
Electronic Payments and Checks

215.1 PURPOSE AND SCOPE

The purpose of this policy is to establish procedures and provide guidelines for the permissible use of the checking account and electronic payments for the District.

- (a) Allowing for electronic payments improves efficiency in the Accounts Payable process and saves the District money. However, to ensure proper control, the District shall limit the use of Wire and ACH payments to those that meet the criteria as defined in this policy.
- (b) The use of the checks must be carefully controlled.

215.2 ELECTRONIC PAYMENTS DEFINITIONS

- (a) Automated Clearing House (ACH) is a computer-based clearing and settlement facility established to process the exchange or electronic transactions between participating depository institutions. ACH transactions may be utilized by the District as a method to transfer money to pay for goods or services within the scope of this policy.
- (b) Wire Transfers are a method of electronic funds transfers that are typically faster but are also more costly than ACH payments. The District may use wire transfers to pay for goods or services under the scope of this policy only when the cost of doing so is less than the cost that would be incurred if the payment method is not used (i.e. fees will be incurred if same day payment is not issued).
- (c) Electronic Funds Transfer (EFT) refers to the electronic exchange or transfer of money from one bank account to another, either within the same bank or different banks. For purposes of this policy, EFTs will refer to the electronic transfer of funds by ACH or Wire Transfer.

215.3 GUIDELINES FOR EFT PAYMENTS

EFT payments must meet the following criteria:

- (a) Must be for an approved vendor or payee.
- (b) Payment must be for goods/services/reimbursements that are routine in nature (i.e. payments are made to vendor or payee on a regular periodic basis).
- (c) Payment amount must fall below a pre-defined threshold.

215.3.1 PROCEDURE

- (a) An EFT vendor/payee list will be presented to the Board of Directors for approval on an annual basis or as updates are required. This list will include the vendor/payee name, a description of the expenditure, the frequency of payment and a not-to-exceed payment amount threshold. EFT payments shall only be permissible to payees on the approved list.
- (b) All payments are processed by the District's Finance Department. All payments made

Placer Hills-Newcastle-Foresthill-Fire District

Joint Fire District Policy Manual

Electronic Payments and Checks

shall be reported and reviewed on a monthly basis by the Fire Chief and the Board of Directors. The Fire Chief shall review the operating bank reconciliation on a monthly basis, evidenced by sign-off on the face of the reconciliation detail report.

215.4 CHECKING ACCOUNT GUIDELINES

- (a) The checks are locked in the District Manager's office.
- (b) The District Manager's computer is password protected.
- (c) The District Manager is the only employee who pays the bills and creates the checks. At his/her discretion he/she may supervise and allow an approved staff member assigned to administration to assist in the process.

215.4.1 CHECK PROCEDURE

- (a) Prior to creation of the checks, all bills and invoices will be approved for payment by a signer on the account. For Newcastle Fire District, the bills and invoices will be approved by the Board Chair and Vice-Chair, or if either is absent a designated Director but no less than two (2) board members.
- (b) The District Manager will then create the checks using the approved district accounting program.
- (c) All checks must have two (2) signatures prior to mailing. The signers on the account will consist of all the respective Board members and the Fire Chief. All signatures must be authorized by both the bank and the County of Placer.
- (d) Any change in either the Board or Fire Chief will require the deletion of the outgoing member and addition of the new member by both the bank and Placer County.
- (e) Once the checks are signed, the District Manager will mail the payments.