

# Guilford County

## Electronic Fund Transfer

### Procedures

#### Purpose:

This procedure relates to electronic funds transfer (EFT) which is defined to be the transmission of an electronic message to a financial institution instructing it to make an electronic entry reflecting the transfer of ownership of funds from one depositor to another.

#### Scope:

The Guilford County Finance Department – Cash and Debt Management Division is responsible for the daily management of the County’s bank balances and the general oversight of EFT activity and should be consulted to provide assistance in determining when an EFT is the most cost effective and appropriate payment mechanism. EFT transactions may be used when a payment request meets one or more of the following conditions:

1. Legal or contractual requirements
2. Expedited payment required
3. Standard industry practice
4. Guaranteed payment delivery requested
5. Most cost-effective payment procedure

#### EFT General Procedures

The Finance Director/ Finance Officer will be responsible for insuring compliance with the Electronic Payment Transactions Policy which will exempt the county from requiring pre-audits on individual Electronic Fund Transfer transactions. The duties will include:

- Performing the analysis to insure each accounting unit has sufficient encumbrances or unencumbered balances to meet its Electronic Fund Transfer obligations.
- Confirm that all funds to be obligated are authorized under the County’s adopted budget ordinance.
- Encumbrance or commitments are recorded in the accounting system to pay for current obligations.
- Confirm that funds remain in the accounting unit appropriation to make the payment at the time the obligation is to be paid.
- Confirm that procedures for authorizing payment for each claim have been properly followed before payments are made.
- Provide for training of all Department of Finance personnel to insure users have adequate knowledge consistent with their delegated duties related to electronic fund transfers.
- Set accounting practice to insure Electronic Fund Transfer transactions are properly recorded in the system of original record and included in periodic public reporting.

### EFT's Between County Owned Accounts

Because EFTs between Guilford County accounts have minimal risk, Department of Finance may use EFT on a routine basis to concentrate funds for payment and investment purposes and to reallocate funds among investment accounts. Although risks are minimal for transfers between accounts, reasonable controls should exist with regard to authorization, reconciliation, and review of these transactions. Cash and Debt Management staff are expected to execute these transfers in compliance with the system requirements of the respective depositories in accordance with their delegated individual authority.

### Automated Clearing House (ACH) Payments for Accounts Payable

The procedure to initiate a repetitive ACH payment to vendors is subject to the same financial policies, procedures, and controls that govern disbursements by check. All of the procedures for making payments under accounts payable processes apply to these ACH payments. ACH payment can be made to entities that complete the Authorization Agreement for Direct Deposits (ACH Credits) form available from Department of Finance Accounts Payable staff.

Changes to ACH payment authorizations will be made if a vendor provides a letter that they have changed the bank account, address, contact person, or email address. To make a change, the vendor will be asked to complete a new enrollment form with updated information. Accounts payable staff will review the request and using the existing authorized information will initiate communications with the vendor to confirm the changes. Only after the confirmation is deemed satisfactory will the system records be updated to the ACH changes requested by the vendor.

### ACH or Wire Transfers for Other Payments

The procedure for ACH or wire transfers to an unrelated party is subject to the same financial policies, procedures, and controls that govern disbursement by check. These payments authorized under adopted budget ordinances send periodic payments to other jurisdictions based on disbursement schedules, contract arrangements, regulatory requirements, or documented draw requests. The Cash and Debt Management Division of the Department of Finance prepares and executes these transfers under the direction of the Finance Officer using approved procedures.