

## **ELECTRONIC FUNDS TRANSFER POLICY AND PROCEDURES FOR THE TOWN OF WESTVILLE**

### **Policy Purpose:**

The primary goal of this policy is to ensure Electronic Funds Transfers (EFTs) are initiated, approved and executed in a secure manner. Further, the purpose of this policy is to ensure the accuracy of the transaction details by using redundant verification of the payee and the payment amount by directly contacting the requestor of the EFT payment. This policy establishes requirements with respect to domestic payments only via EFT for payments of the Town of Westville obligations to vendors and any other third-party, except for employee paychecks.

### **Definitions:**

**Automated Clearing House Payment (ACH Payment):** Generally refers to payments made via National Automated Clearing House and should be set up in the vendors master that denotes this payment method. ACH Payments are processed through existing templates on the banking partner's computer-based system or through secure FTP uploads into the banking partner's ACH processing system.

**Banking Information:** Information from the payee of their bank regarding payee's account, including bank name, account number, routing number, bank contact information and any other information necessary to transmit funds.

**Electronic Funds Transfer (EFT);** The electronic exchange (transfer of money from one bank account to another) either within a single financial institution or across multiple institutions, through computer-based systems. Wire transfers and ACH payment are examples of EFTs.

**Wire Transfer:** An electronic transfer of funds from one bank account to another initiated directly with the payer's bank. The preferred mechanism for executing wire transfers is by using the banking partner's computer-based system. Further, the preferred mechanism to execute wire transfers is by using a pre-existing wire template, where the banking information of the payee has been previously recorded in the banking partner's computer-based system. One time wire transfer requests or requests for wires without a pre-existing wire template will be subject to additional scrutiny.

#### Policy Statement:

A wire transfer of funds in payment of an obligation of the Town of Westville Will only be used when the situation requires immediate good funds to settle a transaction. If a more cost effective mechanism can be utilized to effect payment of the obligation (i.e. ACH payment, Account Payable virtual card, or paper check), which is true for most domestic payments, in coordination with Accounts payable, The Town Board shall reserve the right to change the method of payment accordingly.

All other policies and procedures in relation to the purchases of goods and/or services must be adhered to. This policy does not apply to secure data transmission systems from Accounts Payable and employee payroll (these are secure FTO uploads). The Town supervisor will notify the board of these transactions.

#### General Requirements:

EFT payments will be coordinated and submitted through the Town Supervisor or his/her designee. The Town supervisor or his/her designee will approve all wire payment request, ensuring that the payment via wire is necessary, all required documentation is provided and appropriately approved, and that the request and banking account information is accurate and valid.

#### Roles and Responsibilities:

The Town Supervisor is responsible for ensuring that proper documentation, authorization and accounting information are provided and accompany EFT payment request.

The Town Supervisor is responsible for initiating and releasing EFT payments on behalf of the Town of Westville. The Town Supervisor also has the responsibility to confirm EFT instructions with the requestor if there is any question as to the validity of the ETF payment request.

The requestor of an EFT payment is responsible for obtaining and submitting proper support and approvals. For payments by wire transfer, the requestor must submit to the Town Supervisor a completed and approved Wire Transfer Request Form. Once reviewed and approved for payment, The Town Supervisor will

process the request. Copies of the completed Wire Transfer will be submitted to the Town Accountant/Bookkeeper.

#### Procedures:

To promote the safety of The Town of Westville Funds in the EFT environment All employees must adhere to the following procedures for requesting EFT payments:

1. Submit your request to the Town Supervisor or his/her designee.
2. EFT payment is subject to the same financial policies, procedures and controls that govern disbursement by any other payment mechanism.
3. EFT payments will not be executed without proper authorization of the Town Supervisor or his/her designee in accordance with federal and state statute and accepted business practices.
4. Authentication of new EFT template request and changes to existing EFT template request is required prior to the transaction being input into the computer-based banking system and includes the following steps;
  - A. Validate all new electronic payment instruction requests received even if the request is internal.
  - B. Contact the supplier or requestor directly by phone to confirm the request for EFT payment or the changes to the EFT template. Do not use the contact information provided on the EFT payment request; do use contact information known to be genuine such as the contact information in your master supplier file or information collected from the original contact . Have the contact confirm existing payment instruction on file prior to making changes to those instructions (i.e. current bank account and routing number in original instructions).
  - C. 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)
  - D. Document the verification process that was followed to validate payment instruction. The person responsible for entering/updating wire instructions and the person approving new/updated wire instructions must approve the record of verification.
5. Authentication of new EFT template request and changes to existing EFT template request will include using a distribution list maintained by the Town Supervisor. The following steps will be taken:

- A. The person validating the EFT transfer request will send an email to who was contacted verbally to confirm the EFT request was made, at what time verbal contact was made, what contact information was used, how the source of contact information used to contact was different that the contact from the EFT transfer request; what amount was validated, what payee name was validated, the last 4 digits of the payee's bank account
  - B. An approval response from at least one person from the distribution list of And different from the EFT transfer requestor is required before the Town Supervisor or his/her designee starts entering the EFT transfer request in the banking partner's online system.
6. When the EFT payments are approved, they will be set up as a template in the computer-based banking system and require the Town Supervisor or his/her designee to approve the EFT template. Any changes to the template also require the Town supervisor or his/her designee to review and approve.
  7. Bank balances will be monitored daily by the Town Supervisor or designee for unusual or unexpected transactions.
  8. Reconciliation of banking activity to the general ledger will be accomplished in a timely manner with investigation and resolution of reconciling items.