




# ADMINISTRATIVE DIRECTIVE

<b>DIRECTIVE NO:</b> 2026-01	<b>ISSUE DATE:</b>
<b>ISSUED BY:</b> D. McClary	<b>SIGNATURE:</b> 
<b>VILLAGE COUNCIL APPROVAL DATE:</b> 03/04/2003	
<b>REVISION DATES:</b> 00/00/2026	
<b>RESCINDS/REPLACES:</b>	
<b>CATEGORY:</b> FINANCIAL MANAGEMENT	
<b>SUBJECT:</b> Automated Clearing House (ACH) Arrangements and Electronic Transactions of Public Funds	

## LEGAL AUTHORITY CITATION

This administrative directive is issued by the Village Manager pursuant to the following legal authority:

- Village Charter – Sec. 3.12 – Duties of administrative officers; performing such duties as are provided for such officers by state law, this Charter, the village ordinances, and the administrative directives of the Village Manager
- Michigan Public Act 738 of 2002 – Electronic Transactions of Public Funds
- Village Council Resolution adopted on \_\_\_\_\_.

## PURPOSE

The purpose of this policy is to comply with Michigan Public Act 738 of 2002 by authorizing and regulating electronic transactions of public funds involving the Village of Lake Orion and providing for powers and duties of certain Village officials.

## POLICY

### **Section 1. Definitions.**

“Automatic 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.

“ACH arrangement” means the agreement between the originator of the ACH transaction and the receiver of an ACH transaction.

“ACH transaction” means an electronic payment, debit, or credit transfer processed through an automated clearing house.

“ACH policy” means the procedures and internal controls as determined under this written policy developed by the Clerk/Treasurer and adopted by the Village Council.

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

The Clerk/Treasurer for the Village of Lake Orion may enter into an ACH arrangement as provided by Public Act 738 of 2002 effective December 30, 2002.

The Village of Lake Orion shall not be a party to an ACH arrangement unless the Village Council of the Village of Lake Orion has adopted a resolution to authorize electronic transactions and a written ACH policy.

An ACH arrangement under Public Act 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 charter concerning the issuance of debt by a local unit.

## **Section 3. Responsibility for ACH Agreements**

The Village of Lake Orion Clerk/Treasurer or Deputy Clerk/Treasurer is responsible for the Village of Lake Orion’s ACH agreements, including payment approval, accounting, reporting, and generally for overseeing compliance with the ACH policy.

The Clerk/Treasurer shall submit to the Village Council documentation detailing the goods or services purchased, the cost of the goods or services, the date of payment, and the department levels serviced by each payment of public funds made by electronic transfer. This report may be contained in the Village’s electronic general ledger software system or in a separate report to the Village Council.

## **Section 4. Internal Accounting Controls to Monitor Use of ACH Transactions**

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

1. The Clerk/Treasurer shall prepare a list of vendors authorized to be paid by ACH transaction and provide that list to the Village Manager and Department Directors.
2. The Clerk/Treasurer shall present to the Village Council a report of the ACH transactions made each period. The report may be combined with the regular invoice list regularly submitted to the Village Council.
3. The Clerk/Treasurer shall sign the ACH warrant, initiate the electronic transaction with the vendor, and make the actual transfer of funds.

4. The Clerk/Treasurer shall retain all ACH transaction documents for audit purposes.
5. The Clerk/Treasurer shall cause all invoices to be retained for audit purposes.