

CITY OF ALPENA

COUNCIL POLICY STATEMENT

General Subject:       ACH & Electronic Transactions Policy       Policy No.                 47            
Date Issued:                 07/22/03            
Effective Date             07/22/03          

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Copies: City Council, City Manager, Department Heads, City Attorney, All City Employees, DDA, File.

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**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 agreement” 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 clearing house.

An “ACH policy” means the procedures and internal controls as determined under this written policy developed and adopted by the City Clerk/Treasurer/Finance Director.

**Authority to Enter into ACH Agreements and Electronic Transfer of Public Funds**

The City Clerk/Treasurer/Finance Director or his/her Deputy may enter into an ACH agreement as provided by Public Act 738 of 2002, effective December 30, 2002. The Municipal Council shall have adopted a resolution to authorize electronic transactions and have received a copy of the policy.

An ACH arrangement under PA 738 of 2002 is not subject to the Revised Municipal Finance Act, PA 34 of 2001, or to provisions of law or charter concerning the issuance of debt by the City.

**Responsibility for ACH Agreements**

The City Clerk/Treasurer/Finance Director or his/her Deputy shall be responsible for all ACH agreements, including payment approval, accounting, reporting, and generally overseeing compliance with the ACH policy.

**Internal Accounting Controls to Monitor Use of ACH Transactions**

- a) The City Clerk/Treasurer/Finance Director or his/her Deputy shall be responsible for the establishment of ACH agreements and those vendors to be paid by ACH or electronic transfers.
- b) Upon approval of an invoice for payment for vendors paid by ACH, the City Clerk/Treasurer/Finance Director or his/her Deputy shall approve payment and the date of the debit from the City's accounts. Accounts payable by this method may include any vendor that it is deemed in the best interest of the City to pay electronically. These payments shall be contained in the electronic general ledger software system or on the report of payments to the Municipal Council and approved in the same manner as checks written.
- c) The City Clerk/Treasurer/Finance Director or his/her Deputy shall be responsible for recording electronic transactions in the City's accounting system in the same level of detail as manual transactions.
- d) All invoices paid electronically shall be held along with the accounts payable files.
- e) For payment of payroll related withholding, the City Clerk/Treasurer/Finance Director or his/her designee shall initiate payment to the proper authority upon receipt of the information from the payroll department.
- f) For deposits from state, county, and/or federal authorities, and from third-party payment processors, the City Clerk/Treasurer/Finance Director or his/her designee shall obtain the amount of the deposit and either record the deposit or send the advice to the person responsible for preparing the receipt for the deposit.