

[(e)] (d) (No change in text.)

[(f)] The applicant, client, or representative shall receive a copy of the completed application.]

[(g)] (e) The applicant or client shall receive written information about:

1.-8. (No change.)

[9. The purpose and general procedures for an assessment;]

Recodify existing 10.-12. as **9.-11.** (No change in text.)

[13.] **12.** The Notice of Privacy Practices pursuant to the Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. [§§164 et seq.] **§§ 1320d.**

[(h)] Confidential information shall be defined and treated as provided for in N.J.A.C. 3A:3, Client Information.]

[(i)] (f) (No change in text.)

[(j)] (g) The applicant, client, or reporter, if a request is made, shall have the right to receive a written disposition from the Division as soon as practical but not later than 10 calendar days from the date upon which a finding of substantiated, **established, not established,** or unfounded is made or upon which a decision to provide or not to provide child welfare services is made.

[(k)] (h) (No change in text.)

[(l)] An applicant or client shall have the right to have the rules of this chapter followed.]

[(m)] (i) (No change in text.)

3A:11-1.5 Responsibilities of applicants and clients

(a) A person applying for or receiving services shall provide information necessary to determine his or her eligibility for services, including requested financial information.

(b) (No change.)

3A:11-1.6 Responsibilities of the Division

(a) (No change.)

(b) The Division may provide services through direct service delivery or through third-party social service contracts with other service providers. The Division may also refer applicants and clients to service providers.

[(b)] (c) Within 30 days of a child's out-of-home placement, the Division shall notify each adult relative of the child:

1.-3. (No change.)

4. Of the requirements to participate in the [DYFS] **CP&P** Legal Guardianship Subsidy Program in accordance with N.J.A.C. 3A:20.

[3A:11-1.8 Appeals

Any person included in the scope of this series of chapters, as described at N.J.A.C. 3A:11-1.2, shall refer to N.J.A.C. 3A:5, Dispute Resolution, to determine any opportunity available to resolve a dispute with the Division.]

COMMUNITY AFFAIRS

(a)

DIVISION OF LOCAL GOVERNMENT SERVICES LOCAL FINANCE BOARD

Electronic Disbursements and Claimant Certification

Proposed Repeals and New Rules: **N.J.A.C. 5:30-9A.4 and 9A.6**

Proposed Amendments: **N.J.A.C. 5:30-9A.1, 9A.2, 9A.3, 9A.5, and 9A.7 and 5:31-4.1 and 4.2**

Proposed Repeal: **N.J.A.C. 5:30-9A.8**

Authorized By: Local Finance Board, Timothy J. Cunningham,
Chair.

Authority: N.J.S.A. 40A:5-16.c and d, 40A:5-16.5, and 40A:5A-10.c.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2017-094.

Please submit written comments on the notice of proposal by August 18, 2017, via e-mail to dlgs@dca.nj.gov or by regular mail to:

Patricia Parkin McNamara, Executive Secretary
Local Finance Board
Department of Community Affairs
PO Box 803
Trenton, NJ 08625-0803

For comments submitted via e-mail, please include the subject heading "Electronic Disbursement Regulations."

The agency proposal follows:

Summary

P.L. 2016, c. 29, enacted on August 18, 2016, and codified as N.J.S.A. 40A:5-16.5, amended the Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.) to permit local units subject to said law, along with school districts and county colleges, to utilize "standard electronic funds transfer technologies" for the payment of claims "in lieu of payment through the use of signed checks or warrants." N.J.S.A. 40A:5A-10.c permits the Local Finance Board to enact rules extending provisions of the Local Fiscal Affairs Law to entities subject to the Local Authorities Fiscal Control Law (N.J.S.A. 40A:5A-1 et seq.), which encompasses entities such as, but not limited to, county improvement authorities, municipal utilities authorities, housing authorities, parking authorities, and fire districts. The term "standard electronic funds transfer technologies" is defined under N.J.S.A. 40A:5-16.5 to mean "technologies that facilitate the transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, initiated by means such as, but not limited to, an electronic terminal, telephone, or computer or magnetic tape for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account, and incorporate, at a minimum, internal controls set forth in regulations promulgated by the Local Finance Board."

The Local Finance Board voted to promulgate the within rulemaking at its May 10, 2017 meeting. This rulemaking amends certain existing rules in order to implement N.J.S.A. 40A:5-16.5. N.J.A.C. 5:30-9A proposed for amendment permits local units subject to the Local Fiscal Affairs Law, local authorities subject to the Local Authorities Fiscal Control Law (N.J.S.A. 40A:5A-1 et seq.), boards of education, and county colleges to utilize standard electronic funds transfer technologies for payment of claims subject to, at minimum, certain fiscal and operational controls, with the caveat that boards of education may not utilize procurement cards, charge cards, or charge accounts as defined in proposed amendments to N.J.A.C. 5:30-9A.2. The existing rules set forth in N.J.A.C. 5:30-9A were last amended in 2013, to permit local units and local authorities to keep procurement cards on purchase of any dollar amount if they had the role of "program manager," a Qualified Purchasing Agent (QPA) licensed by the Division of Local Government Services. As required by N.J.S.A. 40A:5-16.5.d, the Local Finance Board consulted with the Department of Education and the Office of the Secretary for Higher Education prior to proposing this rulemaking.

In order to maintain the integrity of electronic disbursements and funds transfers, the proposed rules set forth standard fiscal and operational controls, along with minimum technological features and cybersecurity measures that shall be incorporated into an electronic funds transfer technology. N.J.A.C. 5:30-9A.1 is amended to reflect the corresponding change to the purpose of Subchapter 9A.

