

Financial Affairs
Richard H. Hinds, Chief Financial Officer

SUBJECT: PROPOSED AMENDMENT OF SCHOOL BOARD RULE: INITIAL READING 6Gx13-3A-1.012, PROCEDURES FOR WARRANTS AND ELECTRONIC TRANSFER OF BOARD FUNDS

COMMITTEE: LEGISLATIVE RELATIONS AND POLICY DEVELOPMENT

Board Rule 6Gx13-3A-1.012, Procedures for Warrants and Electronic Transfer of Board Funds, includes policy and procedures for the disbursement of District funds by warrants (checks) and through electronic transfer. The use of Electronic Funds Transfers (EFT's) is becoming more prevalent and requires updating the procedure to distinguish between payments within School Board accounts, payments to charter schools, payments through the payroll or accounts payable systems, and any other third party payments. Additional policy has been added to coincide with Florida Statute or regulations. Consequently, this rule requires revisions.

In addition, while drafting these amendments, staff and legal counsel observed that the rule was in need of substantial reorganization and several technical changes. These revisions are reflected on the proposed amended rule.

Attached are the Notice of intended Action and the rule proposed for amendment. Changes from the current rule are indicated by underscoring words to be added and ~~striking through~~ words to be deleted.

Authorization of the Board is requested for the Superintendent to initiate rulemaking proceedings in accordance with the Administrative Procedure Act for the amendment of School Board Rule 6Gx13-3A-1.012, Procedures for Warrants and Electronic Transfer of Board Funds.

RECOMMENDED: That The School Board of Miami-Dade County, Florida authorize the Superintendent to initiate rulemaking proceedings in accordance with the Administrative Procedure Act to amend School Board Rule 6Gx13-3A-1.012, Procedures for Warrants and Electronic Transfer of Board Funds.

NOTICE OF INTENDED ACTION

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, announced on August 21, 2002, its intention to amend School Board Rule 6Gx13-3A-1.012, Procedures for Warrants and Electronic Transfer of Board Funds, at its meeting of October 23, 2002.

PURPOSE AND EFFECT: The rule is amended to reflect updated procedures for Electronic Funds Transfers (EFT's) that distinguish between payments within School Board accounts, payments to charter schools, payments through the payroll or accounts payable systems, and any other third party payments. The updated procedures will allow for more efficient processing of EFT's, while assuring that controls are consistent with payments processed by warrants (checks).

SUMMARY: Board Rule 6Gx13-3A-1.012, Procedures for Warrants and Electronic Transfer of Board Funds, is amended to reflect updated procedures for Electronic Funds Transfers.

SPECIFIC LEGAL AUTHORITY UNDER WHICH RULEMAKING IS AUTHORIZED: 230.22(2) and (6); 230.23(22) F.S.

LAW IMPLEMENTED, INTERPRETED, OR MADE SPECIFIC: 237.211 F.S.; 6A-1.0012 F.A.C.

IF REQUESTED, A HEARING WILL BE HELD DURING THE BOARD MEETING OF October 23, 2002, which begins at 1:00 p.m., in the School Board Auditorium, 1450 N.E. Second Avenue, Miami, Florida 33132. Persons requesting such a hearing or who wish to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative as provided by Section 120.541(1), F.S., must do so in writing by September 16, 2002, to the Superintendent of School, Room 912, at the same address.

ANY PERSON WHO DECIDES TO APPEAL THE DECISION made by The School Board of Miami-Dade County, Florida, with respect to this action will need to ensure the preparation of a verbatim record of the proceedings, including the testimony and evidence upon which the appeal is to be based. (Section 286.0105, Florida Statutes)

A COPY OF THE PROPOSED AMENDED RULE is available for inspection and copying at cost by the public in the Citizen Information Center, Room 158, 1450 N.E. Second Avenue, Miami, Florida 33132.

Originator: Mr. Eduardo A. Alfaro
Supervisor: Dr. Richard H. Hinds
Date: August 9, 2002

District Budget**PROCEDURES FOR WARRANTS AND ELECTRONIC TRANSFER OF BOARD FUNDS**

The following procedures shall be followed for the disbursement of District funds by warrants and through electronic transfer.

