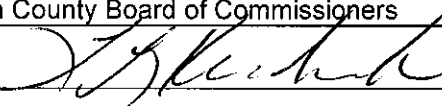




Person County Government

STANDARD PROCEDURE

SUBJECT: Electronic Payments Policy and Procedure Manual	Effective Date: 6.18.18
Prepared by: Amy Wehrenberg, Finance Director	Revised:
Approved by: Person County Board of Commissioners	Approval Date:
Chairman's Signature: 	# of Pages: 4

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1.0 Purpose

This manual is intended to establish policies and procedures guiding the execution of electronic payments by Person County. These payments shall always comply with the pre-audit requirements set forth in N.C.G.S. 159-28 and in compliance with NC Administrative Code 20 NCAC 03 .0409 and NC Administrative Code 20 NCAC 03 .0410.

2.0 Definitions

Electronic Payment

Use of any credit card, Automated Clearing House process or electronic funds transfer to make payment to vendors for goods or services.

Automated Clearing House (ACH)

An ACH payment is a form of an electronic funds transfer (EFT) to another entity (such as a vendor, bank or other government agency).

Electronic Funds Transfer (EFT)

An EFT is the electronic exchange or transfer of money from one bank account to another, either within the same bank or different banks.

Encumbrance System

This is the system used by the County to track obligations. As of the date of this policy adoption, the County's electronic encumbrance system is Munis Financials.

3.0 Applicability

The policies and procedures set forth apply to all electronic payments made by any Person County personnel or paid from Person County funds.

4.0 Roles and Responsibilities

The County Finance Officer is responsible for the creation and enforcement of these policies and procedures.

5.0 Policy

Pre-audit requirements

As allowed by the North Carolina Administrative Codes 20 NCAC 03.0409 and 20 NCAC 03.0410, the County may be exempt from affixing the pre-audit certificate or disbursement certificate for an obligation, or a document related to the obligation, that has been approved by the Local Government Commission (LGC); payroll expenditures, including employee benefits; or electronic payments, as specified in rules adopted by the LGC by providing the following controls:

- 1) That there is a budget, project, or grant ordinance appropriation authorizing the expenditure.
- 2) Monies remain within the appropriation to cover the amount that is due during the current fiscal year if accounted for in the budget ordinance, or to cover the entire amount if accounted for in a project or grant ordinance.
- 3) The unit shall have an encumbrance system for tracking obligations and will record the transaction estimates as required under the new pre-audit requirements.
- 4) Each month, the unit shall provide its governing board a budget-to-actual statement that includes the following:

- (A) budgeted accounts;
 - (B) actual payments made;
 - (C) amounts encumbered, including electronic obligations; and
 - (D) the amount of the budget that is unobligated for all major funds.
- 5) The amount claimed is payable and the unit has sufficient cash to cover the payment.

6.0 Procedures

Purchasing Cards

To sufficiently cover pre-audit requirements for this program, the Finance Department will, at the beginning of each month, determine through continuous analysis of the most recent three year period, the maximum reasonable exposure of the County's purchasing card program using the following methodology:

- The Purchasing Card Administrator will calculate the Maximum Reasonable Exposure (MRE) of the program for the General Fund and all Other Funds by budgeted Function. This calculation will be performed on the first working day of each month, prior to the close of the purchasing card statement. The pre-audit confirmation shall include the following:
 - 1) Average monthly billing cycle total
 - 2) Historical maximum billing cycle total
 - 3) Revised budget by function for the billing month by function for each reporting fund
 - 4) Average monthly bill by function for each reporting fund
 - 5) Remaining budget by function for each reporting fund
- The intent of this calculation is to estimate the absolute maximum possible spending based on cardholder limits, as well as to calculate a reasonable exposure based on historical maximums.
- The Finance Officer will complete and sign a Purchase Card Pre-Audit Confirmation Form using this calculated MRE information as the certification that funds are available for these transactions.

Fuel Cards

To sufficiently cover pre-audit requirements for this program, the Finance Department will, at the beginning of each fiscal year, encumber each department's annual budgeted amount for fuel. Each month, when the bill is paid, the actual invoiced amount will be liquidated in the County's encumbrance system. At the end of the fiscal year, any remaining funds on that encumbrance will be completely liquidated. No remaining funds will be carried forward to the following year.

