**Policy for Automated Clearing House (ACH)  
Arrangements and Electronic Transactions of Funds**

The following policy shall govern the use of Automated Clearing House (ACH) arrangements and electronic transactions of funds for the (School District):

**1. Definitions**

Automated 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.

An "ACH Arrangement" means the agreement between the originator of the ACH transaction and the receiver of an ACH transaction.

An "ACH Transaction" means an electronic payment, debit, or credit transfer processed through an automated clearinghouse.

An "ACH Policy" means the procedures and internal controls as determined under this written policy developed and adopted by the Electronic Transactions Officer (ETO) of the School District

**2. Authority to Enter into ACH Arrangements and Electronic Transfer of Public Funds**

The ETO may enter into an ACH arrangement as provided by Act No. 738, Public Acts of Michigan, 2002 ("Act 738").

The School District shall not be a party to an ACH arrangement unless the Board of Education of the School District has adopted a resolution to authorize electronic transactions and the ETO has presented a written ACH policy to the Board of Education.

An ACH arrangement under Act 738 is not subject to the Revised Municipal Finance Act, Act No. 34, Public Acts of Michigan, 2001, as amended, or to provisions of law concerning the issuance of debt by the School District.

**3. Responsibility for ACH Agreements**

The Director of Budget and Finance of the School District is hereby designated by the ETO as the person responsible for the School District's ACH agreements, including payment approval, accounting, reporting, and generally for overseeing compliance with the ACH policy.

The Accounting Manager of the School District shall submit to the School District documentation detailing the goods or services purchased, the cost of the goods or services, the date of the payment, and the department levels serviced by the payment. This report can be contained in the electronic general ledger software system of the School District or in a separate report to the Board of Education.

**4. Internal Accounting Controls to Monitor Use of ACH Transactions Made by the School District**

The following system of internal accounting controls shall be used to monitor the use of ACH transactions made by the School District:

a) Each invoice to be paid by ACH transaction ("ACH Invoice") must be approved for payment in accordance with the (School District) Board of Education Purchasing Policy (Cite Policy Number, as appropriate), as amended from time to time and forwarded to the Director of Budget and Finance.

b) The payment of each ACH invoice, which has been approved for payment in accordance with the Purchasing Policy, by ACH transaction must be approved by the Director of Budget and Finance.

c) The Accounting Manager shall initiate each ACH transaction and make the electronic transfer of funds. For each ACH transaction, the ACH invoice must have been approved for payment in accordance with the Purchasing Policy and the ACH transaction must have been approved by the Director of Budget and Finance.

d) The Accounting Manager shall retain all ACH invoices and all ACH transaction documents for audit purposes.

**Certification**

I, (responsible employee), certify that I developed and adopted the foregoing ACH policy and presented it to the Board of Education of the School District on \_\_\_\_\_.

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Signature, Title