

ACH Sample Policies for Financial Institutions

Price: \$390
Member Price: \$195
(Publication #451)

< Insert FI Logo Here >

<Institution Name Here>

ACH Policy
<date>

This ACH Policy documents <Institution's name here> established policies related to ACH payment processing as both a Receiving Depository Financial Institution (RDFI) and Originating Depository Financial Institution (ODFI).

It is the responsibility of senior management, under the direction of the board of directors (or appropriate subcommittee so designated by the board), to approve, maintain, update as necessary, and enforce the policies outlined in this document in the course of conducting ACH activities of the bank. Further, senior management is responsible for ensuring that appropriate documented procedures related to the implementation of various policies are maintained and updated as necessary.

Sample ACH Policies

General ACH Policies

Role of ACH Within the Organization

1. Within the organization, ACH will be utilized to support the following strategic goals:
< to be completed based on any specific strategic goals the institution may have related to ACH processing >

Compliance with Rules

2. The institution is responsible for its own, as well as originators and any third-party senders, compliance with all provisions of the ACH Operating Rules and U.S. law, including OFAC. It is the policy of the institution to ensure through operational policies, procedures, risk assessments, and contracts, that all ACH Rules are adhered to by the parties warranted by our institution.

Reporting to Board of Directors

3. The board of directors receives periodic reports regarding the following ACH activities to ensure they remain within board established risk parameters and expected financial results:
 - Metrics and trend analysis in ACH volume, returns, operational losses, transaction types, with explanation of variances from prior reports.
 - Metrics and trend analysis related to composition of the institution's portfolio of originators and as applicable, third-party senders
 - Capital adequacy relative to volume of ACH activity and level of risk associated with originators (e.g., standard entry class code, type of business, etc.).
 - Percentage of deposit base linked to ACH origination activity
 - Summary of return rate monitoring by originator, and as applicable, third-party senders, as established by the ACH Rules thresholds and limits
 - Notices of potential and actual ACH Rules violations and fines by Nacha
 - Financial reports on profitability of the ACH function as a cost center
 - Risk management reports, including a comparison of actual performance to approved risk parameters

Annual Audit

4. An audit of the organization's compliance with ACH Operating Rules will be completed by < enter in any specific date, based on internal audit requirements; the ACH Rules require completion by December 31st of each year > each year.

5. The institution will ensure an annual audit is conducted for any third-party service providers used for our ACH processing.

Risk Assessment

6. An ACH risk assessment will be conducted and updated as necessary, at minimum on an annual basis, to ensure existing policies, procedures, and controls effectively address all aspects of the institution's ACH activities. This assessment will include controls the institution uses to mitigate risk and evaluate the risk parameters established by the board of directors. The results of the risk assessment will be reported to the board of directors or designated substitute body.

Record Retention

7. All ACH records (e.g., received entries, originated entries, returns, etc.) will be retained for a minimum of six years from the settlement date of such transactions, either in paper or electronic format. Original items related to RCK ACH entries will be retained for seven years, as required by the ACH Rules. When requested, a copy of any such entries will be furnished to authorized participants as required.

Data Security

8. The organization implements commercially reasonable security techniques that meet current industry standards and stays abreast of new data security techniques and their applicability to the ACH Network to ensure a high level of quality and reliability.
9. All information related to an ACH payment shall either be encrypted or transmitted via a secure session using commercially reasonable technology that meets or exceeds current industry standards.
10. The organization has implemented, periodically reviewed, and updated commercially reasonable mechanisms, including techniques used for authentication of accountholders, designed to prevent, detect, and mitigate risk associated with current fraud trends.
11. The organization implements controls to protect the confidentiality, integrity, and unauthorized use of accountholders' confidential information.

Reconciliation

12. All ACH related internal settlement and general ledger accounts used for processing will be reconciled in a timely manner. Out of balance issues will be appropriately escalated for timely resolution.

Fraud Prevention and Risk Management

13. It is the goal of the organization to maintain the highest standards of fraud prevention to retain the trust and confidence of our accountholders. Therefore, it is the institution's