- I. Warrants
 - A. Warrants for amounts under \$50,000 are to be executed by facsimile signature.
 - B. Warrants for amounts ~~in excess of \$50,000 and over~~ must be executed by facsimile signature and must have the manual signature of one of the administrators designated by the Superintendent of Schools.
- II. Electronic Funds Transfer (EFT's)
 - A. ~~Payments legally required to be made by electronic transfer, payment of debt service for general obligation bonds, basic lease payments for certificates of participation, associated letter of credit fees and obligations of the District of a similar nature may be made by electronic transfer, subject to the receipt of a written request from the payee. Supporting documentation must have the manual signature of the originating administrator, two Superintendent designees, and the Superintendent of Schools.~~

EFT's initiated by the School Board must be authorized under the School Board's current Banking Services Agreement. The Banking Services Agreement must be signed by the School Board Chair and the Superintendent of Schools and must specify that the Chief Financial Officer and the Treasurer jointly must sign each Wire, Automatic Clearing House (ACH), and/or Electronic Data Interchange (EDI) Agreements. Every account being debited/credited must be pre-authorized under a Repetitive Wire Transfer Agreement, or an ACH Agreement.

B. ~~Claims Reimbursement Fund~~

~~Funding of disbursement accounts maintained by the District for remittance to the District's insurance plan administrators may be made by electronic transfer, subject to the receipt of a written request from the payee. Authorization of two Office of Finance and Capital Budget administrators is required.~~

~~Payments to plan administrators for fees and other charges to the School Board may be made by electronic transfers, subject to the receipt of a written request from the payee.~~

~~Supporting documentation must have the manual signature of the originating administrator, two Superintendent designees, and the Superintendent of Schools.~~

EFT's between School Board accounts are to be executed by staff, who are bonded and authorized by the Chief Financial Officer and the Treasurer. These transfers include the funding of accounts used to pay expenditures, beneficiaries, and claims. The transfers do not represent direct 3rd party payments of an expenditure, advance, or reduction of cash asset.

C. ~~Supplemental Early Retirement Plan (ERP)~~

~~Contributions to the Supplemental Early Retirement Plan by the District to the ERP Trustee may be made by electronic transfer, subject to the receipt of a written request from the Trustee. Authorization of the originating administrator, two Superintendent designees, and the Superintendent of Schools is required.~~

EFT's to the Charter School's or for the benefit of the Charter School will be authorized by the originating department head, the Chief Financial Officer or their designee, and by one of the following staff: Chief Budget Officer, Controller, or Treasurer.

D. ~~Deposits of Amounts Due to the U.S. Department of the Treasury for the Payment of F.I.C.A., Medicare and Federal Withholding Tax.~~

~~Deposits due may be made through the system implemented and maintained by the U.S. Department of the Treasury. The District's account will be charged the amount due and the U.S. Department of the Treasury will be automatically credited at the authorized depository financial institution. Authorization by two Superintendent designees is required.~~

EFT's representing payments processed under the Accounts Payable or Payroll systems will be executed as follows:

1. Payments under \$50,000 are executed under the rules of the ACH, EDI, or Direct Deposit Agreements.
2. Payments of \$50,000 or over are to be executed under the rules of the ACH or EDI Agreement and must have their supporting documentation reviewed and signed by one of the administrators designated by the Superintendent of Schools to sign warrants \$50,000 and over.
3. Payments for Payroll Taxes and for funding of the State's Retirement System are to be executed under the Direct Deposit Agreements set-up by the Internal Revenue Service and by the State of Florida, respectively.

E. EFT's representing 3rd party payments of expenditures, advance, or reduction of cash assets, which were not processed under the Accounts Payable or Payroll systems will be authorized by the Originator, the Department Head, the Chief Financial Officer or their designee, and the Superintendent of Schools or their designee. These payments include but are not limited to payment of debt service for general obligation bonds, basic lease payments for

certificates of participation and payment of any other obligations of District similar in nature.

F. The Superintendent of Schools designates the Treasurer, Assistant Treasurer, or the Director of Treasury Systems to confirm EFT's with the financial institutions servicing the School Board by email, fax, and or mail.

III. Payments under Custodial/Trust Agreements or 3rd Party Agreements to pay Insurance Claims will be governed by the provision of the applicable agreements.

The Superintendent shall designate by directive the individuals who are his designees as set forth in this Board Rule.

Specific Authority: 230.22(2); 230.23(22) F.S.
Law Implemented, Interpreted, or Made Specific: 237.211 F.S.; 6A-1.0012 F.A.C.

History

New: 4-4-90

Amended: 1-9-91; 4-3-91

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA