

<h1>POLICY</h1>	2022	5560
	<b>Business Operations</b>	

**SUBJECT: Electronic Banking**

The Board of Education recognizes the use of various electronic banking transactions as a faster, easier, and more efficient substitute for paper transactions. Electronic banking uses computer and electronic technology to streamline the processing and recording of receipts and disbursements, while reducing the cost of processing these transactions. Receipts, disbursements and transfers in proper circumstances can be processed via electronic funds transfer (EFT) services, whether transferring funds from a savings to a checking account at the same bank, or making a payment to a vendor’s bank across the country. Internal controls, such as written policies and procedures, authorizations, segregation of duties and monitoring, however, are still important in the new technological world.

The Board of Education shall authorize the School Business Official to engage in electronic banking in accordance with all applicable laws and regulations including General Municipal Law Section 5-a authorizing the use of electronic or wire transfers and in conformity with the guidelines established by this policy.

The Board of Education also recognizes that most banking institutions no longer provide cancelled paper checks to their customers, but instead offer an electronic image obtained online or on a CD. As such, the Board of Education authorizes the acceptance of these electronic images in lieu of cancelled checks as required by statute.

**Scope**

Electronic banking activities will be used for, but not limited, to the following:

1. Online banking services (reviewing account balances, retrieving bank statements, downloading copies of cancelled checks, making stop payment orders, etc.)
2. Check fraud prevention services (Positive Pay – Payables Web Services)
3. Electronic depositing of checks received
4. Pre-authorized debit collections
5. Pre-authorized debit payments
6. ACH vendor payments
7. EFT or wire transfers
8. Electronic Federal Tax Payment System (EFTPS)
9. Electronic State Tax Payment System (Prompt Tax)

Online Banking Services are recognized as standard practice and procedure for maintaining an effective cash management program. Access to any of the District’s online bank accounts will be managed by the School Business Official to allow other users restricted access as necessary for banking functions as needed. (Examples of various online banking functions include monitoring account

<h1>POLICY</h1>	2022	5560
	<b>Business Operations</b>	

**SUBJECT: Electronic Banking (Continued)**

balances, issuing stop payment orders, retrieving copies of cancelled checks, ordering deposit slips, etc.).

Check Fraud Prevention Services – To help protect against the threat of check fraud, a file of all cash disbursement payments made by paper checks will be uploaded to the bank’s web payables check fraud prevention system. This process provides details about checks the District has written and compares that information to checks being processed to the bank for payment. The benefits include reducing the risk of check fraud by providing the District with the ability to monitor and control checks presented against any District account so only authorized items are paid.

Electronic Funds Transfers (EFT’s) and wire payments can only be initiated by the Treasurer/School Business Official. All bank transfers and wire payments must be reviewed by the Superintendent of Schools. The recording of such transactions will be captured manually by the treasurer through the use of journal entries. Bank call back features for amounts exceeding \$1,000,000 must be in place.

ACH Vendor Payments are authorized by the Treasurer after standard processing and recording through the accounts payable transaction cycle and claims auditing process. Recording of ACH vendor payments will be the responsibility of the Treasurer through the standard posting of the monthly cash disbursements journal. All payments made through this process are subject to the same claims audit process as exists currently with paper drawn checks. Release of payments are made by the Treasurer only after the completion of the approval and claims audit process.

Pre-authorized Debit Collections are delegated by the School Business Official to the payroll/benefits clerk for the purpose of collecting health and dental insurance premiums from retirees. The District must maintain appropriate authorization from each participant of this program. Recording of such transactions will be captured manually by the Treasurer through the use of journal entries.

Pre-authorized Debit Payments are authorized by the School Business Official and are restricted to Payroll related deduction payments to authorized third party administrators of the District. Any such debit payments must be taken from the Trust and Agency Fund bank account. Recording of such transactions will be captured manually by the Treasurer through the use of journal entries.

<h1>POLICY</h1>	2022	5560
	<b>Business Operations</b>	

**SUBJECT: Electronic Banking (Continued)**

Revenue Collection

1. Electronic Deposits of Checks by means of utilizing a secure banking check scanning device for checks received are authorized as delegated by the School Business Official. The use of an electronic scanning device helps improve security, efficiency and cost effectiveness of making deposits. Recording of such deposits will be the responsibility of the Treasurer through the standard posting of the cash receipts monthly journal.
  
2. Electronic payments received from customers are acceptable and may be recorded via manual journal entries or through the regular cash receipts transaction journal and the discretion of the School Business Official/Treasurer.

Monitoring

The School Business Official is responsible for implementing adequate internal controls for each of the electronic banking methods utilized. An effective internal control system includes, but is not limited to, segregation of duties, proper authorization, and adequate documentation for all electronic transactions.

Approved: Board of Education  
June 9, 2010

Approved: Board of Education  
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