



CITY OF PONTIAC
OFFICE OF THE EMERGENCY MANAGER
LOUIS H. SCHIMMEL

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Dated: August 12, 2013

ORDER NO. S-319

RE: ACH and Electronic Transactions Policy

TO: Sherikia Hawkins, City Clerk
John Naglick, Finance Director

The Local Financial Stability and Choice Act (Act 436 of 2012/MCL 141.15411, et. seq.) in Section 10 empowers an Emergency Manager to issue orders to the appropriate local elected and appointed officials and employees, agents, and contractors of the local government a Manager considers necessary to accomplish the purposes of the Act and any such orders are binding on the local elected and appointed officials and employees, agents, and contractors of the local government to whom they are issued.

Section 12(1) of the Act provides that “[a]n emergency manager may take 1 or more of the following additional actions with respect to a local government that is in receivership, notwithstanding any charter provision to the contrary: (ee) [t]ake any other action or exercise any power or authority of any officer, employee, department, board, commission, or other similar entity of the local government, whether elected or appointed, relating to the operation of the local government. The power of the emergency manager shall be superior to and supersede the power of any of the foregoing officers or entities.”

Whereas, Public Act 738 of 2002 requires the governing body to adopt a resolution authorizing electronic transactions and the presentation of a written ACH policy to the governing body by the treasurer or ETO.

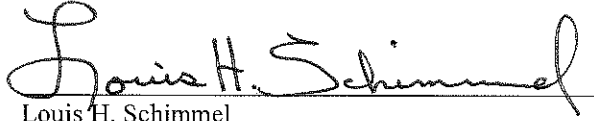
It is hereby ordered:

1. Electronic transactions are hereby authorized.
2. The attached “City of Pontiac ACH and Electronic Transactions Policy” is adopted.
3. All other ACH and electronic transactions policies adopted by the City of Pontiac are hereby repealed.

The Order shall have immediate effect.

Copies of the documents referenced in this Order are to be maintained in the offices of the City Clerk and may be reviewed and/or copies may be obtained upon submission of a written request consistent with the requirements of the Michigan Freedom of Information Act and subject to any exemptions contained in that state statute and subject to any exemptions allowed under that statute (**Public Act 442 of 1976, MCL 15.231, et. seq.**).

This order is effective as indicated and is necessary to carry out the duties and responsibilities required of the Emergency Manager as set forth in the Local Financial Stability and Choice Act (Act 436 of 2012/MCL 141.15411, et. seq.) and the contract between the Local Emergency Financial Assistance Loan Board and the Emergency Manager.

A handwritten signature in black ink that reads "Louis H. Schimmel". The signature is written in a cursive style with a horizontal line underneath the name.

Louis H. Schimmel
City of Pontiac
Emergency Manager

cc: State of Michigan Department of Treasury
Mayor Leon B. Jukowski
Pontiac City Council

City of Pontiac ACH and Electronic Transactions (MCL 124.301 *et seq.*)

Introduction

The following policy shall govern the use of all electronic transactions:

- (a) The Finance Director shall be designated the electronic transaction officer (ETO) for the City of Pontiac.
- (b) The ETO shall be responsible for establishing all ACH arrangements for the City of Pontiac;
- (c) The ETO shall draft amendments to this policy to be followed in accordance with the act and presented to the city council for approval when necessary;
- (d) The ETO shall be responsible for payment approval, accounting, reporting, and generally overseeing compliance or shall appoint an employee to perform such duties;
- (e) The ETO shall submit documentation to the city council, detailing goods and services purchased, the cost of goods or services, the date of payment, and the department levels serviced;
- (f) All electronic transactions shall be approved by the ETO before payment is made. If the ETO is unavailable and unable to review the documentation, the Deputy Finance Director shall be authorized to approve the ACH transaction. If the ETO determines that the electronic transaction authorized by the Deputy Finance Director was inappropriate, the ETO shall notify the city council.

Authority to Enter into ACH Agreements and Electronic Transfer of Public Funds

The ETO may enter into an ACH agreement as provided by Public Act 738 of 2002, effective August 12, 2013. The emergency manager hereby authorizes electronic transactions to be made in accordance with this policy. Applicable definitions in the act shall apply.

An ACH arrangement under PA 738 of 2002 is not subject to the Revised Municipal Finance Act, 2001 PA 34, MCL141.2101 to 141.2821, or to provisions of law or charter concerning the issuance of debt by the city.

Responsibility for ACH Agreements.

The ETO shall be responsible for all ACH agreements, including payment approval, accounting, reporting, and generally overseeing compliance with the ACH policy. The ETO shall submit to accounting detailing the goods or services purchased, the cost of goods or services, the date of the payment, and the department levels serviced by payment. This report can be contained in the electronic general ledger software system.

Internal Accounting Controls to Monitor Use of ACH Transactions

The ETO shall be responsible for the establishment of ACH agreements.

The Payables and Receivables Manager and Purchasing Agent/Fiscal Analyst shall notify the Finance Director of those accounts to be paid by ACH or electronic transfers.

The treasurer or deputy treasurer shall be responsible for processing all ACH or electronic transfers.

Upon receipt of an invoice for payment for accounts paid by ACH or electronic transfers, the Finance Director shall approve payment and notify Plante Moran of the date of debit to the city accounts. Accounts payable by this method may include property tax disbursements, payroll and payroll-related disbursements, tax refunds, insurance payments, transfers of funds between accounts, debt payments, utility bills, and recurring lease payments. These transactions shall be recorded in the general ledger clearly indicating method of payment; if possible, the Accounts Payable module should be used to record transactions. All other invoices approved by the Finance Director and payable by ACH or electronic transfer may be paid in that matter if deemed in the best interest of the City, e.g. to avoid a late fee.

For payment of state and federal payroll taxes, the treasurer or deputy treasurer shall initiate payment to the proper authority upon receipt of the information from the Purchasing Agent/Fiscal Analyst or Payables and Receivables Manager using the established EFTPS and state program.

For deposits from state, county, and/or federal authorities, and from third-party payment processors, e.g. (banks, vendors), the treasurer or deputy treasurer shall obtain the amount of the deposit and send an advice to the person responsible for accounting records.

All invoices shall be held by the Payables and Receivables Manager along with copies of payment advices.