

## **RESOLUTION NO. 25-65**

### **A RESOLUTION OF KITSAP TRANSIT BOARD OF COMMISSIONERS APPROVING KITSAP TRANSIT ELECTRONIC FUNDS TRANSFER (EFT) POLICY**

**WHEREAS**, Kitsap Transit has developed an Electronic Funds Transfer (EFT) Policy in accordance with the Washington State Auditors Budgeting, Accounting, and Reporting System (BARS); and

**WHEREAS**, the intent of the EFT policy is to establish effective internal control to protect EFT transactions from internal and external threats; and

**WHEREAS**, EFT includes the payment or receipt of funds electronically by Automated Clearing Hours (ACH) and wire transactions; and

**WHEREAS**, Kitsap Transit staff routinely use wires to move funds between accounts with the Kitsap County Treasurers Office, payroll bank account, and third-party payroll processor; and

**WHEREAS**, Kitsap Transit staff intermittently disperse and receive funds by wire for valid business purposes such as funding escrow accounts in real property transactions; and

**WHEREAS**, the process and controls for processing ACH and wire transactions are well defined and secure; and

**WHEREAS**, staff proposes Kitsap Transit's Electronic Funds Transfer Policy as incorporated by referenced herein as Exhibit A.

**NOW THEREFORE, BE IT RESOLVED** the Board of Commissioners hereby authorizes Kitsap Transit's Electronic Funds Transfer Policy as incorporated and referenced herein as Exhibit A.

**ADOPTED** by the Kitsap Transit Board of Commissioners at a regular meeting held on the 2<sup>nd</sup> day of September, 2025.

Signed by:

*Rob Putaansuu*

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Rob Putaansuu, Chairperson

ATTEST:

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*Jackie Bidon*

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Jackie Bidon, Clerk of the Board

Exhibit A



ELECTRONIC FUNDS TRANSFER POLICY

Creation Date	8/1/25
Approval Date	9/2/25
Last Revised	N/A
Version	1.0
Authority	Kitsap Transit Board of Commissioners

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1.0 AUTHORIZATION

Kitsap Transit’s Electronic Funds Transfer (EFTs) policy, and changes thereto, must be approved by Kitsap Transits Board of Commissioners.

Public Transportation Benefit Area authorities (PTBA’s) are governed by chapter 36.57A RCW, which does not explicitly address electronic funds transfers. However, RCW 39.58.750 states that “custodians of public funds may receive, disburse, or transfer public funds under his or her jurisdiction by means of wire or other electronic communication in accordance with accounting standards established by the state auditor under RCW 43.09.200.”

## 2.0 PURPOSE

The primary goal of this policy is to ensure Electronic Funds Transfer (EFTs) are initiated, executed, and approved in a secure manner. This policy establishes general guidelines and procedures consistent under RCW 43.09.200.

## 3.0 SCOPE

Kitsap Transit Electronic Funds Transfer policy is applicable to all employees and departments in the processing of EFT transactions.

## 4.0 DEFINITIONS

**4.1** Electronic Funds Transfer (EFT) – The electronic exchange (transfer of money from one bank account to another), either within a single financial institution or across multiple institutions, through computer-based systems. Wire transfers and ACH payments are examples of EFTs. This form of disbursement is authorized by RCW 39.58.750.

**4.2** Automated Clearing House (ACH) – This is an electronic payment delivery system that processes electronic credit and debit transactions, including direct deposits, within the United States using the American Bankers Association (ABA) number.

**4.3** Wire Transfer – This is an electronic transfer of funds from one bank account to another initiated directly with the payer's bank. This type of transfer utilizes a system operated by the Federal Reserve Banks and is more costly compared to transactions involving checks or ACH.

## 5.0 REASONS FOR ELECTRONIC FUNDS TRANSFER

- Funding payroll obligations to payroll processors and government agencies.
- Funding for the closing of real property acquisitions or legal settlements.
- Payment of recurring obligations to ORCA Fiscal Agent
- Payment of obligations and liabilities due to the Department of Revenue
- Receipt of payment from customers, clients, and other third parties.
- Other payments approved by both the Finance Director and Executive Director due to a valid business purpose.

## 6.0 ACH PAYMENTS AND SIGNIFICANT CONTROLS

- All ACH payments require dual authorization with an accounting specialist inputting the payment and a supervisor verifying and approving the payment.
- All ACH payments require two-factor authentication when processing payment.
- All ACH payments come out of one Bank Account which is reconciled monthly by an accounting specialist who is not part of the payment process and is reviewed by a supervisor to ensure appropriate documentation and recording in the financial system.
- The ACH bank account currently has defaulted debit lock status meaning only approved ACH company accounts can deduct from the account. Only a signer of the bank account

along with the Accounting Supervisor can add ACH companies to the approved company list.

## **7.0 WIRES AND RELEVANT CONTROLS**

**7.1 Overview of Wires** – Kitsap Transit performs two types of wires (1) recurring wires and (2) non-recurring wires. The Finance Director and the Executive Director designate with Kitsap County which wires are recurring and non-recurring.

**7.2 Recurring Wires** – Recurring wire templates can be set up by sending a letter signed by both the Finance Director and Executive Director to Kitsap County. Once the recurring wire template is set up with the County Treasurers Office, it can then be used by the Accounting Supervisor and Payroll Coordinator. The only recurring wire currently set up with the County Treasurers Office is exclusive for the purpose of funding of the payroll bank account.

Once funds are deposited into the payroll bank account, a payroll wire transfer is initiated from the bank to the payroll service provider. This transfer must have dual approval by any two of the following employees before being sent to the payroll processor:

- Executive Director
- Finance Director
- Accounting Supervisor
- Payroll Coordinator

The system used to initiate and approve wire transfers requires multifactor authentication and periodic password updates to ensure security.

**7.3 Non-Recurring of Wires** – The Executive Director and Finance Director are authorized to initiate a non-recurring wire transfer for valid business reasons, primarily for the closing of real property. The Accounting Supervisor will prepare a letter documenting the details of the transaction and purpose and have it signed by both the Executive Director and Finance Director. The letter is then sent to Kitsap County who then processes the wire for payment. The Accounting Supervisor will ensure the wire amount is properly recorded in the financial system and includes the appropriate supporting documentation.