



OTSEGO DISTRICT PUBLIC LIBRARY

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Automated Clearing House (ACH) & Other Electronic Transactions Policy *Adopted 3/20/2024*

Public Act No. 738 of the Public Acts of 2002 (MCL 124.301 et seq., the Act) authorizes the use of electronic transactions by designated officers of local units of government provided that the local unit adopts a written policy presented to the governing body of the local unit. The Otsego District Public Library Board deems that it is in the best interest of the library to make certain financial transactions as described in the Act. The following ACH policy shall govern the use of electronic transactions and ACH arranged by the library.

Definitions

1. 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.
2. ACH arrangement means the agreement between the originator of the ACH transaction and the receiver of the ACH transaction.
3. ACH transaction means an electronic payment, debit, or credit transfer processed through an automated clearinghouse.
4. ACH policy means the procedure and internal controls set forth in this policy presented by the Library Director and approved by the Library Board.
5. Electronic transaction officer or ETO means the person so designated by the Library Board under section six (6) of this policy.

Regulations

6. The Library Director is hereby designated as the Electronic Transactions Officer or ETO who may enter into an ACH arrangement pursuant to this ACH policy and in accordance to this act.
7. The Otsego District Public Library shall not be a party to an ACH arrangement except in compliance with this ACH policy and the Act.
8. An ACH arrangement under the Act is not subject to the Revised Municipal Finance Act, Public Act 34 of 2001, (MCL 141.2101, et. seq.) or to provisions of law or charter concerning the issuance of debt by a local unit.
9. The Library Director is responsible for the Library's ACH agreements, including payment approval, accounting, reporting, and generally for overseeing compliance with this ACH policy.
10. The following system of internal accounting controls will be used to monitor the use of ACH transactions made by the Library:
 - a. The Library Director shall prepare an annual list of Vendors authorized to be paid by ACH and electronic transaction and provide that list to the board.
 - b. The Library Bookkeeper initiates the transaction upon receipt of an invoice which has been approved the by the Library Director and is included on the authorized ACH vendor list approved by the Library Board.
 - c. The Library Director will review the bank statements monthly and review all ACH and electronic payments and will cross-check with ACH transaction reports.

- d. The Library Bookkeeper will submit a weekly deposit receipt to the Library Director and Board Treasurer listing all electronic deposits.
- e. The Library Director is authorized to ACH debt bond payments.
- f. The Library Bookkeeper shall provide a report of ACH transactions for Director Review and retain all ACH transaction documents for audit purposes.