N.J.A.C. 5:30-9A.2, which sets forth definitions for certain terms utilized in Subchapter 9A, is proposed for amendment to add definitions for the following: Automated Clearing House (ACH) Transfer, board of education, charge account or charge card, claimant certification (or vendor certification), county college, Electronic Funds Transfer and Indemnification Agreement, Electronic Data Interchange (EDI), internal controls, local authority, National Automated Clearing House Association (NACHA) file, standard electronic funds transfer technologies; the terms advance payment, contracting unit, and permitted use would be deleted. The remaining definitions contained in N.J.A.C. 5:30-9A.2 are proposed for amendment to be consistent with

the provisions of this Subchapter 9A, except for the definition of “procurement card statement,” as all discussed in relation to the statute above.

N.J.A.C. 5:30-9A.3, which is currently limited to the authorized use of procurement cards, would be expanded to address the authorized use of standard electronic funds transfer technologies. N.J.A.C. 5:30-9A.3, as proposed for amendment, would require local units, local authorities, boards of education, and county colleges that wish to utilize standard electronic funds transfer technologies to adopt standard written policies by resolution or ordinance (as appropriate) regarding their use. Such policies would need to incorporate, at minimum, the internal controls set forth in Subchapter 9A. Pursuant to N.J.A.C. 5:30-9A.2, as amended, the chief financial officer or equivalent would be charged with ensuring that the controls set forth in the Local Finance Board’s rules and the entity’s own policies and procedures are in place and being adhered to. References to existing thresholds in paragraphs (a)1, 2, 3, and 4 would be deleted, but subsection (b) is proposed for amendment to state that the subsection would not authorize entities to exceed the maximum bid thresholds set forth in the Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq., Public School Contracts Law, N.J.S.A. 18A:18A-1 et seq., or the County College Contracts Law, N.J.S.A. 18A:64A-25.1 et seq., as applicable. New subsection (c) is relocated from existing N.J.A.C. 5:30-9A.8, which states that procurement card issuers and providers of wire transfer services shall be financial institutions chartered by a Federal or State authority and is proposed for repeal. The new subsection incorporates ACH transfers and further clarifies that ACH and wire transfer services must be provided by a financial institution covered by the Governmental Unit Deposit Protection Act, or “GUDPA,” N.J.S.A. 17:9-41 et seq.

Existing N.J.A.C. 5:30-9A.4 deals with conditions for use of procurement cards or electronic funds transfers. This section is proposed for repeal and replacement to require internal controls and conditions of use for all standard electronic funds transfer technologies. Requirements specific to procurement cards that are currently set forth in the section would be relocated to N.J.A.C. 5:30-9A.7. Mandatory technological safeguards set forth in proposed amendments to subsection (a) include elements such as the ability to designate specific individuals to initiate and authorize electronic disbursements, confirm receipt of payment by a vendor, review and monitor transactions, backup transaction data and store transaction data offline, along with the barring of automatic account debits and measures to mitigate the risk of duplicate payments to the same vendor, and creation of an audit trail. Subsection (a) would also be amended to specify a mandatory cybersecurity best practice framework to be followed by any provider of a standard electronic funds transfer technology. The subsection addresses such cybersecurity measures as hosting on dedicated servers or on a FedRAMP Moderate Impact Level Authorized Cloud, the encryption of financial and personal identification information, regular security risk assessments, and development of a Cybersecurity Incident Response Plan. Financial institutions providing standard electronic funds transfer technologies would also be required to annually submit to the chief financial officer or equivalent a Service Organization Control 2 (SOC) report attesting to the design effectiveness and operating effectiveness of the financial institution’s controls.

N.J.A.C. 5:30-9A.4(a) is also proposed for amendment to address mandatory safeguards for automated clearing house (ACH) payments. ACH transactions are electronic funds transfers initiated by a local unit, local authority, board of education, or county college that authorize a banking institution to push funds from the entity’s bank account(s) that push into a vendor or claimant’s account once executed through the ACH system. As proposed for amendment, subsection (a) provides that transactions utilizing the ACH system must utilize electronic data exchange technology, be subject to an Electronic Funds Transfer and Indemnification Agreement, and follow rules set by the National Automated Clearing House Association (NACHA) or any equivalent successor organization. The ACH file shall be restricted in terms of who can edit the information contained therein and must log certain information pertaining to any edits made.

Finally, subsection (a), as proposed for amendment, authorizes charge cards or accounts issued by a specific vendor to be utilized by local

units, local authorities, or county colleges subject to monthly payment in full of any outstanding balance, along with the ability to designate specific users, track purchases, establish dollar limits, receive itemized statements, and pay by invoice. A monthly purchase order would be required to be issued authorizing a maximum expenditure amount for each individual charge account, with full payment required each month on any outstanding charge account balances. No charge account or card would be permitted to be utilized for travel or dining expenses.

