

TOWN OF BIG FLATS ELECTRONIC BANKING POLICY

General Municipal Law Section 5-a authorizes the use of electronic or wire transfers. The Town Board, in order to provide oversight and security with regard to sound fiscal management of electronic banking activity, will authorize the use of electronic or wire transfers dependent upon the following procedures:

A written wire transfer security agreement, between the bank authorized to maintain the Town's account, shall be signed and on file prior to the initiation of any electronic transaction with the bank. The bank shall have written instructions on file from the Town that wire transfers out of the United States are forbidden. Additionally, the bank shall have in place a security procedure such as authorized pass codes, authorized fax or other such controls as to insure the validity of the transaction. The security procedure shall be in compliance with Uniform Commercial Code Section 4-A-201, which defines "security procedure" as a procedure established by agreement between the customer (local government) and the receiving bank for the purpose of verifying that a payment order is that of the local government, and for detecting errors in the transmission or the content of the payment order.

Whenever an officer of a local government is authorized or directed pursuant to law to disburse or transfer on behalf of the local government funds in the custody of the officer, that officer shall be authorized to disburse or transfer such funds by means of electronic or wire transfer. Such disbursement shall be otherwise subject to applicable laws, provided that:

(a) the governing board of the local government has entered into a written agreement with the bank or trust company in which such funds have been deposited, prescribing the manner in which electronic or wire transfer of such funds shall be accomplished, identifying by number and name those accounts from which electronic or wire transfers may be made, identifying which officer or officers are authorized to order the electronic or wire transfer of funds from those accounts, and implementing a security procedure as defined in section 4-A-201 of the uniform commercial code; and (b) the bank or trust company processing the transfer shall provide to the officer ordering the electronic or wire transfer of funds written confirmation of each such transaction no later than the business day following the day on which the funds are transmitted.

Online payment transactions are authorized for the following purposes: investment of funds, to make debt service payments and payroll and fringe benefit payments to outside banks (within the U.S.) and transfers within district bank accounts (within any board-approved bank accounts).

The Board shall also authorize receipt of revenue, via on-line transactions, for state and federal grants, tax payments and receipts and other such revenue sources as applicable for the efficient operation of the Town of Big Flats.

The Town bookkeeper is authorized to initiate and execute electronic transactions after receiving the approval of the Town Supervisor. Town transactions may not be done on any computer that is not owned by the Town and provided with security protections. The bank shall verify, either by telephone or in paper/e-mail format, the outgoing wire transfer by contacting the Town Supervisor. The Town Supervisor shall provide signed proof of verification which shall be filed with the Town Bookkeeper's back-up paperwork.

The Town Bookkeeper shall record all electronic banking transactions in conformance with NYS accounting regulations and GAAP (Generally Accepted Accounting Practices).

A daily report of all internal transfers shall be prepared by the Town Bookkeeper and reviewed by the Town Supervisor who reviews the bank statements. Documentation of all electronic wire transfers shall be maintained by the Town Bookkeeper and reviewed by the Town Supervisor who reviews the bank statements. Said report and documentation shall be attached to the Bookkeeper's Report.

The Town Supervisor, with the assistance of the Town Bookkeeper, shall be responsible for establishing and monitoring electronic banking transactions for school district banking and investment accounts. The daily transaction limits for wire transfers, ACH, and other on-line transactions shall be in accordance with the following guidelines:

Authorization Limits

Under no circumstances shall one individual have the system rights to create and authorize an electronic transfer of funds. One or more individuals shall be assigned creation rights for electronic fund transfers, as appropriate. The Town Supervisor shall be assigned the rights to authorize a wire transfer, ACH or other electronic transfer of funds.

Secondary authorization shall be required for electronic fund transfers in excess of \$1,000,000.

Domestic Transactions Only

Only domestic wire, ACH and other electronic transactions shall be permitted. NO international transactions may be executed.

Safeguards

Bank accounts will be established with Electronic Payment Authorization (EPA) service; to prevent withdrawal of funds which have not received prior authorization.

The bank shall verify, either by telephone or in paper/e-mail format, the outgoing wire transfer by contacting Town Supervisor. The Town Supervisor providing the verification shall provide signed proof of verification which shall be filed with the Town Bookkeeper's back-up paperwork.

Appropriate measures shall be taken to ensure that employees with electronic access to bank accounts who leave Town employment are properly removed from the accounts, effective with termination of employment.

All electronic fund transfers shall be reviewed by the Town Bookkeeper who reviews the bank statements.