



ADMINISTRATIVE PROCEDURE

SCHOOL ACCOUNTING PROCEDURES- ACH ELECTRONIC DEBITS

4182

Procedure No.

January 22, 2016

Date

- I. **PURPOSE:** To provide guidance on procedures prohibiting ACH (Automated Clearing House) electronic debits for all School Activity Fund (SAF) bank accounts.

- II. **BACKGROUND:** A number of schools have reported fraudulent ACH activity on their SAF bank accounts. This fraudulent activity has been in the form of one or more unauthorized electronic bank debit(s) (withdrawals) from the account. An unauthorized ACH debit is an electronic debit initiated by a vendor without your previous permission, e.g., vendors such as Staples who convert your check payment into an electronic debit without your previous knowledge. Bank service charges, charges for deposit slips and checks ordered through the bank, or Maryland Comptroller Sales and Use Tax Payments are acceptable debits and the only electronic transactions that should be debited from your account.

- III. **PROCEDURES:**
 - A. Due to the prevalence of fraudulent ACH activity that exists in today's market, the Business Management Services Division initiated a service with Sun Trust Bank that blocks all unauthorized electronic debits from SAF accounts at SunTrust Bank. If you have made or make arrangements with any vendor to automatically pay for goods or services received by an automatic debit from your school activity bank account, the block on the account will not allow the transaction to take place, and the vendor must be paid by a school check drawn on the school's checking account.

 - B. Blocks will be placed on School Activity accounts at banks other than SunTrust beginning 2016. This is consistent with the Accounting Procedures Manual for School Activity Funds, Chapter 4, Check Writing Requirements: "All disbursements made through the SAF must be by check."

 - C. This service and procedure is necessary for protection and accountability of school system funds. If you have any questions, please contact the Treasury Operations Office, Assistant Treasurer, at 301-952-6074.

- IV. **RELATED PROCEDURES:** Administrative Procedure 5137, Sales Tax, dated January 22, 2016.

- V. **MAINTENANCE AND UPDATE OF THESE PROCEDURES:** These procedures originate with the Treasury Operations Office and will be reviewed and updated as needed.



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- VI. **CANCELLATIONS AND SUPERSEDURES:** This Administrative Procedure cancels and supersedes Administrative Procedure 4182, dated July 1, 2013.
- VII. **EFFECTIVE DATE:** January 22, 2016

Distribution: Lists 1, 2, 3, 4, 5, 6, 10, and 11