

<b>Maricopa County</b>	<b>Internal Policy</b>	<b>Number: A2512</b>
	<b>Title:</b> Electronic Funds Transfer (EFT) Policy	<b>Issue Date:</b> 10/19/11
<b>Policy Category:</b> Finance	<b>Initiating Department:</b> Department of Finance	<b>Revision:</b> N/A
<b>Reviewed by:</b>	<b>Approved by:</b> Board of Supervisors	<b>Revision Date:</b> N/A

**A. Purpose**

The purpose of the Maricopa County Electronic Funds Transfer (EFT) Policy is to establish procedures and provide guidelines to County Departments and Special Districts including the Flood Control District, Library District, and Stadium District for the appropriate usage of Automated Clearing House (ACH) or Wire Transfers. It is the County’s policy to limit the use of EFT payments whenever possible, except where such payments are made through the County’s Financial (Accounting) System (Accounts Payable EFT).

Other than ACH or Wire Transfers, the only other means of County disbursement is by warrant. Arizona Revised Statute (ARS) §11-493.4 requires the Maricopa County Treasurer’s Office (Treasurer’s Office) to disburse County money: 1) by warrant that is issued by the County Board of Supervisors and that is signed by the chairman and the clerk of the board, 2) by electronic transfer with written authorization from a person designated by the governing board, or 3) as provided by law. This policy defines EFTs and it establishes procedures and overall responsibilities to be followed by Departments and District(s) when using EFTs outside the County’s Financial (Accounting) System.

Department directors and administrators are responsible for ensuring all personnel are aware of and comply with the requirements of this policy.

**B. Definitions**

**Automated Clearing House (ACH)** – a method of EFT from the County (entity) to another entity (such as a vendor, bank or other government agency). ACH transactions require 24-48 hours advance notice but are less costly to process than wire transfers. ACH payments to vendors for goods or services are initiated by the Department of Finance through the County’s Financial (Accounting) System. All other ACH transfers are processed by the Treasurer’s Office. ACH is the preferred method of payment for all EFT payments requested by County Departments. ACH payments are assigned a settlement date, therefore, they can be initiated in advance of a specific pay date. For internal control purposes, County dual control procedures are required to initiate an ACH payment.

**Department** – refers to the department, office, or agency under budgetary responsibility and oversight of the Maricopa County Board of Supervisors or other Elected Official as well as the Maricopa County Special District(s) Board of Directors. Special Districts include the Flood Control District, Library District, and Stadium District.

**Electronic Funds Transfer (EFT)** – is the electronic exchange or transfer of money from one bank account to another, either within the same bank or different banks. There are various and different types of EFTs, but for purposes of this policy, EFTs will refer to electronic transfer of funds by ACH or Wire Transfer.

<b>Maricopa County</b>	<b>Internal Policy</b>	<b>Number: A2512</b>
	<b>Title:</b> Electronic Funds Transfer (EFT) Policy	<b>Issue Date:</b> 10/19/11
<b>Policy Category:</b> Finance	<b>Initiating Department:</b> Department of Finance	<b>Revision Date:</b> N/A

**Fund** – a fiscal and accounting entity with a self-balancing set of accounts segregated for the purpose of carrying out specific activities or obtaining certain objectives in accordance with regulations, restrictions, or limitations.

**Wire Transfer** – a method of EFT from the County (entity) to another entity (such as a vendor, bank, or other government agency). A wire transfer is made from one bank account to another bank account, either within the same bank or different banks. Wire transfers are processed by the Maricopa County Treasurer’s Office when same day credit of funds are required. Wire transfers are the quickest but most costly method of money movement. For internal control purposes, County dual control procedures are required to initiate a wire transfer.

**C. Background**

Under normal circumstances, expenditures should be paid by using the County’s Financial (Accounting) System thereby recording the transaction(s) directly to the general ledger. Such payments are made by Accounts Payable EFT or warrant, depending upon vendor registration selections. Utilizing the Financial (Accounting) System is the preferred method of recording transactions as this facilitates:

1. Automatic tracking and reporting of transactions, as further defined below,
2. Auditing of transactions by internal and external auditors,
3. Uses existing and established internal controls over the accounts payable process, and
4. Provides a greater level of transparency.

