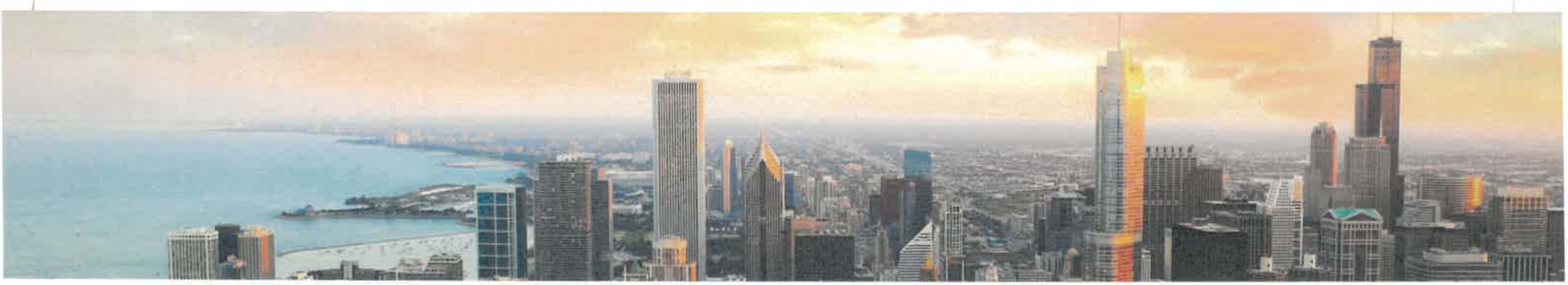
JCMI/ CYBER JIF
BEST PRACTICES

Introduction

A Practical Approach to Compliance

CONFIRM RECEIPT OF BEST PRACTICES

VERIFY THAT YOUR CHIEF FINANCIAL OFFICER HAS REVIEWED EACH OF THESE PRACTICES AND PROVIDES SPECIFIC "NO EXCEPTION GUIDELINES" AS TO WIRE TRANSFER AND ACH PAYMENT POLICY AND PROCEDURES.



CONFIRM RECEIPT OF BEST PRACTICES:
HOW:

A SIMPLE EMAIL FROM THE ADMINISTRATOR TO THE CFO/ TREASURER WITH THE JCMI/ CYBER JIF BEST PRACTICES ATTACHED CONFIRMING THAT THEY HAVE REVIEWED THE ATTACHMENT COVERING BEST PRACTICE PROVISIONS AS TO WIRES AND ACH TRANSACTION

- ***INCLUDE BEST PRACTICES IN ANNUAL CASH MANAGEMENT PLAN***

REQUIRE THAT YOUR CHIEF FINANCIAL OFFICER INCLUDES THE ENTIRE BEST PRACTICES FOR WIRE TRANSFER, ACH PAYMENTS, AND CHECK ISSUANCE PROTOCOL AS PART OF THE ANNUAL CASH MANAGEMENT PLAN PURSUANT TO N.J.S.A. 40A:5-14, WHICH IS REQUIRED TO BE ADOPTED ANNUALLY BY THE GOVERNING BODY.

- ***INCLUDE BEST PRACTICES IN ANNUAL CASH MANAGEMENT PLAN :***

HOW:

ADD THIS WORDING TO THE CASH MANAGEMENT PLAN:

"THE MUNICIPALITY WILL FOLLOW THE MEL'S JCMI BANKING BEST PRACTICES GOVERNING WIRE TRANSFERS, ACH PAYMENTS AND CHECK ISSUANCE. THE FINANCE OFFICER WILL FURTHER CONFIRM THAT ITS FINANCIAL INSTITUTION WILL ADHERE TO THESE REQUIREMENTS."

ATTACH A COPY OF THE BEST PRACTICES TO THE CASH MANAGEMENT PLAN ADOPTED BY THE GOVERNING BODY AT THE REORGANIZATION MEETING OF THE ENTITY.

- ***ESTABLISH SPECIFIC WIRE TRANSFER AND ACH PAYMENT REQUIREMENTS***

WIRE TRANSFERS PAYMENTS ARE COMPLETED THE SAME DAY WHILE ACH PAYMENTS TAKE 1-2 BUSINESS DAYS FOR THE TRANSACTION TO BE COMPLETED.

