

REGULATION

2018

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Non-Instructional/Business
Operations

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, 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, will be responsible for establishing and monitoring electronic banking transactions for 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, must be signed and on file prior to the initiation of any electronic transaction with the bank. The bank must have written instructions on file from the District, specifying that wire transfers out of the United States are forbidden. Additionally, the bank must have in place a security procedure such as authorized pass codes, authorized fax, or other 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 must be in compliance with Uniform Commercial Code Section 4-A-201, which defines "security procedure" as a procedure established by agreement between the customer (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 or her designee provides authorization with his or her own secure password on the District's account.
- 5) The bank may verify, either by telephone or in paper or email format, the outgoing wire transfer by contacting one of the designated employees who is independent of the wire transfer process.

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- 6) Secondary authorization will be required for all electronic fund transfers.
- 7) Only domestic wire, ACH (Automated Clearing House) and other electronic transactions will 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 authorizes receipt of revenue, via online transactions, for food service payments, state and federal grants, tax receipts, and other revenue sources as applicable for the efficient operation of the District.

Segregation of Duties

The District Treasurer or designee is authorized to initiate and execute electronic transactions after receiving authorization from the Business Official.

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

Reporting

- 1) The District Treasurer will record all electronic banking transactions in conformance with NYS accounting regulations and GAAP (Generally Accepted Accounting Practices).
- 2) All internal transfers will be reviewed by the Business Official or the District employee that reviews the bank statements. Documentation of all electronic wire transfers will be maintained by the District Treasurer and reviewed by the District employee who reviews the bank statements.
- 3) All electronic fund transfers will be reviewed by the auditor, or other appropriate individual assigned to review the bank statements.

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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 will 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.