

MANAGEMENT SUPPORT

Electronic Funds Transfer

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

1. The procedure to initiate, approve, and record an Electronic Funds Transfer (EFT) or Automated Clearing House transfer (ACH) transaction is subject to the same policies, procedures, and controls that govern disbursements made by any other payment mechanism.
2. EFT or ACH transactions will not be made without proper authorization of affected parties in accordance with federal and state statutes and accepted business practices. For invoice payments, to enroll in EFT or ACH or to update any existing account information, vendors will submit an electronic request or sign up with the district authorized vendor who processes EFTs or ACHs. For enrollment specific to active district employees, to enroll in EFT or ACH for either payroll or accounting reimbursements, employees must access the district employee portal authenticating with their district network account.

Prior to engaging in EFT or ACH 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 or ACH requests in a manner acceptable to the County Treasurer. The district shall maintain a bank account with a financial institution for handling EFT or ACH transactions and shall not carry a balance other than any minimum balance required for account maintenance by the financial institution.

The following internal controls will be implemented for new EFT or ACH requests, or changes to existing EFT or ACH records.

1. A process to validate all new EFT or ACH requests received, which includes a review of internal controls with the district authorized vendor who processes EFTs or ACHs.
2. For EFT or ACH payments processed through the district, and once the request has been confirmed, the district's accounting or payroll department will set the vendor or employee up for EFT or ACH payments in the district's financial system.
3. Documentation of all new or revised EFT or ACH records shall be maintained for review by the district's accounting or payroll staff and the auditors and kept in accordance with records retention rules.

Once a vendor or employee is enrolled, the district will continue to pay the vendor through electronic transactions until rescinded in writing by the vendor, updated through the employee portal, rescinded through the district authorized vendor who processes EFTs or ACHs, separation of employment for an employee, or the depository account is no longer active.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 after notice of receipt from the bank and within the next payment processing timeline. Paper checks shall continue until a new authorization as outlined above is completed.

To ensure that there are adequate controls in place, the district will design the appropriate separation of duties which may include 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 handle ACH transactions and releases should not be the same staff members who reconcile financial accounts that contain electronic transactions.
3. 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.

Cross reference: [Board Policy 6217](#) Electronic Funds Transfer

Adopted: February 2024