*Financial (Accounting) System – automatic tracking and reporting of transactions include, but are not limited to:*

1. Grant expenditure transactions are tracked for Federal and State grant reporting purposes including the annual reporting under the Schedule of Expenditures for Federal Awards (SEFA).
2. Capital expenditure transactions are tracked for Construction in Progress and the Capitalization of Capital Facilities and Capital Projects.
3. Contractual expenditures are tracked to ensure compliance with the contract award.
4. Facilitates the request for public record requests as the transactions and supporting documentation are posted to the Financial (Accounting) System and imaged in OnBase.
5. Transactions posted to the Financial (Accounting) System ensure proper annual reporting of IRS Form 1099 (Misc. Income), as applicable.

EFTs processed by the Treasurer’s Office, as opposed to those processed through the County’s Financial (Accounting) System, are posted by Departments to the Financial (Accounting) System by Journal Voucher (JV) which may not capture all the information as required above.

<b>Maricopa County</b>	<b>Internal Policy</b>	<b>Number: A2512</b>
	<b>Title:</b> Electronic Funds Transfer (EFT) Policy	<b>Issue Date:</b> 10/19/11
<b>Policy Category:</b> Finance	<b>Initiating Department:</b> Department of Finance	<b>Revision Date:</b> N/A

**D. Guidelines**

Maricopa County and Maricopa County Special District(s) will record transactions in the County's Financial (Accounting) System, as appropriate.

It is recognized that some transactions are more appropriately paid for by Treasurer's Office EFT which may include, but are not limited to:

1. Debt service payments for long-term debt obligations,
2. Payments to escrow agent/title company for the purchase of real property, and
3. Other transfers that are deemed necessary. For example, payment amounts requiring same day settlement and for which the amount or timing is not known in advance to process through the accounts payable ACH transactions. The Maricopa County Treasurer's Office will 24-hour advance notice to process an EFT wire payment. Please consider all other methods of payments available when making this decision.

These transactions are infrequent in nature, require immediate and/or guaranteed funds, and generally have a negative consequence if payment is not made timely.

***Departments requesting Treasurer's Office EFTs will need to perform the following:***

1. Annually, Departments must submit a Board Agenda item to obtain Board of Supervisors authorization and approval to initiate and request EFT payments from the Treasurer's Office. The Board Agenda item, at minimum, must contain the following:
  - a. Request Board authorization and approval to initiate Treasurer's Office EFTs,
  - b. Describe the purpose(s) and frequency of the EFTs,
  - c. Provide the annual dollar amount(s) or range(s) (if the exact amount is unknown) for the EFTs,
  - d. Identify individuals who are authorized by the Department Director or Elected Official to initiate Treasurer's Office EFTs. Authorized individuals may include the Director, Deputy Director, Manager, or other individuals deemed to be in the capacity to authorize the transaction, and
  - e. Identify the number of authorized individuals needed to initiate or approve the departmental Treasurer's Office EFT. At least two authorizing individuals are required to approve these requests.
  
2. Submit to the Treasurer's Office:
  - a. Agenda item approving and authorizing the department and individuals initiating EFTs,
  - b. An original document prepared on Department letterhead requesting the EFT and signed by the authorized individual(s),
    - i. Departmental/County/other Fund responsible for the expenditure,
    - ii. Vendor invoice, statement, support, etc. indicating the amount and payment due date, and

<b>Maricopa County</b>	<b>Internal Policy</b>	<b>Number: A2512</b>
	<b>Title:</b> Electronic Funds Transfer (EFT) Policy	<b>Issue Date:</b> 10/19/11
<b>Policy Category:</b> Finance	<b>Initiating Department:</b> Department of Finance	<b>Revision Date:</b> N/A

iii. EFT instructions necessary to process the transaction.

