

## ACH &amp; Other Electronic Transactions Policy

## Policy Statement

Public Act No. 738 of the Public Acts of 2002 (MCL 124.301 et seq., the *Act*) authorizes the use of electronic transactions by designated officers of local units of government provided that the local unit adopts a written policy presented to the governing body of the local unit. The Van Buren District Library Board deems that it is in the best interest of the Library to make certain financial transactions by using electronic transactions as described in the Act. The following ACH policy shall govern the use of electronic transactions and ACH arranged by the Library.

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## Definitions

1. *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.
2. *ACH arrangement* means the agreement between the originator of the ACH transaction and the receiver of an ACH transaction.
3. *ACH transaction* means an electronic payment, debit, or credit transfer processed through an automated clearinghouse.
4. *ACH policy* means the procedure and internal controls set forth in this policy presented by the Library Director and approved by the Library Board.
5. *Electronic transaction officer* or *ETO* means the person so designated by the Library Board under section six (6) of this policy.

## Regulations

6. The Library Director is hereby designated as the Electronic Transactions Officer or ETO who may enter into an ACH arrangement pursuant to this ACH policy and in accordance with the Act.
7. The Van Buren District Library shall not be a party to an ACH arrangement except in compliance with this ACH policy and the Act.
8. An ACH arrangement under the Act is not subject to the Revised Municipal Finance Act, Public Act 34 of 2001 (MCL 141.2101, et seq.), or to provisions of law or charter concerning the issuance of debt by a local unit.
9. The Library Director is responsible for the Library's ACH agreements, including payment approval, accounting, reporting, and generally for overseeing compliance with this ACH policy.
10. The following system of internal accounting controls will be used to monitor the use of ACH transactions made by the Library:
  - A. The Library Director shall prepare a list of vendors authorized to be paid by ACH transaction and provide that list to the Library Board.

- B. The Library Director initiates the transaction upon receipt of an invoice included on the authorized ACH vendor list approved by the Library Board. ACH invoices must be approved by the Library Board before payment, except as provided in subsection C below.
- C. The Library Director presents a list of bills for payment, including electronic payments for Library Board approval. The Library Board approves all transactions prior to disbursement. However, the Library Board may identify specific payments that have pre-approved authorization such as monthly utility bills, payroll, etc. Any pre-approved payments are provided to the Library Board for post-audit purposes to confirm their disbursement at the next regular meeting following their disbursement.
- D. Following Library Board approval for any ACH payments not pre-approved, the Library Director initiates the electronic transaction with the vendor, and makes the actual transfer of funds.
- E. The Library Director shall retain all ACH transaction documents for audit purposes.

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Approved: March 23, 2010  
Van Buren District Library Board of Trustees