

<b>CASH MANAGEMENT AGENCY MANUAL</b>		NUMBER 02 18 06.PO
OFFICE OF THE STATE TREASURER	<b>POLICY</b>	EFFECTIVE December 1, 2006
CHAPTER	AUTOMATED CLEARING HOUSE (ACH)	
PART	ACH ORIGATION	
SECTION	INTERNAL CONTROLS	APPROVAL

Authority      ORS 293.875

#### PURPOSE OF THE POLICY

- .101 For purposes of maintaining effective internal control, this policy clarifies and emphasizes the responsibility of agencies initiating ACH transactions through systems provided by the State Treasurer. Accordingly, this policy promotes the implementation of agency procedures that ensure compliance with Oregon Law, Federal Law and National Automated Clearing House Association (NACHA) rules.

#### AGENCY RESPONSIBILITIES

- .102 Agencies are responsible for ensuring that only authorized individuals have access to any system capable of initiating ACH transactions. A current list of persons authorized to initiate and approve electronic funds transfer (EFT) transactions must be maintained by the agency.
- .103 Agencies are responsible for ensuring that ACH payments are lawful expenditures of State funds and comply with legislatively approved budgets.
- .104 Agencies are responsible for obtaining proper authorization for debiting or crediting any customer, vendor or payor account via ACH, in accordance with NACHA rules. A file of current authorizations must be maintained by the agencies. All authorizations must be retained for two years following termination or revocation of the authorization.
- .105 Agencies must establish and maintain adequate reconciliation procedures which include timely resolution of all material reconciling items.

- .106 Agencies are responsible for ensuring that agency staff responsible for ACH activity have the necessary training and knowledge required to effectively perform their duties.
- .107 Systems initiating ACH transactions must require unique passwords and User IDs. Shared User IDs are prohibited.
- .108 Agency must have contingency plans which enables the agency to recreate sent ACH data files until such time as the agency has verification that the ACH files have been accurately accepted and processed by the Treasurer's Office.
- .109 Agencies must maintain an adequate separation of duties over ACH processing. At a minimum, there should be separate authorities for initiating, release and reconciliation of ACH batches.
- .110 Each agency will participate in the Treasurer's annual audit of compliance with the NACHA Operating Rules.