3. Treasurer's Office reserves the right to not process payment by Treasurer's Office EFT if the submitted request is not sufficiently approved and complete.
4. Approved Treasurer's Office EFT documents from item number 2 may be scanned and sent to the Treasurer's Office email [wire.transfer@mail.maricopa.gov](mailto:wire.transfer@mail.maricopa.gov).
5. Department will prepare a corresponding Journal Voucher (JV) to recognize the EFT transaction on the County's Financial (Accounting) System. The JV should be processed in the same accounting period as the EFT.

**Example of Agenda Item Language** - the following examples are for reference only and not considered part of the Electronic Fund Policy. As such, the example of agenda item language may be periodically updated without Board approval.

**Example of Annual Board Agenda Item for Frequent EFT Requests**

Pursuant to Electronic Fund Transfer Policy (Policy Number), the (Department Name) is requesting authorization to have the Treasurer's Office process Electronic Funds Transfers for the annual Debt Service payments due to the Trustee in the amount of \$10 million in Fiscal Year 20XX. The payments have been budgeted. The debt service payments are typically due on January 1<sup>st</sup> and July 1<sup>st</sup> of each fiscal year. Department request for authorization to the Treasurer's Office will come from the Chief Financial Officer, (insert name), and the Deputy Finance Director, (insert name). Debt Service payments require guaranteed funds. The Department will prepare a corresponding journal voucher to record the EFT transaction on the County's Financial (Accounting) System in the same accounting period as the EFT.

The Board Action may require additional information depending upon the action being requested.

**Example of Board Agenda Item for a Single/One-time EFT Request**

Pursuant to Electronic Fund Transfer Policy (Policy Number), the (Department Name) is requesting authorization to have the Treasurer's Office process an Electronic Funds Transfer for \$10 million as an escrow payment to the trustee for the purchase of real property (insert description). The payment has been budgeted. It is anticipated that the escrow payment will be paid in December 20XX. Departmental request for authorization to the Treasurer's Office will come from the Chief Financial Officer, (insert name), and the Deputy Finance Director, (insert name). Escrow agent requires guaranteed funds. The Department will prepare a corresponding journal voucher to record the EFT transaction on the County's Financial (Accounting) System in the same accounting period as the EFT.

The Board Action may require additional information depending upon the action being requested.

<b>Maricopa County</b>	<b>Internal Policy</b>	<b>Number: A2512</b>
	<b>Title:</b> Electronic Funds Transfer (EFT) Policy	<b>Issue Date:</b> 10/19/11
<b>Policy Category:</b> Finance	<b>Initiating Department:</b> Department of Finance	<b>Revision Date:</b> N/A

**Example of Departmental Letter Requesting a Treasurer's Office ACH/Wire Transfer**

**Letter to be put on Departmental Letterhead**

DATE: December XX, 20XX

TO: Maricopa County Treasurer

FROM: Department Authorized Individual(s) as approved by the Board of Supervisors

SUBJECT: Request for ACH/Wire Transfer (Department to indicate transaction type)

Per the attached Board approved agenda, I am requesting that you process an (ACH/Wire Transfer) payment for \$XX,XXX.XX due on (date required). The payment is for (identify purpose of payment). Also attached is the (invoice, statement, letter or other form of communication) as support for the payment.

Listed below are the EFT transfer instructions for the outgoing payment.

Name of Bank, Trust Agent, etc.

ABA #: (Bank Routing Number)

Account Name:

Account Number:

Reference/Description: used for tracking purposes

For accounting purposes, monies will come from Treasurer's Fund 3X-XXX-000. (Treasurer Fund represents the Fund in which the expenditure will be paid from)

Please call (Department Contact) at 506-XXXX if you have any questions.

EFT Policy A2512 approved on October 19, 2011  
 C-18-12-014-6-00 Approval of EFT Policy A2512-Maricopa County  
 C-18-12-015-6-00 Approval of EFT Policy A2512-Flood Control District  
 C-18-12-016-6-00 Approval of EFT Policy A2512-Library District  
 C-18-12-017-6-00 Approval of EFT Policy A2512-Stadium District