N.J.A.C. 5:30-9A.4(b) is proposed for deletion and replacement, to delete the existing reference to the use of procurement cards for personal use being barred (the prohibition would be relocated to N.J.A.C. 5:30-9A.7(a)3). Proposed new subsection (b) sets forth minimum standard fiscal and operational controls for use of standard electronic funds transfer technologies. N.J.A.C. 5:30-9A.4(b)3 provides that the chief financial officer or equivalent would be responsible for authorization of an electronic funds transfer unless that individual initiated the transfer, at which point the chief administrative officer of the entity would be responsible. N.J.A.C. 5:30-9A.4(b)3 also provides that segregation of initiation and authorization roles would be required with roles restricted to, at minimum, individuals with assigned passwords. For counties that do not have a payment of claims ordinance or resolution, as appropriate, or municipalities that do not have a payment of claims ordinance, subsection (b) would assign mandatory initiation and authorization roles in conformance with N.J.S.A. 40A:5-17.b. No funds would be able to be disbursed to a vendor or claimant by a local authority or local unit (including a county college) unless the goods and services have been certified pursuant to N.J.S.A. 40A:5-16.b as having been delivered, unless otherwise permitted pursuant to N.J.S.A. 40A:5-16.c(1) or as set forth in proposed amendments to N.J.A.C. 5:30-9A.6 and 5:31-4.1. Each bill list approved or ratified by the governing body would have to indicate the type of standard electronic funds transfer technology that has been or will be utilized, along with a reference that permits tracking. Activity reports on all transactions involving standard electronic funds transfer technologies would be subject to mandatory review on no less than a weekly basis by the chief financial officer or an individual under supervision of the chief financial officer, with reconciliation of activity being conducted on a regular basis. A local unit, local authority, or county college would be required to establish specific policies and procedures for charge card or charge account usage, issue a monthly purchase order for each individual charge account of charge cards authorizing a maximum amount that can be expended each month, identify specific employees authorized to utilize charge cards or accounts, require billing by invoice, and pay the outstanding balance in full each month.

Procurement card limits and control requirements are set forth in existing N.J.A.C. 5:30-9A.5. The only proposed amendment to this section involves replacing the phrase “by the contracting unit” in subsection (a) with “on its use.”

Before paying a claim, N.J.S.A. 40A:5-16 of the Local Fiscal Affairs Law, generally requires a person claiming payment to present a “detailed bill of items or demand, specifying particularly how the bill or demand is made up, with the certification of the party claiming payment that the bill or demand is correct.” Subsection c of the statute authorizes the Local Finance Board to adopt rules permitting local units to pay claims without first requiring this “claimant certification,” with N.J.S.A. 40A:5A-10.c permitting such rules to be extended to authorities governed by the Local Authorities Fiscal Control Law.

N.J.A.C. 5:30-9A.6 is proposed for repeal and replacement. The existing section states that “[e]lectronic funds transfers shall be authorized by the CFO,” and is relocated to N.J.A.C. 5:30-9A.4(b)3. The proposed new rule pertains to claimant certification for local units (including county colleges). Subsection (a) clarifies that the certification, when required, may be executed by a vendor or claimant by signature stamp, facsimile signature, electronic signature, or an original signature. As acknowledged in subsection (b), the provisions of this section would not apply to claimant certification for boards of education, which is governed by N.J.S.A. 18A:19-3 and rules promulgated by the New Jersey Department of Education. As authorized by N.J.S.A. 40A:5-16.c(1), which deals with circumstances where payment to vendors is required in advance of the delivery of certain materials or services that

cannot be obtained from any other source at comparable prices, proposed N.J.A.C. 5:30-9A.6(c)1 sets forth specific goods and services for which local units and local authorities can make payment in advance of receiving a good or service. Paragraph (c)2 permits payments to be made without vendor or claimant certification where ordering, billing, and payment transactions are made through a computerized electronic transaction utilizing standard electronic funds transfer technologies. Under paragraph (c)3, the Board proposes permitting local units and local authorities to institute a standard policy to allow for payment to be made without the claimant certification where the claimant does not provide such certification as part of its normal course of business. Reimbursement of employee expenses and services provided by a single individual (for example, a sole proprietor) would still require claimant certification pursuant to subsection (d). With respect to services which local units cannot demand a claimant certification prior to payment, the Board clarifies in subsection (e) that a claimant certification also cannot be required as a condition of making a debt service payment.

Existing N.J.A.C. 5:30-9A.7 sets forth requirements for policies and practices governing the use of procurement cards. Proposed amendments to subsection (a) include express references to local units, local authorities, and county colleges, with the caveat that procurement cards may be used for educational courses, conference registration, and conventions sponsored by non-profit organizations, along with incorporating the prohibition on personal use in existing N.J.A.C. 5:30-9A.4(b). As amended, N.J.A.C. 5:30-9A.7 would maintain the requirement that, in order to utilize a procurement card, a local unit, local authority, or county college have an individual licensed by the Division of Local Government Services as a Qualified Purchasing Agent serve in the role of "program manager." The respective responsibilities of the chief financial officer as compared with the program manager would be clarified, with the chief financial officer ensuring that internal controls are being properly implemented. Proposed new subsection (b) and amended subsection (c) state and clarify the oversight role of the chief financial officer or equivalent with respect to procurement card assignment, usage, monitoring, and reconciliation of activity. Recodified subsection (e), which deals with the prerequisites to authorizing disbursement of funds to the issuer, would be amended to make express reference to N.J.S.A. 40A:5-16.b.

Proposed amendments to N.J.A.C. 5:31-4.1 would add language similar to the proposed amendments to N.J.A.C. 5:30-9A.6, discussed above, concerning vendor or claimant certification. N.J.A.C. 5:31-4.2 is proposed for amendment to require every local authority, at each organization meeting (that is, reorganization) to designate by resolution the individuals who are to initiate and authorize transactions utilizing standard electronic funds transfer technologies.

This notice of proposal provides for a comment period of 60 days and, therefore, pursuant to N.J.A.C. 1:30-3.3(a)5, is excepted from the rulemaking calendar requirement.

Social Impact

The proposed amendments, repeals, and new rules that make numerous changes to the rules governing the payment of claims on local governments, school districts, and county colleges, will have a positive social impact. N.J.S.A. 40A:5-16.5 directs the Local Finance Board to enact rules enabling the responsible use of electronic funds transfers to pay claims for goods and services. As vendors, financial institutions, and other government agencies transition away from paper-based processes, this rulemaking provides local governments, school districts, and county colleges with a comprehensive regulatory framework under which to confidently effectuate electronic funds transactions. Robust fiscal, operational, and technological controls will serve to ensure fiscal accountability and mitigate the risk for misappropriation of public funds. With respect to local governments subject to the Local Fiscal Affairs Law and the Local Authorities Fiscal Control Law, the provisions of the rulemaking allowing for flexibility in requiring claimant certification prior to payment will greatly reduce red tape and administrative burden for both local governments and vendors. Many vendors do not provide claimant certifications in the normal course of business, and requiring such certifications as a prerequisite to payment can cause delays in processing payment that risk the non-delivery of goods and services. Allowing increased flexibility with respect to claimant certification is

critical to facilitating use of the standard electronic funds transfer technologies by local governments.

