

CITY OF POWDER SPRINGS
FINANCE AND ADMINISTRATION DEPARTMENT

ELECTRONIC FUND TRANSFER POLICY

City of Powder Springs Policies



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I. AUTHORITY

Authority to manage the investment program is granted to the City Finance Director or his/her designee, referred to as the Investment Officer in this policy. (Note: The City Manager or designee may serve as Investment Officer when the position of Finance Director is vacant.) The City Finance Director shall serve as primary administrator to manage and control access to the systems used to process EFT transactions. The administrator shall ensure that adequate separation of duties exists in accordance with accepted internal control standards. In addition, the administrator shall ensure approval and maintenance of user system IDs, user permissions, including authorized representatives and their associated transfer limits.

II. PURPOSE

The primary goal of this policy is to ensure Electronic Funds Transfers (EFTs) are initiated, executed, and approved in a secure manner. An electronic funds transfer is the process of value exchange via mechanical means without the use of checks, drafts, or similar negotiable instruments. This policy establishes requirements with respect to domestic and international payments via EFT for payments of City obligations for certain purposes.

III. ALLOWED PURPOSES

The City may make an electronic funds transfer for the following:

- 1) Transfers between City accounts;
- 2) Investment of excess money;
- 3) For a payment of tax or aid anticipation certificates;
- 4) For a payment of contributions to pension or retirement fund;
- 5) For vendor payments; and
- 6) For payment of bond principal, bond interest, and a fiscal agent service charge.

IV. STANDARDS OF CARE

To promote the safety of funds, the City will only make payments via electronic funds if the following policy controls are met:

- 1) The procedure to initiate an EFT is subject to the same financial policies, procedures and controls that govern disbursement by any other payment mechanism.
- 2) EFT transactions will not be made without proper authorization of affected parties in accordance with federal and state statute and accepted business practices.
- 3) Authentication of new EFT requests and changes to existing EFTs required prior to the transaction being input into the computer-based banking system and includes the following steps:
 - **Validate** all new electronic payment instruction requests received even if the request is internal.
 - **Contact** the supplier or requester directly by phone to confirm any requests for payment method or payment instruction changes. To reduce the risk of spoofing, do not use the contact information provided on the request to change payment method or payment instructions. Instead, use contact information known to be genuine such as the contact information in your master supplier file or information collected from the original contract. Have the contact confirm existing payment instructions on file prior to making changes to those instructions (i.e. current bank account and routing number provided in original instructions).
 - **Verify** the new information provided on the payment instructions provided with the known contact (i.e. contact bank to confirm correct account name, number and routing information).
 - **Document** the verification process that was followed to validate payment instructions. The person responsible for entering/updating wire instructions and the person approving new/updated wire instructions must approve the record of verification. A record of the verification must be maintained in accordance with record retention policies.
- 4) When wire payments are approved, they will be set up as a template in the computer-based banking system and cannot be altered by those assigned to use it. When possible, the set-up and modifications to these templates should utilize two authorized banking system users.
- 5) When ACH payments are approved, they will be set-up in the vendor master database in the financial accounting system by individuals authorized to perform vendor maintenance.

- 6) All EFT payments should be initiated by secure computer-based systems. Phone transfers will only be used if approved in advance by the City Manager in writing.
- 7) The Finance Director or designee will manage and control access to the systems used to process EFT transactions. This person shall ensure that adequate separation of duties exists in accordance with accepted internal control standards. In addition, this person shall ensure approval and maintenance of user system IDs, user permissions, including authorized representatives and their associated transfer limits.
- 8) Bank balances will be monitored routinely for unusual or unexpected transactions.
- 9) Reconciliation of banking activity to the general ledger will be accomplished in a timely manner with investigation and resolution of reconciling items.
- 10) Because EFT transfers between City bank accounts have reduced risk, the Finance Department may use EFTs on a routine basis to concentrate funds for payment and investment purposes. Although the risks are minimal for transfers between these accounts, reasonable controls should exist with regard to authorization, reconciliation, and review of these transactions.