Automated Clearing House Payments (ACH's)

ACH payments to vendors for goods or services are initiated by the Finance Department through the County's Financial System. These are processed similar to check payments, and are automatically subject to the system's pre-audit requirements to ensure that funds are available in the account before the payment is authorized and processed. If the system flags the ACH for insufficient funds, it is the policy of the County that the ACH initiator will:

- 1) Ensure there is an appropriate budget ordinance or project/grant ordinance appropriation authorizing the obligation.
- 2) Ensure that sufficient monies remain in the appropriation to cover the amount that is expected to be paid out in the current fiscal year (if the expenditure is accounted for in the budget ordinance/resolution) or the entire amount (if the expenditure is accounted for in a project/grant ordinance).
- 3) Record the amount of the transaction in the encumbrance system or report the amount to another individual to encumber.

It is also possible that arrangements may be made for funds to be automatically drafted from County accounts to facilitate payment. In these circumstances a Purchase Order should be established in advance to encumber either: 1) the total possible amount to be paid, or 2) for cyclical or recurring drafts, at least the amount of a cycle or period, including a margin of safety if the amount is variable.

Electronic Funds Transfers (EFT's)

An EFT is the electronic exchange or transfer of money from one bank account to another, either within the same bank or different banks. EFT's are initiated and processed by designated staff employees within the Finance Department. It is the policy of the County that the EFT initiator will:

- 1) Ensure there is an appropriate budget ordinance or project/grant ordinance appropriation authorizing the obligation.
- 2) Ensure that sufficient monies remain in the appropriation to cover the amount that is expected to be paid out in the current fiscal year (if the expenditure is accounted for in the budget ordinance/resolution) or the entire amount (if the expenditure is accounted for in a project/grant ordinance).
- 3) Record the amount of the transaction in the encumbrance system or report the amount to another individual to encumber.

7.0 Policy Non-Compliance

An obligation incurred in violation of the requirements of state law as specified in this policy is invalid and may not be enforced. The Finance Officer shall establish procedures in accordance with any rules adopted by the LGC to assure compliance with statutory requirements and this policy. Any employee who knowingly violates the provisions of this policy shall be subject to disciplinary action in accordance with the Person County Personnel Policy and may be held personally responsible for obligations incurred as set forth in N.C.G.S. 153-28.

**RESOLUTION
AUTHORIZING PERSON COUNTY
TO ENGAGE IN ELECTRONIC PAYMENTS
AS DEFINED BY G.S. 159-28**



WHEREAS, it is the desire of the Person County Board of Commissioners that Person County be authorized to engage in electronic payments as defined by N.C.G.S. 159-28; and

WHEREAS, it is the responsibility of the Finance Officer, who is appointed by and serves at the pleasure of the Person County Board of Commissioners, to adopt a written policy outlining procedures for pre-auditing obligations that will be incurred by electronic payments as required by NC Administrative Code 20 NCAC 03 .0409; and

WHEREAS, it is the responsibility of the Finance Officer, who is appointed by and serves at the pleasure of the Person County Board of Commissioners, to adopt a written policy outlining procedures for disbursing public funds by electronic transaction as required by NC Administrative Code 20 NCAC 03 .0409.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners for the County of Person as follows:

Section 1. That Person County is authorized to engage in electronic payments as defined by N.C.G.S. 159-28.

Section 2. That the Person County Finance Officer is authorized to adopt a written policy outlining procedures for pre-auditing obligations that will be incurred by electronic payments as required by NC Administrative Code 20 NCAC 03 .0409.

Section 3. That the Person County Finance Officer is authorized to adopt a written policy outlining procedures for disbursing public funds by electronic transaction as required by NC Administrative Code 20 NCAC 03 .0410.

Section 4. That any prior resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

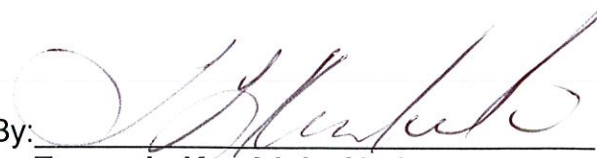
Section 5. That this resolution shall become effective upon its adoption

This the 18th day of June 2018.

ATTEST

BOARD OF COMMISSIONERS FOR THE
COUNTY OF PERSON


Brenda B. Reaves, Clerk to the Board

By: 
Tracey L. Kendrick, Chairman