Economic Impact

The proposed amendments, repeals, and new rules will have a positive economic impact on local governments, school districts, and county colleges. By eliminating existing barriers to full participation in e-commerce, the proposed amendments and new rules will ensure that local governments, school districts, and county colleges are able to do business with internet-based vendors; ensuring competitive procurement of goods and services and thereby reducing costs to the taxpayer. The rulemaking allows an alternative to the existing paper-driven claim payment process, reducing costs, such as postage as well as the amount of staff time necessary for processing physical documents.

Federal Standards Statement

No Federal standards analysis is required because the amendments, repeals, and new rules are not being proposed in order to implement, comply with, or participate in any program established under Federal law or under a State law that incorporates or refers to Federal law, standards, or requirements.

Jobs Impact

The proposed amendments, repeals, and new rules, which facilitate e-commerce and add flexibility to the payment of claims by local governments, boards of education, and county colleges, are not expected to result in the creation or loss of any jobs.

Agriculture Industry Impact

The Local Finance Board does not expect the proposed amendments, repeals, and new rules, which facilitate e-commerce and add flexibility to the payment of claims by local governments, boards of education, and county colleges, to have an impact on the agriculture industry.

Regulatory Flexibility Analysis

There are 47 New Jersey-resident financial institutions defined as small businesses for purposes of the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq., qualifying as depositories for local units, local authorities, boards of education, and county colleges under the Government Unit Deposit Protection Act (GUDPA). No procurement card issuers have been identified that qualify as small businesses pursuant to the Regulatory Flexibility Act. The uniform platform design standards, cybersecurity measures, audit reporting, and mandatory contractual provisions set forth within the rulemaking are necessary to ensure the protection of local government financial information and taxpayer dollars. N.J.A.C. 5:30-9A.4, as proposed for amendment, sets forth minimum cybersecurity requirements that reflect standard industry practice. The standard cost of an SOC 2 Type I and Type II audit report would be at least approximately \$40,000; however, making an SOC 2 report a uniform requirement is necessary for providing local government entities with detailed assurance that relevant criteria for security, availability, processing integrity, confidentiality, and privacy trust services principles are being met. Any other reporting, recordkeeping, and/or compliance requirements are discussed in the Summary above.

Housing Affordability Impact Analysis

The proposed amendments, repeals, and new rules, which pertain to the payment of claims by local governments, boards of education, and county colleges, are not expected to evoke a change in housing production costs nor will they affect the affordability of housing in New Jersey.

Smart Growth Development Impact Analysis

The proposed amendments, repeals, and new rules, are not expected to evoke a change in the housing production within Planning Areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan. The proposed amendments, repeals, and new rules, pertain to the payment of claims by local governments, boards of education, and county colleges.

Full text of the rules proposed for repeal may be found in the New Jersey Administrative Code at N.J.A.C. 5:30-9A.4, 9A.6, and 9A.8.

Full text of the proposed amendments and new rules follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

CHAPTER 30
LOCAL FINANCE BOARD

SUBCHAPTER 9A. ELECTRONIC DISBURSEMENTS [WITHOUT
VENDOR] AND CLAIMANT CERTIFICATION

5:30-9A.1 Purpose

[These] **The rules in this chapter** set forth standards for [contracting] **local units, local authorities, boards of education, and county colleges** to follow when using [procurement cards and] **standard** electronic funds transfer[s] **technologies** for the [acquisition of goods and services] **payment of claims pursuant to N.J.S.A. 40A:5-17 and 18A:19-2 or other applicable law in lieu of payment through the use of signed checks or warrants.** [These rules expressly permit the use of procurement cards and electronic funds transfers in any of the circumstances enumerated at N.J.S.A. 40A:5-16(c) and, therefore, permit payments to procurement card issuers, notwithstanding the provisions of N.J.S.A. 40A:5-16(a). These rules are intended to ensure that local units understand the risks associated with the use of procurement cards and electronic funds transfers in the acquisition of goods and services and implement sound fiscal and control practices governing such use. These rules do not permit the use of financial institution credit cards or debit cards by contracting units, nor do they alter or modify the requirements of N.J.S.A. 40A:5-16(b), or N.J.S.A. 40A:5-17 regarding approval or payment of funds to the procurement card issuer] **The rules in this chapter implement minimum fiscal and operational controls applicable to a standard electronic funds transfer technology as a condition of its use by a local unit, local authority, board of education, or county college, thereby mitigating the potential for fraud and abuse in electronic transfer of funds.**

5:30-9A.2 Definitions

The following words and terms, when used in this chapter, shall have the following meanings, unless the context clearly indicates otherwise:

["Advance payment" means those transactions for which an obligation to pay a procurement card issuer arises out of the acquisition of goods and services permitted by N.J.S.A. 40A:5-16(c).]

"Authorized procurement card user" means the individual employee of the [contracting] **local unit, local authority, or county college** authorized by the chief administrative officer to make transactions using a procurement card and whose name physically appears on the procurement card.

