



## ELECTRONIC FUNDS TRANSFER POLICY

Adopted 02/14/2024

### Purpose and Scope

The Jefferson County Library District uses Electronic Fund Transfers (EFT) for the transmittal of payroll direct deposits, payroll services, and employer-paid benefit payments such as retirement and Labor and Industries programs. EFT transactions will not be made without proper authorization of affected parties in accordance with federal and state statutes and accepted business practices.

### Types of Payments Made via EFT

- **Vendor Payments:** payments for payroll services, tax payments, retirement contributions, and other employer-paid benefits may be made by EFT. *No other vendor payments may be made via an electronic funds transfer.*
- **Payroll Direct Deposit:** all employees may be paid by EFT.
- **Wire Transfers:** not allowed.
- **Other Debits/Payments:** not allowed.

### Internal Controls

To protect EFT transactions from internal and external threats, the following controls are in place:

- Implementation of bank-offered security measures to prevent unauthorized individuals from initiating or modifying a transfer.
- Use of secure payment portals, including ADP, Washington Department of Labor and Industries, and Washington State Department of Retirements Systems.
- Each user initiating or approving EFT transactions through a bank account or secure portal must have separate User IDs.
- All EFT transactions will be processed through a bank account at 1<sup>st</sup> Security Bank in Port Hadlock, WA. A reconciled balance of \$250,000 is maintained.
- Reconciliation of all banking transactions and reimbursement will be accomplished in a timely manner with investigation and resolution of reconciling items.
- All forms containing sensitive data will be kept in secure physical and/or digital locations and only accessible to authorized staff.

### Responsibility and Segregation of Duties

**EFT Payment Approvals:** The Library Director is responsible for reviewing and approving amounts to be paid via EFT. The Administrative Services Manager is responsible for initiating the payments through the bank account or secure portal.

**EFT Reconciliation:** The Administrative Services Assistant is responsible for importing/recording the EFT payments in the general ledger. The Administrative Services Manager is responsible for reconciling the bank account, with backup/review by the Library Director.

**Changes to Employee Account Information:** Employee-requested changes to direct deposit information must be documented using the Direct Deposit Authorization Form. Changes must be confirmed in person with the Administrative Services Manager. Under no circumstances will account changes be authorized by telephone or email. The Administrative Services Manager will record any changes to employee account information, with review by the Library Director.

**Changes to Vendor Accounts:** Changes to vendor EFT account information must be processed using the EFT Authorization Form. The vendor/requestor must be contacted directly by phone, using contact information in the master vendor file, to confirm any payment instruction changes. Under no circumstances will account changes be authorized by email or written request only. The Administrative Services Assistant will enter changes into the Accounts Payable system, with review by the Administrative Services Manager.

## **Training**

To ensure consistent compliance with procedures, employees tasked with processing, reconciling, and record-keeping will train in proper procedures and internal controls prior to conducting these functions. Training topics include fraud schemes and social engineering as well as policy knowledge and consequences of fraudulent activity.