- ***ESTABLISH SPECIFIC WIRE TRANSFER AND ACH PAYMENT REQUIREMENTS :***

HOW:

OBTAIN A PRINTED CONFIRMATION FROM THE BANK THAT THE WIRE WAS SENT AND/OR THE ACH WAS PROCESSED BY YOUR DESIGNATED BANKING DEPOSITORY

Banking institutions have indicated that ACH payments are more secure than wire transfers:

The following requirements must be part of your wire transfer and ACH payments policy:

a. Identify at least two individuals, one in the Finance Department and one in Administration who are authorized to execute and confirm wire and ACH transfers respectively.

b. One individual in Finance who is tasked with this process should have an appropriate level of responsibility will set up the wire and ACH transfer.

c. One in administration, also with an appropriate level of responsibility will authorize the release of the wire or ACH directly with the bank utilizing a separate platform other than the electronic platform utilized to initiate the wire, i.e., Telephone call or Phone Text, not an email on the same network.

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HOW:

IF THE CFO/TREASURER EXECUTES THE WIRE OR ACH HAVE THE CLERK OR ADMINISTRATOR CONFIRM THE TRANSACTION.

INFORMATION SUPPORTING THE TRANSACTIONS SHOULD BE PROVIDED TO THE CONFIRMING INDIVIDUAL PRIOR TO HAVING THE BANKING CONFIRMATION PRESENTED AND APPROVED

Banking institutions have indicated that ACH payments are more secure than wire transfers:

The following requirements must be part of your wire transfer and ACH payments policy:

b. One individual in Finance who is tasked with this process should have an appropriate level of responsibility will set up the wire and ACH transfer.

HOW:

The CFO/Treasurer or the Deputy or assistant can qualify for this position of responsibility. If the Deputy or assistant is tasked with the authority to execute the transaction the CFO/Treasurer can function in the confirmation role and meet the requirements of the policy.

Banking institutions have indicated that ACH payments are more secure than wire transfers:

The following requirements must be part of your wire transfer and ACH payments policy:

c. One in administration, also with an appropriate level of responsibility will authorize the release of the wire or ACH directly with the bank utilizing a separate platform other than the electronic platform utilized to initiate the wire, i.e., Telephone call or Phone Text, not an email on the same network.

HOW:

Whether the confirming individual is in Administration or Finance utilization of a separate platform for the confirmation process is key. Phone Call, Text or Email on a different platform than the platform used to execute the transaction must be utilized.

WIRE AND ACH TRANSACTIONS

FOR ALL WIRE/ACH TRANSFER OF FUNDS, THE FOLLOWING INFORMATION IS REQUIRED:

(1)Must create a template for all transactions.

(2)Name of person spoken to, including the recipient vendor title and telephone number.

(3)Name of the two individuals from the covered entity that verbally and in writing confirmed the authorization of the transfer, and the receiving bank information, including routing number, account number and dollar amount.

(4)Confirming telephone call to vendor/receiving entity verifying transfer authorization, receiving bank information including routing number, account number and dollar amount

(5) Memorialization of the transfer and confirmation of completion of the transaction.

(6) Exception to the above is when a recurring transaction with an established template is transacted, steps 3 to 5 will not have to be completed.

(7) Memorialization of each transfer should be filed with the Chief Financial Officer.

(8) A detailed description of all wire transfers and ACH payments should be filed with the Chief Administrative Officer and the Clerk.

(9) Verbally confirm, within 24 hours, with receiving vendor that the funds were credited to their account.

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(2)Name of person spoken to, including the recipient vendor title and telephone number.

(3)Name of the two individuals from the covered entity that verbally and in writing confirmed the authorization of the transfer, and the receiving bank information, including routing number, account number and dollar amount.

(4)Confirming telephone call to vendor/receiving entity verifying transfer authorization, receiving bank information including routing number, account number and dollar amount

HOW:

(1) A template provide another layer of approval establish with your financial institution only transactions using a valid template are allowed.

(2) The template should include the name of the vendor recipient their title and phone number.

(3) The individual authorizing the transaction and the individual confirming the transaction should have the receiving bank information including the routing number and the amount..

