

MOUNT PLEASANT COTTAGE SCHOOL UNION FREE SCHOOL DISTRICT**SUBJECT: ELECTRONIC BANKING**

Online or electronic transactions include the transfer of money from a District account to a non-District account (wire transfers) and the transfer of money from one District account to another (intra-bank transfers). General Municipal Law Section 5-a authorizes the use of electronic or wire transfers. The Board of Education, in order to provide oversight and security with regard to sound fiscal management of electronic banking activity, authorizes the use of electronic or wire transfers dependent upon the safeguards and procedures listed here.

Banking Safeguards

The Business Official, with the assistance of the District Treasurer, shall be responsible for establishing and monitoring electronic banking transactions for School District banking and investment accounts, in accordance with the following transaction limits and security procedures:

- 1) A written wire transfer security agreement, between the bank authorized to maintain the District's account and the District, 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 District, specifying 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 to ensure the validity of the transaction.
- 2) Bank accounts that are used for electronic payments and intra-bank transfers will be established with Electronic Payment Authorization (EPA) service and appropriate security procedures, to prevent withdrawal of funds which have not received prior authorization.
- 3) The security procedure for wire transfer agreements and EPA service 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 (School District) and the receiving bank for the purpose of verifying that a payment order is that of the District, and for detecting errors in the transmission or the content of the payment order.
- 4) The bank will release funds only after the District Treasurer or his/her designee provides authorization with his/her own secure password on the District's account.
- 5) The bank may verify, either by telephone or in paper/email format, the outgoing wire transfer by contacting one of the designated employees who is independent of the wire transfer process. The designated employee providing the verification shall provide signed or initialed proof of verification which shall be filed with the District Treasurer's back-up paperwork.

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Non-Instructional/Business
Operations**SUBJECT: ELECTRONIC BANKING (Cont'd.)**

- 6) Secondary authorization shall be required for electronic fund transfers in excess of *\$1,000,000.
- 7) Only domestic wire, ACH (Automated Clearing House) and other electronic transactions shall be permitted. NO international transactions may be executed.

Types of Transactions**

- 1) Online payment transactions are authorized for the following purposes: investment of funds, payments to vendors, 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 District bank accounts).
- 2) The Board of Education authorizes receipt of revenue, via online transactions, for food service payments, state and federal grants, tax receipts and other such revenue sources as applicable for the efficient operation of the School District.

Segregation of Duties

The District Treasurer or his/her designee is authorized to initiate and execute electronic transactions after receiving authorization from the Business Official. The District Treasurer, if possible, should delegate the actual transmission of the transaction to another staff member, such as his/her deputy or a Business Office Clerk.

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. A second individual, or individuals, shall be assigned the rights to authorize or release a wire transfer, ACH or other electronic transfer of funds.

Reporting

- 1) The District Treasurer shall record all electronic banking transactions in conformance with NYS accounting regulations and GAAP (Generally Accepted Accounting Practices).
- 2) A report of all internal transfers shall be prepared by the District Treasurer and reviewed by the Business Official or the District employee that reviews the bank statements. Documentation of all electronic wire transfers shall be maintained by the District Treasurer and reviewed by the District employee who reviews the bank statements. Said report and documentation shall be attached to the Treasurer's Report.

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- 3) All electronic fund transfers shall be reviewed by the auditor, or other appropriate individual assigned to review the bank statements.

Technology Safeguards

All online banking transactions must be made only on District-owned computers, located within the Business or Treasurer's Office, with up-to-date virus protection and malware detection software. If possible, the Business Office and/or Treasurer should designate a specific computer for all online banking. Other uses for this designated computer should be kept to a minimum. If desired, banks can be instructed to refuse to accept transactions from other computers.

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