"Automated clearing house (ACH) transfer" means an **electronic funds transfer initiated by the local unit, local authority, board of education, or county college authorizing a banking institution to push funds from the entity's bank account(s) into a vendor or claimant's bank account, executed through the automated clearing house (ACH) electronic clearing and settlement system used for financial transactions.**

"Board of education" means a board of education as defined by the "Public School Contracts Law," N.J.S.A. 18A:18A-1 et seq. The phrase "board of education" shall include a renaissance school project as defined in the Urban Hope Act (N.J.S.A. 18A:36C-1 et seq.) for purposes of this chapter.

"Charge account" or "charge card" means an account, linked to a credit card issued by a specific vendor to which goods and services may be charged on credit, that must be paid when a statement is issued.

"Chief administrative officer" or "**chief executive officer**" means the appointed employee who oversees the day-to-day administrative affairs of the [contracting] **local unit, local authority, or county college** including, but not limited to, the following titles: business administrator, administrator, [and] township or city manager, **executive director, or president.** For boards of education, the appointed employee shall be the **chief school administrator.** In the absence of an appointed chief administrative officer, the person designated by law or the governing body to manage the day-to-day administrative affairs of the [contracting unit] **entity** shall assume the administrative responsibilities set forth in this subchapter.

["Chief financial officer" or "CFO" means the individual statutorily responsible for supervising the accounts and finances of a contracting

unit, and shall include any certifying and approval officer appointed pursuant to N.J.S.A. 40A:5-17(a), or such individual in similar capacity legally appointed by the governing body of a contracting unit.]

"**Chief financial officer**" or "**CFO**" means the **official designated by the governing body to be responsible for the proper administration of the finances of the local unit, local authority, or county college under any statutes and such rules promulgated by any State agency as may pertain to the financial administration of said entities. For boards of education, the appointed employee shall be the school business administrator.**

"**Claimant certification**" or "**vendor certification**" means a certification pursuant to N.J.S.A. 40A:5-16.a, presented by the **person claiming or receiving payment, that a detailed bill of items or demand is correct with regard to all particulars.**

"Contract" means the written agreement entered into by a [contracting] **local unit, local authority, or county college** and an authorized procurement card user for the purposes authorized in [these rules] **this chapter.**

["Contracting unit" means any county, municipality, board, commission, committee, authority or agency, and which has administrative jurisdiction over any district other than a school district, project, or facility, included or operating in whole or in part, within the territorial boundaries of any county or municipality which exercises functions which are appropriate for the exercise by one or more units of local government, and which has statutory power to make purchases and enter into contracts awarded by a contracting agent for the provision or performance of goods or services.]

"**County college**" means **county college as defined by the "County College Contracts Law," P.L. 1982, c. 189 (N.J.S.A. 18A:64A-25.1 et seq.).**

"Disbursement" means any payment of moneys, including any transfer of funds, by any means[, to the procurement card issuer, and for the purposes of these rules, shall not include the obligation to pay arising out of transactions consummated by the use of a procurement card].

"Electronic funds transfer" means any method of transferring moneys permitted by this rule that does not involve the physical presentation of a paper check, **draft, or similar paper instrument** including, but not limited to: wire transfers, e-checks, automated clearing house (ACH) transfers, and transactions initiated by phone or fax[; however, this term shall not include procurement cards].

"**Electronic data interchange (EDI)**" means **technology that provides transaction related details, including invoice number(s), pay dates, and other identifying information as appropriate for each transaction.**

"**Electronic Funds Transfer and Indemnification Agreement**" means a signed legally binding indemnification agreement renewed on an annual basis between a local unit, local authority, board of education, or county college and a banking institution authorized to conduct business in New Jersey, which authorizes that institution to access bank accounts for the purpose of conducting electronic funds transfers through the automated clearing house (ACH) operating system.

"Governing body" means the board, commission, council, administrator, or other body **by whatever name it may be known** having control of the finances of the [contracting] **local unit, local authority, board of education, or county college.** In those [contracting units] **entities** where a chief executive officer is authorized by law to participate in such control through powers of recommendation, approval, or veto, the term includes such chief executive officer to the extent of such participation.

"**Internal controls**" mean **fiscal and operational controls that ensure safe and proper use of a standard electronic funds transfer system and mitigate the potential for fraud and abuse. For purposes of this chapter, internal controls shall include technological safeguards and cybersecurity practices, as well as processes affected by the governing body, management, and other personnel establishing fiscal and operational controls that reduce exposure to risk of misappropriation.**

"Issuer" means the financial institution that has issued a procurement card, provides services, billings, and statements in support of a

procurement card or receives payments in satisfaction of obligations created from the use of a procurement card. For purposes of these rules, issuer includes intermediary transfer agents who participate in the process of implementing electronic funds transfers on behalf of the [contracting] local unit, local authority, or county college.

“Local authority” means an entity subject to the Local Authorities Fiscal Control Law, N.J.S.A. 40A:5A-1 et seq.

[“Local unit” means a municipality, county, or authority subject to the “Local Authorities Fiscal Control Law,” P.L. 1983, c.313 (N.J.S.A. 40A:5A-1 et seq.).]

“Local unit” means a local unit as defined in N.J.S.A. 40A:5-2.

“National Automated Clearing House Association (NACHA) file” means a file, formatted to National Automated Clearing House Association (NACHA) specifications, which contains instructions for transferring funds between accounts.

“Payment documentation” means such documentation, including evidence of approvals and certifications, as is required by N.J.S.A. 40A:5-16(b)16.b, [N.J.S.A.] 40A:5-17, and 18A:19.1 et seq., and [these rules] this chapter prior to the legal paying out of moneys.

[“Permitted use” means such use of procurement cards or electronic funds transfers as are specifically permitted by the policies and procedures of the contracting unit, but in no case beyond the scope of use permitted by N.J.S.A. 40A:5-16(c) or this subchapter.]

