATEMENT OF POLICY

The Town Council has delegated to the Town Finance Director the authority to operate and administer the Town's financial policies and controls in accordance with applicable law, and with the resolutions, regulations and policies of Town of Carolina Beach and the specific authority to perform banking transactions.

The Finance Director is responsible for the daily management of the Town's bank balances and the general oversight of EFT activity and ensuring appropriate accounting and control procedures are in place. Additionally, the Finance Director may periodically designate staff authorized to initiate or approve EFTs on behalf of the Town.

EFT can be accomplished via the Automated Clearing House ("ACH") or wire transfer. ACH is the Town's preferred mechanism, but wire transfer is acceptable when conditions do not support the use of ACH. Except in rare circumstances, both ACH and wire transfers are processed through on-line banking software provided by the Town's banking partner.

IV. PROCEDURES

- 1) The procedure to initiate an EFT is subject to the same financial policies, procedures, and controls that govern disbursement of Town funds by any other means.
- 2) EFT transactions will not be made without proper authorization of affected parties in accordance with applicable law and regulations and accepted business practices.
- 3) The Town will provide to the disbursing bank the names of persons authorized by the Town to initiate wire transfer requests (authorized representatives), as well as associated transfer limits.

- 4) All EFTs should be initiated by computer-based systems. Phone transfers should be used only as back-up in an emergency. Phone transfers, except for transfers between Town accounts, will require approval of the Finance Director.
- 5) The mechanism by which EFT requests are communicated to the disbursing bank will have adequate controls to prevent unauthorized access to both the system and to its various functionalities. These controls should include password protected user accounts, Personal Identification Numbers (PINs), and a designated security administrator role. The Finance Director shall ensure that adequate separation of duties exists in accordance with accepted internal control standards and will protect the integrity of system user profiles. This includes assigning system IDs to users, changing user IDs as necessary, and assisting users with technical problems related to the EFT system. In addition, the Finance Director will assign access to functions to users and is authorized to lock out personnel.
- 6) Requests for the electronic transfer of funds, other than repetitive transfers, require approval by an authorized representative other than the initiator. In no case will an individual have the capability to initiate, approve, and record a non-repetitive EFT to the general ledger. Vendor management, including changes to EFT information shall not be performed by anyone approving EFT transactions for a vendor. In a case where separation of duties is not possible, approval by the town manager is required.
- 7) Requests for EFT payments from a vendor requires verification. Vendor verification shall include direct verbal contact initiated by the assigned finance staff. Staff will ensure that verbal contact is initiated to contact information known or verified by additional means such as a website or trusted directory service. Electronic communication such as email, text messages or voice mail shall never be accepted for vendor verification. Verbal verification by the vendor shall include the invoice, number, invoice date, invoice amount and verification of the banking information. Verification is not required for recurring transactions with a vendor for individual invoice amounts less than \$25,000. Any invoice amount \$25,000 or over shall require verification.
- 8) Where EFT's are recurring, the Finance Director will initiate the establishment of a template with receiving and disbursing bank information that may not be altered by those assigned to its use. The set-up of and modifications to these templates will require two authorized signatures.
- 9) Request from vendors to change bank information for EFT's payments must be verified by calling the phone number the Town has on file for the vendor. No account changes are to be implemented without the proper verification.
- 10) Any changes to existing vendor banking information require a "cooling off period" of 5 full business days. No EFT transfers shall be made within the 5-day period.

The next vendor EFT transfer immediately following the 5-day period and of any amount requires verification.

11) Bank transactions will be monitored daily for unusual or unexpected transactions.

12) Reconciliation of banking activity to the general ledger will be accomplished monthly with investigation and resolution of reconciling items.

V. AUTHORITY

This policy is adopted pursuant to the requirements of the North Carolina General Statutes 159-28 or G.S. 115C-441.