

## **Resolution No. 2026-30**

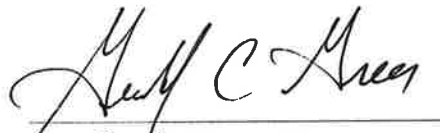
### **A RESOLUTION OF THE TOWN OF ASHLAND CITY, TENNESSEE, TO ESTABLISH ACH FRAUD MONITORING PROCESSES AND PROCEDURES**

**WHEREAS**, the National Automated Clearing House Association, NACHA, has mandated that entities have in place fraud monitoring processes and procedures prior to June 19, 2026; and

**WHEREAS** the Town of Ashland City wishes to establish ACH Fraud Monitoring Processes and Procedures in an effort to reduce fraud in the application of ACH payments and to protect the accounts and resources of the Town; and

**NOW, THEREFORE BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE TOWN OF ASHLAND CITY, TENNESSEE**, that the ACH Fraud Monitoring Processes and Procedures, attached hereto, are hereby created, and approved and shall become effective immediately following passage of this resolution.

READ, ADOPTED, AND APPROVED in open session on this 12th day of May 2026.

  
Gerald Greer, Mayor

Attest:

  
Mary Molepske, City Recorder



## **Vendor ACH Setup/Change Form Policy**

### **Purpose**

The purpose of this policy is to safeguard the Town against financial loss, fraud, and reputational damage resulting from vendor impersonation attempts. This policy establishes procedures to verify authenticity when establishing, modifying, or confirming Automated Clearing House (ACH) payment instructions for vendors, contractors, and service providers.

### **Scope**

This policy applies to all employees involved in the procurement, accounts payable, finance, or other processes related to vendor onboarding, payment setup, or vendor account changes.

### **Policy Statement**

Vendor impersonation and fraudulent payment requests pose significant risks. The Town will maintain strict controls to prevent unauthorized changes to vendor banking information, including independent verification procedures, mandatory documentation, and employee training. No vendor banking information will be added or modified without adherence to this policy.

### **Procedures**

#### **1. Vendor Setup and ACH Enrollment**

- All new vendors requesting ACH payment must complete the official ACH Form. Vendors may request this form from the Town. The Town's Finance Department or Finance Director will provide the ACH Form to the vendor.
- Banking information must include:
  - Bank name
  - Routing and account number
  - Account type (checking/savings)
  - Authorized vendor contact and phone number
- The vendor must provide an official bank letter to confirm account ownership.

#### **2. Vendor Change Requests**

- All requests to change existing vendor banking information must:
  - Be submitted in writing using the ACH Form.
  - Include supporting documentation (voided check, bank letter, or updated W-9).

- The Finance Director or Deputy Clerk must independently verify the request by calling the vendor using a phone number already on file (not provided in the change request). Email-only verification is strictly prohibited.
- Staff must confirm changes with a known vendor representative before processing.

### **3. Independent Verification**

- Prior to making any ACH setup or change, staff must:
  - Contact the vendor using verified, pre-existing contact information by phone.
  - Confirm the request directly with the vendor's accounts receivable/payable department.
  - Document the verification call/email in the vendor file, including date, time, name of contact, and confirmation details.

### **4. Segregation of Duties**

- Employees responsible for vendor setup or ACH must have an additional approval for the corresponding payments. For example, the Mayor or Chief of Staff can be an additional approval for payments.
- All banking changes must be reviewed and approved by the Mayor or Chief of Staff or Finance Director prior to activation.

### **5. Training and Awareness**

- Staff will receive annual training on fraud awareness, vendor impersonation tactics, and secure handling of payment information.
- Any suspicious vendor communication (e.g., urgent change requests, grammatical errors, unusual email domains) must be immediately reported to the Mayor, Chief of Staff, or Finance Director.
- If replying to an email, do not use the "reply" option. Instead, use the "forward" option and type the correct email address or select from a known address book.

### **6. Recordkeeping**

- Documentation supporting vendor setup or change requests must be retained in accordance with the Town's records retention schedule.

**Enforcement**

Employees who fail to follow this policy may be subject to disciplinary action up to and including termination. Fraudulent attempts identified will be referred to law enforcement.

Effective Date: 5/12/26

## Vendor ACH Setup & Change Checklist

Vendor: \_\_\_\_\_

Date Request: \_\_\_\_\_

### Step 1: Documentation Required

- ☐ Official ACH Form completed
- ☐ Vendor letterhead provided
- ☐ Bank letter verifying account ownership
- ☐ Updated W-9 (if applicable)

### Step 2: Verify the Request

- ☐ Do **not** rely on email alone
- ☐ Call the vendor using a phone number already on file (not from the request)
- ☐ Confirm details with vendor's accounts receivable/payable department
- ☐ Record date, time, name, and confirmation details in vendor file

### Step 3: Segregation of Duties

- ☐ Staff member entering ACH info is not the same person approving payments, or has an additional approval for payments (i.e., Mayor or Chief of Staff)
- ☐ Finance Director or designee reviews and approves banking changes before activation

### Step 4: Red Flags to Watch For

- ☐ Urgent or rushed requests for changes
- ☐ Requests from free/public email accounts (e.g., Gmail, Yahoo)
- ☐ Emails with poor grammar, spelling errors, or unusual formatting
- ☐ Bank account changes to unfamiliar or overseas institutions

 **Step 5: Reporting & Documentation**

- ☐ Keep all supporting documents with vendor file
- ☐ Immediately report suspicious requests to Chief of Staff/Finance Director
- ☐ Retain documentation per records retention policy

! **Remember:** Never process ACH changes without **independent verification**. Fraudulent vendor impersonation is a leading cause of payment fraud.

**Completed By:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Approved By:** \_\_\_\_\_

**Date:** \_\_\_\_\_

## ACH/WIRE TRANSFER LOG

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