“Procurement card[.]” or “P-card” [or “purchasing card”] means an account or the physical card that represents an account governed by characteristics specific to a procurement card. These characteristics include limits of time, amount, access, and purchase category controlled by the [contracting] local unit, local authority, or county college in accordance with an agreement with an issuer. While such cards may have the appearance of a credit card, such as Visa™, MasterCard®, American Express, or Discover, such general-purpose cards [are] do not feature the controls that procurement cards have and as such are not permitted under these rules.

...

“Program manager” means an individual possessing a Qualified Purchasing Agent certification from the Division of Local Government Services who is responsible for day-to-day oversight and management of procurement card usage. [The program manager is responsible for overseeing all aspects of procurement card usage, including the management of supervisory review. The program manager may also be responsible for reconciliation of activity.]

“Reconciliation of activity” means the process used to determine that all transactions [on the procurement card statement] utilizing standard electronic funds transfer technologies are accurate, authorized and allocable to encumbered appropriations.

“Standard electronic funds transfer technologies” mean technologies that facilitate the transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, initiated by means such as, but not limited to, an electronic terminal, telephone, computer or magnetic tape for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account, and incorporate, at a minimum, internal controls set forth in rules promulgated by the Local Finance Board. No general purpose credit or debit card shall be considered a standard electronic funds transfer technology.

“Supervisory review” means the process performed by an individual in a supervisory capacity to confirm the propriety and accuracy of [procurement card] standard electronic funds transfer technologies use initiated by subordinates.

“Transaction” means any activity that may result in demand [to the contracting unit by a procurement card issuer for payment, or representing any other change or adjustment to the procurement card account] for payment.

5:30-9A.3 Authorization to use [procurement cards and] standard electronic funds transfer technologies for electronic funds transfers [for the acquisition of goods and services]

(a) The governing body of a [contracting] local unit, local authority, board of education, or county college may adopt policies that permit its specifically named officers and employees to use [procurement cards

or] standard electronic funds transfer technologies for electronic funds transfers [for the acquisition of goods and services under the circumstances set forth in N.J.S.A. 40A:5-16(c)], except that boards of education may not utilize procurement cards, charge cards, or charge accounts. Such policies shall be in writing and shall be approved by resolution or ordinance of the governing body, as appropriate. No governing body may adopt policies that fail to implement, at a minimum, the internal controls set forth in this chapter. [Such policies shall not exceed the limits and requirements expressed in the following conditions:

1. The conditions for advance payment under N.J.S.A. 40A:5-16(c)(1), covering circumstances when payment to vendors is required in advance of the delivery of certain goods or services that cannot be obtained from any other source at comparable prices, are as follows:

i. An individual transaction shall not exceed 15 percent of the contracting unit’s bid threshold unless, in the case of a procurement card transaction, the contracting unit has a program manager who possesses a Qualified Purchasing Agent certification from the Division of Local Government Services, in which case the individual transaction limit shall be subject to the contracting unit’s policies and procedures;

ii. Advance payment is required by the vendor;

iii. Comparable pricing is not otherwise obtainable for such goods or services to be available at the time and place required; and

iv. The contracting agent has approved such item for purchase from a particular vendor.

2. The conditions under N.J.S.A. 40A:5-16(c)(2), relating to circumstances when ordering, billing, and payment transactions for goods or services are made through a computerized electronic transaction, are as follows:

i. Transactions occurring under these circumstances shall not exceed 15 percent of the contracting unit’s bid threshold unless, in the case of a procurement card transaction, the contracting unit has a program manager who possesses a Qualified Purchasing Agent certification from the Division of Local Government Services, in which case the individual transaction limit shall be subject to the contracting unit’s policies and procedures;

ii. When an order is placed from a computer to a computer, such as on the Internet or similar computer network;

iii. The vendor requires immediate payment; and

iv. The contracting unit’s purchasing agent has approved such item for purchase from a particular vendor.

3. The conditions under N.J.S.A. 40A:5-16(c)(3), which permits local units to pay out moneys without requiring certification are as follows:

i. An individual transaction shall not exceed 15 percent of the contracting unit’s bid threshold unless, in the case of a procurement card transaction, the contracting unit has a program manager who possesses a Qualified Purchasing Agent certification from the Division of Local Government Services, in which case the individual transaction limit shall be subject to the contracting unit’s policies and procedures; and

ii. Certification is not readily obtainable by the contracting unit; but such exceptions shall not include reimbursement of employee expenses or payment for personal services.

4. The following circumstances are deemed appropriate for P-card or electronic funds transfer use:

i. Transactions shall be limited to the transaction thresholds specified in (a)1, 2 and 3 above;

ii. Items purchased must be tangible supplies, parts or materials necessary for ongoing operation and function of the contracting unit (for example, office supplies, sanitary supplies, auto supplies), or non-tangible items including e-z pass and utility payments, publications, memberships in organizations, conferences and training fees;

iii. Such items are purchased in transactions where vendor certification would not normally be readily available at the time of purchase;

iv. The cost of such purchases is comparable to costs available from other vendors where other vendors can provide the required goods and services in a timely manner; and

v. The contracting unit’s purchasing agent has approved such item for purchase from a particular vendor.]

(b) This section does not [change] authorize local units, local authorities, boards of education, or county colleges to exceed the maximum bid thresholds or other limits set forth in the Local Public Contracts Law, [(N.J.S.A. 40A:11-1 et seq.)], Public School Contracts Law, N.J.S.A. 18A:18A-1 et seq., or the County College Contracts Law, N.J.S.A. 18A:64A-25.1 et seq.

(c) Procurement card issuers and providers of ACH and wire transfer services are to be financial institutions chartered by Federal or State authority. ACH and wire transfer services must be provided by a financial institution covered by the Governmental Unit Deposit Protection Act, N.J.S.A. 17:9-41 et seq.

