

*Adopted: Orig. 10/24/17*

*Revised: 5/26/18, 7/23/18*

*Revised: 8/25/2020*

## **211.2 ELECTRONIC DEBIT FOR CHECKING ACCOUNTS**

### **I. PURPOSE**

This policy addresses the questions of security and accuracy. While no system that uses the Internet as part of its procedure can be 100% safe, reasonable precautions can be taken. Even using paper checks mailed via USPS, while having a very good track record, is not 100% safe. As for accuracy, human review with a second set of eyes has long been an accepted standard in the fields of business, banking, and auditing. It is the intent of the District to allow electronic debit of its checking accounts, while maintaining security and accuracy similar to using paper checks.

### **II. GENERAL OVERVIEW OF POLICY**

Electronic financial transactions are becoming more commonplace in banking procedures. In instances of periodic recurring transactions, electronic debit of checking accounts is becoming a popular alternative to paper checks mailed via USPS. Electronic debit has the benefits of reduced paperwork and increased speed of service. However, there are risks to security and accuracy that remain.

### **III. STATEMENT**

- A. This policy permits only individually authorized electronic debits to be made from the checking account of a District bank. No part of this policy shall be construed to mean automatic electronic debits. The following parameters shall be adhered to:
1. Electronic debits will only be entered into with vendors approved by the District.
  2. District shall examine every vendor invoice for correctness.
  3. District shall review the checking account balance to verify adequate funds.
  4. District shall place two signatures onto the vendor invoice, before transmitting the signed invoice to the vendor. The signatures shall be from the same two signers that appear on all paper checks from that District.
  5. District shall retain an electronic copy of the signed invoice, and also transmit the same to the District Business Manager.
  6. Vendors shall make reasonable efforts to safeguard the checking account number of the associated District.

### **IV. OVERSIGHT**

This policy is designed to give the same level of oversight to the process of payments made by electronic debit that is given to the process of payments made by paper check.