

Procedure – Electronic Funds Transfer

The district will implement the Electronic Funds Transfer Policy as follows.

1. The procedure to initiate, approve, and record an EFT transaction is subject to the same policies, procedures, and controls that govern disbursements made by any other payment mechanism.
2. EFT transactions will not be made without proper authorization of affected parties in accordance with federal and state statutes and accepted business practices. To enroll in EFT for invoice payments, or to change any account information, vendors will submit a completed Authorization for Automatic Deposit of Vendor Payments form and attach either a voided check or other confirmation of the account information.

Prior to engaging in EFT transactions, the District will work with the County Treasurer and/or a depository institution to ensure that the district's financial software can create EFT requests in a manner acceptable to the County Treasurer. The district shall maintain a bank account with a financial institution that is solely for handling EFT transactions and shall not carry a balance other than any minimum balance required for account maintenance by the financial institution.

Validation of new EFT requests, or changes to existing EFT records, require the following steps to be taken.

1. Validation of all new EFT requests received.
 - a. The district will confirm all change requests by directly contacting the requester by using known, genuine information.
 - b. When confirming change requests, the district will confirm the existing practice.
 - c. Information on the form with the known contact.
2. Once the request has been confirmed, the district's accounting department will set the vendor up for EFT payments in the district's accounting system.
3. Documentation of all new or revised EFT records shall be maintained for review by the district's accounting staff and the auditors and kept in accordance with records retention rules.

The district will complete a pre-notification action prior to making any payments to vendors. This action shall be used as the final verification of bank account information.

Once a vendor is enrolled, the district will continue to pay the vendor through electronic transactions until rescinded in writing by the vendor, or the depository account is no longer active. If a payment is rejected by the vendor's bank, the district will issue a paper check within two weeks of notice from the bank. Paper checks shall continue until a new authorization agreement is signed.

To ensure that there are adequate controls in place, the district will ensure the following:

1. Staff members who are responsible for entering electronic payments should not be the same staff members who release the wire transfer.
2. Staff members who are responsible for entering electronic payments should not be the same staff members who can change account information for electronic payments.

3. Staff members who handle ACH transactions and releases should not be the same staff members who reconcile financial accounts that contain electronic transactions.
4. If the district does not have sufficient staff to segregate duties in such a manner, it must ensure that any transactions are reviewed and approved by a staff member other than the one who entered the transaction prior to it being released.