



Gig Harbor Fire & Medic One

RESOLUTION 2026-03

September 8, 2026

BE IT RESOLVED that the Board of Fire Commissioners of Pierce County Fire Protection District No. 5 hereby adopts the attached ACH and EFT Payment Policy which is attached hereto and incorporated herein by this reference and shall supersede and replace all prior editions of the policy:

ACH and EFT Payment Policy No. 6000.4.

Approved at a regular meeting of the Board of Fire Commissioners, Pierce County Fire Protection District No. 5, this 8th day of September, 2026.

PIERCE COUNTY FIRE PROTECTION
DISTRICT NO. 5

[Kevin L. Entze \(Sep 08, 2026 11:17:21 PDT\)](#)

Chairman

[Joe Urvina \(Sep 21, 2026 07:49:11 PDT\)](#)

Commissioner

Commissioner

[Matthew J. Fleming \(Sep 18, 2026 14:19:18 PDT\)](#)

Commissioner

[Phil Hayden \(Sep 20, 2026 21:11:12 PDT\)](#)

Commissioner

Attest:

[Dennis Doan \(Sep 21, 2026 08:05:18 PDT\)](#)

District Secretary



GIG HARBOR FIRE & MEDIC ONE

Organizational Policy

Title: Automated Clearing House (ACH) and EFT Payment

Reference: 6000.4

Applies to: Pierce County Fire Protection District #5

Approved by: Deputy Chief Perry Oldenburg

Finance Director Krystal Hackmeister

1.0 **PURPOSE**

This policy authorizes Pierce County Fire Protection District #5 (the “District”) to disburse funds by Automated Clearing House (ACH) electronic transfer for vendor payments, employee expense reimbursements, and direct deposit of employee payroll wages, and establishes the minimum governance and internal control framework the District must maintain to manage the financial, operational, and fraud risks associated with ACH origination. This policy is adopted by the Board of Commissioners and may only be amended by Board action.

2.0 **SCOPE**

This policy applies to all ACH credit transactions originated by the District, including:

- Payments to vendors, contractors, and other suppliers for goods and services;
- Reimbursements to District employees for approved business expenses; and
- Direct deposit of District employees’ payroll wages.

The District does not maintain a separate payroll policy. This policy and its implementing Procedure govern payroll direct deposit enrollment and changes using the same verification framework described in Section 6, in addition to vendor payments and expense reimbursements. Where an employee’s expense reimbursements are directed to the same account already verified for payroll direct deposit, a separate reimbursement-specific verification is not required, as described in the Policy.

3.0 **DEFINITIONS**

ACH: The Automated Clearing House network, a batch electronic funds transfer system

governed by the NACHA Operating Rules and operated through the District's depository bank (the "Originating Depository Financial Institution" or ODFI).

Prenotification (Prenote): An optional, non-dollar (zero-value) NACHA entry traditionally sent to a Receiver's bank at least three banking days before the first live-dollar transaction, used to confirm the receiving account exists and will accept the entry.

Account Validation Service: A real-time or near-real-time service — for purposes of this policy, the District's bank-provided Early Warning Services (EWS) account validation tool — used to confirm that a bank account number and routing number are valid, open, and able to receive deposits at the time of enrollment or any change, without the multi-day waiting period required for prenotification.

Originator: The District, as the party that initiates ACH credit entries through its bank.

Receiver / Payee: The vendor or employee whose account receives an ACH credit from the District.

Payee Banking Instructions: The bank routing number, account number, account type, and account holder name on file for a vendor or employee used to direct an ACH payment.

Independent Verification: Confirmation of a new or changed set of Payee Banking Instructions performed by an employee other than the one who entered the request, using contact information obtained independently of the enrollment or change request itself.

Vendor/Employee ACH Verification Log: The District's written or electronic record documenting the independent verification performed for each ACH enrollment or banking change.

4.0 POLICY STATEMENT

The Board authorizes the Finance Director to administer an ACH payment program for vendor payments, employee expense reimbursements, and employee payroll direct deposit, subject to the controls in Section 6. The Board has determined that the District's use of the bank's Early Warning Services (EWS) real-time account validation tool, performed at enrollment and upon any change to banking instructions, provides an equivalent or stronger level of assurance than NACHA prenotification, and the Board authorizes its use in lieu of prenotification for all District-originated ACH credits when EWS requirements are met.

Consistent with Regulation E's prohibition on compulsory use, the District will not require an employee, as a condition of employment or wage payment, to receive payroll direct deposit at a particular financial institution designated by the District; an employee may direct payroll deposit to an account of their choosing, subject to applicable law.

All ACH activity must comply with the NACHA Operating Rules, applicable provisions of

Regulation E, the District's purchasing and disbursement policies, and applicable public-records retention requirements.