(4) If possible, a confirming phone call to the recipient of the transaction verifying the amount and receipt of the dollar amount.

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(7) Memorialization of each transfer should be filed with the Chief Financial Officer.

(8) A detailed description of all wire transfers and ACH payments should be filed with the Chief Administrative Officer and the Clerk.

(9) Verbally confirm, within 24 hours, with receiving vendor that the funds were credited to their account.

HOW:

(5) Print or save a report from the financial institution showing the completed transaction.

(6) Self explanatory

(7) Print or save a report from the financial institution showing the completed transaction, should be maintained by the Chief Financial Officer

(8) The report obtained from the financial institution should provide sufficient description File a copy with the Clerk and retain one copy noted above.

(9) Verbally confirm, where possible, that the vendor received the funds.

FOR ALL WIRE/ACH TRANSFER OF FUNDS, THE FOLLOWING INFORMATION IS REQUIRED: (CONTINUED)

(10) Memorialization of each transfer should be filed with the Chief Financial Officer.

(11) A detailed description of all wire transfers and ACH payments should be filed with the Chief Administrative Officer and the Clerk.

(12) Verbally confirm, within 24 hours, with receiving vendor that the funds were credited to their account.

(13) Municipalities may require a policy restricting the frequency of wire transfers to infrequent or emergent matters, and real estate transactions, rather than for routine payments to vendors. The frequency of fraudulent transactions for wire transfers is far greater than for checks.

(14) Each Chief Financial Officer must use blocks and alerts in their banking system to ensure that any transactions not specifically authorized will be flagged by the banking system, and the Chief Financial Officer must authorize each flagged transaction.

(15) The use of a Payee Positive Pay system for all checks and ACH transactions is required.

(16) Additionally, on a daily basis, review overnight transactions and daily balances to identify any unusual transactions or events.

(18) Notify bank and the Administration immediately if suspicious activity is detected.

FOR ALL WIRE/ACH TRANSFER OF FUNDS, THE FOLLOWING INFORMATION IS REQUIRED:

(10) Memorialization of each transfer should be filed with the Chief Financial Officer.

(11) A detailed description of all wire transfers and ACH payments should be filed with the Chief Administrative Officer and the Clerk.

(12) Verbally confirm, within 24 hours, with receiving vendor that the funds were credited to their account.

(13) Municipalities may require a policy restricting the frequency of wire transfers to infrequent or emergent matters, and real estate transactions, rather than for routine payments to vendors. The frequency of fraudulent transactions for wire transfers is far greater than for checks.

HOW:

(10) Maintain a file of all wire transactions and ACH transactions using the reports obtained by the financial institution.

(11) This description used in the bills list could be sufficient here provided the wire or ACH designation is included.

(12) Verbally confirm receipt of funds where possible, with the vendor receiving the funds.

(13) If the Municipality does not utilize wire or ACH transaction, then a policy and system blocks should be established with the financial institution expressly blocking these types of transactions.

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(15) The use of a Payee Positive Pay system for all checks and ACH transactions is required.

(16) Additionally, on a daily basis, review overnight transactions and daily balances to identify any unusual transactions or events.

(17) Notify bank and the Administration immediately if suspicious activity is detected.

HOW:

(14) Work with your financial institution to set and establish these blocks and alerts.

(15) Payee Positive Pay is a system where the municipality transmits a file to the bank that establishes the checks or ACH transactions to be presented and cleared for payment. Transitions not listed will be flagged and not processed without approval from the CFO.

(16) This is a practice that needs to be incorporated into your daily financial routine.

(17) Notify the Municipal Administration and the Banking institution as soon as you believe any suspicious activity has occurred.

ADDITION INFORMATION

If you have any questions or other procedures that are different than described earlier, but meet the operational requirements identified, please share them with us.

ADDITION INFORMATION

FOR ASSISTANCE :

PLEASE CONTACT:

Pauline Kontomanolis, Chief Accounting Officer

Pkontomanolis@permainc.com

Or

Chuck Cuccia, RCF Treasurer

CCuccia@JIFTreasuryServices.com

FINAL TIPS

(1) Establish a strong internal accounting control system.

(2) The Banking system has to be part of that internal control system.

(3) Beat high tech crime with low tech controls.

THANK YOU