

Title: Electronic Fund Transfers	Policy Number: POL 130.007
Reference(s): RCW 39.58.750 - Receipt, disbursement, or transfer of public funds by wire or other electronic communication means authorized. RCW 43.09.200 – Local Government Accounting	Effective Date: Supersedes: NA
Approved By: Stephanie Wright, Board of Health Chair	Revised Date: N/A

PURPOSE:

Establishment of the requirements to ensure that outgoing electronic fund transfers (EFT's) are initiated, executed, and approved in a secure manner through effective controls in order to mitigate risk.

PHILOSOPHY:

There is a growth and expansion of internet banking and mobile technologies, including a growth in electronic banking fraud and new and evolving threats to banking security. Electronic payment fraud activity using wires and Automated Clearing House (ACH) transactions are a target of fraud. There is a high risk of funds not being recovered once a wire/ACH is initiated without bank account verification.

DEFINITIONS:

Automated Clearing House (ACH): An electronic network for financial transactions in the United States. ACH transactions are processed in batches and funds are typically available in the payee account the next business day. The ACH network processes two kinds of ACH transactions: direct deposits and direct payments. ACH transfers are less expensive than wire transfers.

Electronic Fund Transfer (EFT): The disbursement from a bank account by means of wire, direct deposit, ACH or other electronic means.

Wire Transfer: The movement of funds between people or entities over an electronic payments system.

POLICY:

This policy requires that appropriate internal procedures are utilized in the processing of EFT's in order to ensure that adequate banking controls are maintained and to prevent any fraudulent or unauthorized payments.

The District pays via wire or EFT for payroll, payroll taxes, some employee benefits, state use taxes, and transfers of funds to the District's account at Snohomish County to purchase investments and fund payroll and Accounts Payable. The District aims to expand EFT usage to vendor payments.

All internet banking solutions are to be managed with security and proper controls.

A. QUALIFIED BANK

1. The District will bank with a qualified depository in compliance with RCW 39.58.080.

2. The Board of Health designates and approves the bank.

B. ROLES AND RESPONSIBILITIES

1. Board of Health shall:
 - a. Approve bank and check signatories
2. Administrative Officer shall:
 - a. Authorize in writing individuals to initiate and/or approve EFT transfers.
 - b. Serve as back-up approver for EFT transfers
 - c. Establish transfer limits
3. Finance Manager shall:
 - a. The District Finance Manager is designated as the primary administrator to manage and control access to the systems used to process EFT transactions.
 - b. The administrator shall:
 - i. ensure that adequate separation of duties exists in accordance with accepted internal control standards.
 - ii. ensure approval and maintenance of user system IDs, user permissions, including authorized representatives and their associated transfer limits.
 - iii. Approve EFT transactions and General Ledger postings

Commented [NT1]: Or should this be BOH?

C. CONTROL MEASURES

1. The procedure to initiate, approve, and record an EFT payment is subject to the same financial policies, procedures, and controls that govern disbursements made by any other means.
2. The person who initiates an EFT payment cannot approve EFT transfer.
3. For EFT payments that are recurring, the administrator will coordinate the establishment of a template with receiving and disbursing bank information that may not be altered without the approval of two authorized District signatories.
4. Bank activity will be monitored no less than weekly for unusual or unexpected transactions.
5. Reconciliation of bank activity to the General Ledger will be performed within 30 days of the end of the month. Exceptions will be resolved in the same month.
6. For all EFT requests the source must be verified and the request approved.
7. All EFT payments should be initiated and approved on a secure District approved computer.
8. The mechanism by which EFT payment requests are communicated to the disbursing bank will have adequate controls to prevent unauthorized access. These controls should include password protected user accounts, Personal Identification Numbers (PINs) and a designated administrator.
9. All persons using the EFT system must be assigned as individual users.

Commented [NT2]: Check for language

D. MONITORING AND TRACKING

1. A tracking record for disbursement of money by EFT will be maintained by the District's Finance Program.
2. Tracking records will contain:
 - a. Chronological number of the EFT payment.
 - b. Time and date of disbursement.
 - c. Payee name, address and account number.
 - d. Amount of disbursement.
 - e. Purpose of disbursement.
 - f. BARS or other accounting system expenditure/expense account number.
 - g. Name and number of fund(s).
 - h. Disbursing bank's unique transaction identification number, if available.
 - i. Receiving bank or financial institution's identification number.

Commented [TK3]: This is odd, the tracking record is the bank transaction posted to the general ledger. This is overkill in my opinion.

3. The Finance Manger should notify the disbursing bank that access to files, records and documentation of all EFT transactions involving the District should be provided to the State Auditor when required for an audit.

Commented [TK4]: odd, they review the bank statements - this had never come up.