5.0 ROLES AND RESPONSIBILITIES

The Board delegates day-to-day administration of this policy to the Finance Director. The Finance Director is responsible for assigning ACH duties among qualified District staff so that, for every new payee enrollment or change to existing banking instructions, at least two separate individuals are involved: one who enters the request, and a second — independent of the first — who verifies it directly with the payee and gives final approval before payment may be issued.

The specific staff positions, contact methods, and verification steps used to carry out this requirement are maintained in the District's internal ACH Payment Processing Procedure. That Procedure is restricted to internal staff use and is not part of the public policy record, in order to avoid publicly identifying which District position is responsible for each step of payment verification — information that could otherwise be used to target staff with impersonation or social-engineering attempts.

No single staff member may both (a) enter or change a payee's banking instructions and (b) independently verify or finally approve that same change. The Finance Director is responsible for ensuring this separation is maintained at all times, including during staff absences, as further described in the Procedure.

6.0 INTERNAL CONTROL REQUIREMENTS

6.1 Segregation of Duties

At least two separate, independent individuals must be involved before a payee's ACH instructions may be used to disburse funds, or before any new enrollment or change to existing banking instructions may be activated: (1) an individual who enters the request, and (2) an individual, independent of the first, who verifies the request directly with the payee and gives final approval before the record is activated for payment. No individual may perform both roles for the same request.

6.2 Independent Verification

Before any new vendor or employee is enrolled for ACH, and before any change is made to an existing payee's banking instructions, District staff must independently verify the request by contacting the payee using contact information obtained from a source other than the enrollment or change request itself (e.g., an existing signed contract, a prior verified phone number, a personnel file, or a public business listing). A request received by email, fax, letter, or voicemail must never be acted upon based solely on the contact information included in that

request.

6.3 Account Validation in Lieu of Prenotification

Staff must run the bank's Early Warning Services account validation on every new enrollment and every change to existing banking instructions before the instructions are activated. A failed or inconclusive validation result is a red flag that must be resolved by the Finance Director before any payment is issued.

6.4 Vendor/Employee ACH Verification Log

Staff must document every independent verification performed — including the date, the method and source of contact information used, the result of account validation,— in the District's Vendor/Employee ACH Verification Log.

6.5 Dual Control Over Payment Release

ACH payment files must not be transmitted to the District's bank by a single individual acting alone. The individual who prepares a payment batch may not also be the sole approver who releases it; the Finance Director (or another individual independent of the preparer) must review and approve each batch before release.

6.6 System Access

Access to the District's ERP and banking platforms must be configured, to the extent the systems allow, so that no individual holds both data-entry and final-approval/release rights over payee banking instructions or payment files.

6.7 Periodic Independent Review

At least quarterly, the Finance Director (or, if the Finance Director processed any of the changes under review, an independent reviewer or another individual independent of the processing staff) must review all additions and changes made to vendor and employee banking instructions during the period, using the Verification Log and supporting enrollment forms, to confirm that required controls were followed.

7.0 FRAUD PREVENTION

Business email compromise (impersonation of a vendor or employee to redirect payments) is a primary risk addressed by this policy. Staff must never change a payee's banking instructions based solely on an emailed, faxed, or mailed request, regardless of how routine or urgent it appears, without completing the full independent verification protocol in Section 6. Any request that pressures staff to bypass verification, act urgently, or keep a change confidential is itself a warning sign and must be reported to the Finance Director immediately.

8.0 RECORDKEEPING

The District will retain all ACH enrollment forms, banking-change requests, Verification Logs, account validation results, and payment batch approvals in accordance with the District's records retention schedule and applicable public records law and will make such records available for audit.

9.0 COMPLIANCE

The District's ACH program will comply with the NACHA Operating Rules, applicable provisions of Regulation E, and other applicable law. The Finance Director is responsible for monitoring changes in these requirements and recommending policy updates to the Board as needed.

10.0 IMPLEMENTING PROCEDURES

The Finance Director shall maintain a written ACH Payment Processing Procedure, consistent with this policy, describing the specific steps staff must follow to enroll payees, verify and change banking instructions, validate accounts, process payment batches, and maintain records. The Procedure is an internal operating document for staff use and is not part of the public Board policy record. The Procedure may be updated administratively by the Finance Director without Board action, provided it remains consistent with this policy; any change that would reduce the control requirements of Section 6 requires Board approval.

11.0 POLICY REVIEW

The Board will review this policy at least once every two years, or sooner if there is a significant change in the District's banking relationship, financial systems, staffing, or a control failure or attempted fraud involving ACH payments.

12.0 ADOPTION

This policy was adopted by the Board of Directors of Pierce County Fire Protection District #5 on the date below.

 <u>Kevin L. Entze (Sep 18, 2026 11:17:21 PDT)</u>	 <u>Dennis Doan (Sep 21, 2026 08:05:18 PDT)</u>
Board President / Chair Date: <u>09/18/2026</u>	Board Secretary Date: <u>09/21/2026</u>