

**Internal Control Checklist for Automated Clearing House (ACH) (cont.)**

Question	Yes/No	Comments
13. Do written polices concerning software and data change controls include:		
a. Permitting only authorized software and data changes?		
b. Documenting, reviewing, and approving all changes before coding is completed?		
c. Testing changes from the developers by a different group?		
d. Installing changes by a group other than the developers and testers?		
e. Maintaining prior versions of changed programs to reverse changes if necessary?		
f. Changing emergency programs and data only with appropriate management approval?		
g. Completing an audit trail of changes, including a record of the individual requesting the change, who granted authorization, the effective date, and before and after versions?		
14. Are file controls in place to ensure that employees:		
a. Account for all files at each step in the ACH processing?		
b. Only process current files?		
15. Have procedures been developed to implement dollar controls to:		
a. Confirm dollar totals at each step in ACH processing?		
b. Ensure files are in balance?		
c. Ensure accounts are posted accurately?		
d. Ensure ACHs settle as anticipated?		
16. Are adequate balancing procedures in place for all transactions sent to and/or from the ACH operators?		
17. Are controls in place to prevent intraday and overnight overdrafts due to ACH settlement?		
18. Has a credit assessment evaluation been conducted for customers originating large volumes of ACH credit transactions?		
19. Are detailed exception reports maintained and reviewed on a regular basis?		
20. Are records of all ACH entries, returns, and adjustments maintained for six years after the date of the transmittal?		
<b>B. Authority</b>		
1. Do bank procedures ensure that the board of directors is ultimately responsible for setting specific procedures to address matters relating to ACH activities, and the bank's ongoing efforts to provide training and self-monitoring for compliance with ACH related laws and regulations?		

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f. Posting ACH items on the date on the settlement date of items and funds availability in compliance with the bank's funds availability procedures?		
4. Do bank procedures call for ABC financial institution to act as the receiving function of XYZ bank when operating in contingency mode while receiving ACH transactions?		
5. Do personnel contact the ACH department in an effort to verify the receipt of ACH credits until the automated posting of the transactions is available?		
<b>M. Originating ACH Transactions</b>		
1. Do bank procedures mandate that annual schedules are developed for each originating ACH transaction and include the following:		
a. The date in which the file is expected to be received from the originator and the effective entry date of the transactions on the file?		
b. The bank's holiday schedule in addition to the ACH operator's holiday schedule?		
c. Cutoff times by which files must be delivered?		
2. Do the bank's procedures appoint the ACH department supervisor responsibility for overseeing:		
a. The origination of customer files in compliance with the customer's annual schedule, follow-up related to files that are on schedule but have yet to be submitted, in addition to obtaining authorization prior to processing files that have been submitted in addition to the agreed upon schedule?		
b. The processing of originated customer files in compliance with the set exposure limits for the customer?		
c. The processing and balancing of originated files that may potentially contain on-us items, items that are immediately released to the ACH operator, and items that must be warehoused?		
d. The proper maintenance of logs or files originated to the ACH operator?		
e. The creation of data to be used for billing the originator if circumstances warrant?		
3. According to procedure, when a file deadline is missed as a result of processing problems at XYZ bank, does the ACH department supervisor notify the relationship officer and contact the originating company to discuss contingency possibilities?		
4. Are items that are eligible to be re-created, originated as ACH destroyed check entries and created in compliance to the format outlined in the ACH rules?		
<b>N. High-Risk Activities</b>		
1. Do bank procedures ensure that the bank does not engage in ACH transactions with high-risk originators or ACH transactions that may involve third-party senders?		