

ELECTRONIC FUNDS TRANSFER POLICY

City of Mount Vernon
New York



City Council

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Electronic Funds Transfer Policy and Procedures

Policy Purpose:

The primary goal of this policy is to ensure Electronic Funds Transfers (EFTs) are initiated, executed, and approved in a secure manner. This policy establishes requirements with respect to domestic and international payments via EFT for payments of City obligations to vendors. This policy is not applicable to student refunds paid from the student information system.

Definitions:

Automated Clearing House (ACH): Generally refers to payments made via direct deposit and should be set up in the vendor master that denotes this payment method.

Bank codes:

- ABA - American Banking Association
- BIC - Business Identifier Code
- IBAN - International Business Account Number
- IRC - International Routing Codes
- SWIFT - Society of Worldwide Interbank Financial Telecommunications

Banking information: Information from the payee or their bank regarding their account; including bank name, account 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 payments are examples of EFTs.

Wire request form: This form includes all required information necessary to complete the wire and is required to be submitted to the Comptroller's office. Wire request forms can be requested by explaining the need for wire transfer via email to comptroller@cmvny.com.

Wire transfer: An electronic transfer of funds from one bank account to another initiated directly with the payer's bank.

Policy Statement:

A wire transfer of funds in payment of an obligation of the City will only be used when the situation **requires immediate good funds or by terms of agreement** to settle a transaction. If a more inexpensive mechanism can be utilized to effect payment of the obligation (i.e. ACH or paper check), which is true for most domestic payments, the Comptroller's Office shall reserve the right to effect payment with a more inexpensive mechanism.

All other policies and procedures in relation to the purchase of goods and/or services must be adhered to.

General Requirements:

All EFT payments will be coordinated and submitted through the Comptroller's Office. The Comptroller or his/her designee will approve all new and changes to electronic funds transfer requests, 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

Accounts Payable in the Comptroller's office is responsible for ensuring that proper documentation, authorization and accounting information are provided and accompany any EFT payment instructions.

The Department of Management Services (DMS) is responsible for administrative process for the purchase of goods and/or services and negotiating payment terms in relation to those purchases. If payment via EFT is requested, DMS is responsible for working with the Comptroller's office to ensure the payment can be made in accordance with this policy.

The Comptroller's Office is responsible for initiating releasing EFTs on behalf of the City. Two separate individuals are required to initiate and release EFT payments through the City's banking partner's computer-based system. The Comptroller's Office also has the responsibility to confirm EFT instructions with specific departments and individuals if there is any question as to the validity of the EFT request.

Departments are responsible for obtaining and submitting proper support and approvals, including the completed and approved Wire Transfer Request form to the Comptroller's office at least fourteen (14) business days prior to payment being needed, unless exception approved by the Comptroller or his/her designee.

Procedures

To promote the safety of City funds in the EFT environment, the following procedures will be adhered to all City employees requesting payments via EFT and all City employees involved in processing payments via EFT:

1. The procedure to initiate an EFT is subject to the same financial policies, procedures and controls that govern disbursement by any other payment mechanism.
2. EFT transactions will not be made without proper authorization of affected parties in accordance with federal and state statute and accepted business practices.
3. 3. Authentication of new EFT requests and changes to existing EFTs required prior to the transaction being input into the computer-based banking system and includes the following steps:
 - **Validate** all new electronic payment instruction requests received even if the request is internal.
 - **Contact** the vendor or requester directly by phone to confirm any requests for payment method or payment instruction changes. Do not use the contact information provided on the request to change payment method or payment instructions; do use contact information known to be genuine such as the contact information in your accounting management system (e.g. MUNIS) or information collected from the original contract. Have the contact confirm existing payment instructions on file prior to making changes to those instructions (i.e. current bank account and routing number provided in original instructions).
 - **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).
 - **Document** the verification process that was followed to validate payment instructions. The person responsible for entering/updating wire instructions and the person approving new/updated wire instructions must approve the record of verification. A record of the verification must be maintained in accordance with record retention policies.
4. When wire payments are approved, they will be set up as a template in the computer-based banking system and cannot be altered by those assigned to use it. The set-up and modifications to these templates will require two authorized City signatories designated by the Comptroller or Deputy Comptroller.

5. When ACH payments are approved, they will be set-up in the vendor master database in the financial accounting system by individuals authorized to perform vendor maintenance.
6. Bank balances will be monitored daily for unusual or unexpected transactions.
7. Reconciliation of banking activity to the general ledger will be accomplished in a timely manner with investigation and resolution of reconciling items.