[(c)] (d) (No change in text.)

5:30-9A.4 Standard electronic funds transfer technologies; internal controls and conditions for use

(a) Local units, local authorities, boards of education, and county colleges shall only initiate and approve electronic funds in accordance with this subchapter. Standard electronic funds transfer technologies shall incorporate, at minimum, the following features and safeguards:

1. The ability to designate specific individuals able to initiate disbursements, barring those not authorized to initiate disbursements from doing so;

2. The ability to designate individuals who may authorize disbursement, and segregate initiation and authorization functions. Password or other security controls shall be in place to restrict access based on an individual's authorized role;

3. The ability to confirm receipt of payment by vendor;

4. The ability to bar automatic debits from local unit accounts;

5. The ability for appropriate officials to view transaction history, generate activity reports, and conduct supervisory reviews of all transactions;

6. The ability to backup transaction data and store such data offline;

7. Measures to mitigate risk of duplicate payment;

8. The creation and maintenance of an audit trail, such that transaction history, including demands for payment and payment initiation, authorization, and confirmation, can be independently tracked and detailed through the use of an electronic data interchange or functional equivalent;

9. The following cybersecurity best practice framework shall be followed:

i. Any system supporting a standard electronic funds transfer technology shall:

(1) Be hosted on dedicated servers or in a FedRAMP Moderate Impact Level Authorized Cloud. When using cloud services, the vendor shall check provider credentials and contracts;

(2) Encrypt stored and transmitted financial information and personal identification information;

(3) Maintain only critical personal identification information. Social Security numbers shall not be utilized as identification numbers for system purposes;

(4) Employ a resilient password policy;

(5) Undergo regular and stress testing;

(6) Have regular security updates on all software and devices carried out;

(7) Have back-up plans, information disposal, and disaster recovery procedures created and tested;

(8) Undergo regular security risk assessments for detecting compromises, along with regular monitoring for vulnerabilities, with necessary patches and updates being implemented; and

(9) Develop a Cybersecurity Incident Response Plan; and

ii. The managing organization shall:

(1) Check provider credentials and contracts when using cloud services;

(2) Educate staff in good security measures and perform employee background checks; and

(3) Create a computer security incident response team, generally called a CSIRT;

10. Financial institution providers of standard electronic funds transfer technologies shall provide annual evidence of satisfactory internal control to the chief financial officer. Such evidence must be in the form of an unqualified auditor's report issued pursuant to the performance of a Service Organization Control (SOC) 2 engagement based upon the existing Trust Services Principles (WebTrust™ and SysTrust™) carried out in accordance with AT 101, with the ability to test and report on the design effectiveness (Type I) and operating effectiveness (Type II) of the financial institution's controls;

11. ACH payments shall follow rules set forth by the National Automated Clearing House Association (NACHA) or an equivalent successor banking industry standard. In addition, the following safeguards shall be instituted:

i. All electronic funds transfers through the ACH must utilize electronic data exchange (EDI) technology and be subject to an Electronic Funds Transfer and Indemnification Agreement;

ii. A user that can generate an ACH file shall neither have upload rights nor access that permits editing of a vendor routing number or vendor account number;

iii. Each edit to vendor ACH information shall be approved by a separate individual and be logged showing the user editing the data, date stamp, IP address, and the approval of the edit;

iv. Any ACH file that is in plain text format shall not be stored on a local computer past the time transmitted to a bank; and

v. If supported by the financial institution of a local unit, local authority, board of education, or county college, said entities shall avail themselves of the ability to recall ACH payments via NACHA file;

12. A charge account or charge card issued by a specific vendor, which can only be utilized for goods and services provided by said vendor, may be utilized by local units, local authorities, and county colleges, but must incorporate the following safeguards:

i. Outstanding balances shall be required to be paid in full each month. No local unit shall utilize revolving charge cards;

ii. Allows the local unit, local authority, or county college to designate specific employees authorized to utilize the charge account or card and track purchases by individual user;

iii. Allows dollar amount limits to be placed on each single purchase; and

iv. Provides the ability to receive itemized statements and pay by invoice; and

13. No charge account or charge card issued by a specific vendor may be utilized for travel or dining expenses.

(b) The governing body of a local unit, local authority, board of education, or county college may only utilize standard electronic funds transfer technologies upon instituting, at a minimum, the following fiscal and operational controls:

1. The appropriate administrative ordinance or resolution shall be adopted authorizing the policies and procedures governing the use of standard electronic funds transfer technologies consistent with this subchapter;

2. The CFO shall ensure that the minimum internal controls set forth in this chapter, along with those internal controls set forth in the policies and procedures of the local unit, local authority, board of education, or county college are in place and being adhered to;

3. Initiation and authorization roles shall be segregated, and password-restricted. The CFO shall be responsible for authorization of all electronic funds transfers, unless the transfer was initiated by the CFO. If the CFO initiates an electronic funds transfer, another officer designated by the governing body that is not under the supervision of the CFO shall be responsible for authorization of the transfer. A backup officer may be designated in the event the CFO or chief administrative officer are unavailable. All payment of claims ordinances or resolutions enacted pursuant to N.J.S.A. 40A:5-17.b shall, at a minimum, comply with the provisions of this section. This section shall not be interpreted to prevent a local unit, local authority, board of education, or county college from requiring more than one officer to authorize an electronic funds transfer.

i. For counties organized pursuant to the provisions of the Optional County Charter Law, N.J.S.A. 40:41A-1 et seq., unless otherwise set forth in an ordinance adopted pursuant to N.J.S.A.

