Policy 5.6: ACH ("Automatic Clearing House")

Adopted by Resolution of the Iosco-Arenac District Library Board of Trustees on February 9, 2017, authorizing the use of ACH and Electronic Fund Transactions in accordance with this Policy.
Reaffirmed December 11, 2025.

Purpose

A policy which authorizes and regulates disbursement or receipt of funds by the Iosco-Arenac District Library via Electronic Fund Transactions and Automated Clearing Houses. This policy also applies to movement of funds between the Iosco-Arenac District Library organizations that have authority to process electronic payments, and to provide for powers and duties of the officials that will act on behalf of the Iosco-Arenac District Library.

Definitions

A. **Automated Clearing House or "ACH"** means a national and governmental organization that has authority to process electronic payments.
B. **ACH Arrangement** means an agreement between the originator of the ACH transaction and the receiver of an ACH transaction.
C. **ACH Transaction** means use of Electronic Fund Transactions for executing payment, debit or credit transfers which are processed through an automated clearing house.
D. **ACH Policy** means the procedures and internal controls as determined under this written policy which has been adopted by the Iosco-Arenac District Library Board of Trustees.
E. **Bookkeeper** means the individual or firm designated by the District to prepare payroll, accounts payable, accounts receivable, documents in support of satisfying state and federal reporting requirements and to maintain the accumulation of day-to-day financial records for the Iosco-Arenac District Library.
F. **Electronic Transaction Officer or "ETO"** shall be the person that the Board has elected to serve as Treasurer. The ETO shall oversee and ensure that ACH transactions are executed in compliance with this policy.
G. **Electronic Funds Transaction or "EFT"** is the electronic exchange or transfer of money from one account to another, either within a single financial institution or across multiple institutions, through computer-based systems.
H. **Treasurer** shall be the person that the Board annually elects to keep account of all monies received and disbursed in such manner and for such purposes as approved and authorized by the Board.

Policy 5.6.1: Authority to Enter into ACH Agreements and Electronic Transfer of Public Funds

In accordance with any legal requirements of the local, state, or federal law, the Board has adopted a Resolution which authorizes the District Director, Bookkeeper, and Treasurer to enroll the Iosco-Arenac District Library into ACH Arrangements and authorizes use of Electronic Fund Transactions for executing payment, debit or credit transfers which are processed through an ACH when such actions conform with this policy.

Policy 5.6.2: Responsibility for ACH Agreements

The Board designates the District Director and the Treasurer to be responsible for ACH Arrangements and for generally overseeing compliance with this ACH Policy, including payment approval, accounting, reporting, and generally for overseeing compliance with the ACH policy. The District Director is also responsible for submitting documentation to the Board which provides details about the goods or services purchased, the cost of such goods or services, the date of payment, and the projects which have caused the District to incur expenses or receive revenues via ACH Arrangements all in accordance with relevant law. This report may be contained in electronic general ledger software system or in a separate report to the Library Board. EFT and ACH payment activities will be reported to the Board as part of the financial report that is delivered during each scheduled meeting.

Policy 5.6.3: Internal Accounting Controls for use of EFT and ACH Transactions

A. **Pre-Approved Payees and Payment Limits:** The Library will receive invoices from the vendor. For any payments made pursuant to Section IV of the Purchasing policy or that may be made by the Library Director, the Bookkeeper shall prepare a list, for pre-approval by the District Director, of all vendors, ACH Arrangements and other agencies that are to receive payments from Iosco-Arenac District Library via Electronic Fund Transactions and ACH Arrangements (the 'Payees") based on the invoices- - on a regular or on-going basis. This list shall also define the not-to-exceed amounts for which the Bookkeeper, District Director and Treasurer may process and execute payments. For payments must be approved by the Board pursuant to the Purchasing Policy, the District Director will seek specific approval from the Board prior to making any payments that exceed the pre-approved limit or in preparation for making EFT or ACH payments to Payees that have not been listed on the pre-approved list. Following the approval, the Director signs the ACH invoice, initiates the electronic transaction with the vendor, and makes the actual transfer of funds

B. **Reporting EFT and ACH Activities to the Board:** All EFT and ACH payment activities will be reported to the Board at the next scheduled meeting following execution of such payments. These reports will be provided to the Board as part of the financial report that is delivered during each scheduled meeting. The Bookkeeper shall retain all ACH transaction documents for audit purposes

C. **Paying State and Federal Payroll Taxes:** For payment of state and federal payroll taxes and other payroll liabilities - - the Bookkeeper has authority to make such payments via the established Electronic Federal Tax Payment System (EFTPA) and the State of Michigan program.

D. **Receiving EFT & ACH Deposits:** When Deposits from State, County, and/or Federal authorities, and from third-party payment processors, e.g. banks, vendors, are received - - the Bookkeeper shall obtain the amount of the deposit for recording and accounting purposes.