

## **SUBJECT: ACCOUNTING OF FUNDS**

Accounting and reporting procedures shall be developed to facilitate analysis and evaluation of the District's financial status and fixed assets. The District will use the Uniform System of Accounts for School Districts.

Books and records of the District shall be maintained in accordance with statutory requirements.

Provision shall be made for the adequate storage, security, and disposition of all financial and inventory records.

### **Online Banking**

The Board has entered into a written agreement with designated banks and trust companies for online banking and electronic or wire transfers, which includes the implementation of a security procedure for all transactions. Online transactions must be authorized by the District's Business Official. The District Treasurer, with a separate established user name and password, will have the authority to process online banking transactions. The Business Office Clerk or Deputy Treasurer, with a separate established user name and password, will be responsible for online banking transactions in the event the District Treasurer is not available, or as a job responsibility delegated to him/her by the District Treasurer. A monthly report of all online banking activity will be reviewed by staff independent of the online banking process and reconciled with the bank statement. Online banking will only take place on secure District computers located inside the Treasurer's or Business Office.

### **Electronic Transactions and Wire Transfers**

Procedures will be implemented specifying who is authorized to initiate, approve, transmit, record, review and reconcile electronic transactions. At least two individuals will be involved in each transaction. Authorization and transmitting functions will be segregated and, whenever possible, the recording function will be delegated to a third individual.

The District will enter into written wire transfer security agreements for District bank accounts which will include established procedures for authenticating wire transfer orders.

All wire transfers must be authorized by the District Treasurer or his/her designee. Dual approval controls will be established for non-routine wire transfer orders.

### **Diligence Requirements for the Disbursement of Funds**

District faculty and staff who are authorized within their department (hereinafter referred to as "Payer") to make payment, wishing to make an external payment via Electronic Funds Transfer (EFT) must authenticate all banking instructions provided by the payee or supplier, as well as any changes or modifications to banking instructions, in accordance with this policy.

(continued)

# POLICY

2004  
Rev. 5/24/11; 1/14/14  
6/12/18; 5/9/2023  
Non-Instructional/Business  
Operations

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## SUBJECT: ACCOUNTING OF FUNDS (continued)

The Payer must provide relevant details to the district with the authentication steps taken by the Payer, and provide the contact information of the payee or supplier, before the district will initiate an EFT.

Requirements for a New EFT Request: The responsibility to authenticate banking instructions for payments via EFT belongs to the Payer who will provide the banking instructions for payment to the district. The Payer must always verify the authenticity of payment instructions for an EFT request for a new payee or supplier before submitting the EFT. The Payer may only authenticate instructions by phone, and may not verify these instructions using email, or through video conference tools such as Zoom, Skype or Microsoft Teams. When validating, The Payer must call the supplier or payee at the phone numbers known to the Payer prior to receipt of the payment instructions.

For recurring payments, if payment instructions are unchanged, the Payer can use originally obtained verification details in the request documentation. It is the responsibility of the Payer to notify the district if the payment instructions change and to re-verify any changes as a requirement of this policy.

Modification or changes to payment instructions: the Payer must always verify changes in payment instructions for an existing supplier or payee by phone. The Payer may not authenticate modified payment instructions using email, or through video conference tools such as Zoom, Skype or Microsoft Teams. When validating modified payment instructions, the Payer must call the supplier or payee at the phone numbers known to the district, prior to receipt of the modified payment instructions. *NOTE: The Payer should be mindful that it is rare for payees to modify payment instructions.* The Payer should take extra caution in reviewing any electronic communications with the payee regarding the modified instructions for possible indication of fraud.

Should verification of payment instructions indicate suspicious activity or potential fraud, the Payer must notify the district immediately to investigate. The district may request additional information, as necessary, in an effort to strengthen due diligence, support data integrity and mitigate risk of fraud.

Education Law Section 2116-a  
General Municipal Law Article 2 Section 5-a  
N.Y. UCC Section 4-A-201

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