40A:5-17.b that provides a method of disbursing moneys or payment of claims, any electronic funds transfer shall be initiated by the chief executive officer.

ii. For counties not organized pursuant to the provisions of the Optional County Charter Law, N.J.S.A. 40:41A-1 et seq., unless otherwise set forth in a resolution adopted pursuant to N.J.S.A. 40A:5-17.b that provides a method of disbursing moneys or payment of claims, any electronic funds transfer shall be initiated by the clerk of the freeholder board.

iii. Unless otherwise set forth in an ordinance adopted pursuant to N.J.S.A. 40A:5-17.b that provides a method of disbursing moneys or payment of claims, any electronic funds transfer by a municipality shall be initiated by the mayor or other chief executive officer, and authorized by the municipal clerk in addition to the chief finance officer.

4. No local unit, including a county college, shall disburse funds unless the goods and services are certified as having been provided pursuant to N.J.S.A. 40A:5-16.b, unless otherwise permitted pursuant to N.J.S.A. 40A:5-16.c(1) and this subchapter;

5. Each bill list approved or ratified by the governing body shall indicate the type of standard electronic funds transfer technology that has been or will be utilized in paying the claim, along with a reference that permits tracking;

6. On no less than a weekly basis, activity reports on all transactions utilizing standard electronic funds transfer technologies shall be reviewed by the CFO or another individual under the supervision of the CFO, and in the case of a board of education, an individual appointed by the governing body on an annual basis that is not under the direct supervision of the CFO and is not empowered to initiate or authorize electronic funds transfers. Reconciliation shall be performed on a regular basis. Any activity reports generated by the CFO shall be monitored by another officer, designated by the governing body, who is not under the supervision of the CFO;

7. A user that uploads an ACH file shall check the amounts and recipients against a register displaying ACH payments; and

8. For a charge account or card issued by a specific vendor, a local unit, local authority, or county college shall:

i. Issue a monthly purchase order for each individual charge account or card authorizing a maximum amount that can be expended each month;

ii. Designate specific employees able to utilize the account or card;

iii. Require billing by invoice;

iv. Pay the outstanding balance in full each month; and

v. Establish policies and procedures for use, such as are required for procurement card usage pursuant to N.J.A.C. 5:30-9A.7, except that the designation of a program manager shall not be required.

5:30-9A.5 Procurement card limit and control requirements

(a) A procurement card differs substantially from a credit card issued by a financial institution because of the controls that may be exercised [by the contracting unit] on its use. Before selection of an issuer (and in addition to consideration of fees and rebates, software and computer requirements, and accessibility to the vendor), the following limits and controls shall be incorporated into the procurement card program:

1.-6. (No change.)

5:30-9A.6 Claimant certification; when payment can be made without claimant certification

(a) A certification pursuant to N.J.S.A. 40A:5-16.a that a bill or demand is correct must either feature an original signature, signature stamp, facsimile signature, or electronic signature of the individual making the certification.

(b) For boards of education, claimant certification shall be in accordance with the provisions of N.J.S.A. 18A:19-3.

(c) For a local unit, including a county college, payments may be made without certification by the vendor or claimant as to the bill or demand being correct under the following circumstances:

1. When payment to vendors is required in advance of the delivery of the following materials or services, if those materials or

services cannot be obtained from any other source at comparable prices, including:

i. For such purposes as may be permitted pursuant to N.J.S.A. 40A:5-16.2 and 16.3;

ii. Payment obligations to the State or Federal governments;

iii. Membership in a nonprofit organization;

iv. Educational courses, including, but not limited to, those where continuing education credits are awarded;

v. Registration for a conference or convention sponsored by a nonprofit organization; and

vi. Website hosting, including registration and maintenance of a domain name;

2. When ordering, billing, and payment transactions for goods or services are made through a computerized electronic transaction utilizing standard electronic funds transfer technologies; and

3. Where the local unit institutes a standard policy through resolution or ordinance, as appropriate, to not require a vendor or claimant certification if said vendor or claimant does not provide, as part of its normal course of business, a certification from an individual with knowledge of the transaction that a bill or demand is correct. In instituting such a policy, the local unit shall have the discretion to require vendor or claimant certification as the local unit deems necessary or appropriate.

(d) The provisions of (c)2 and 3 above shall not apply to the reimbursement of employee expenses or payment for personal services.

1. No employee expenses shall be reimbursed, unless the employee provides a detailed statement, certified in writing by the employee, along with documentation in support of each expense.

2. For purposes of this section, a "personal service" shall be a service provided exclusively and entirely by the individual seeking payment.

(e) Vendor or claimant certification shall not be required as a condition for payment to be made for debt service or any services set forth under N.J.S.A. 40A:5-16.d.

5:30-9A.7 Policies and practices governing use of procurement cards; audit

(a) The [contracting] local unit, local authority, or county college shall establish the following procedures to ensure that the use of procurement cards is governed by sound fiscal and management controls. All policies and procedures shall be enforced to ensure that the contracting unit shall establish procedures regarding the use of procurement cards as follows:

1. (No change.)

2. Procurement cards shall be issued in the name of a specific individual. Said individual, upon completion of the requisite training, shall complete and sign a contract of understanding that includes financial responsibility for misuse of the procurement card. A card shall not be issued unless it can be shown that such issuance is necessary for the conduct of ongoing operations in the normal course of providing government services[.];

3. Under no circumstance shall procurement cards be [used to purchase personal property or services, including] utilized for personal use. Procurement cards shall not be used for travel and dining expenses for government employees, volunteers, or officials. Existing law, N.J.S.A. 40A:5-16.1, provides mechanisms for employees to receive travel and expense funds in advance. Subject to the authorization process and limits of this subchapter, procurement cards may be used by a Qualified Purchasing Agent of a county, or the County Sheriff or County Prosecutor if authorized by a resolution or ordinance of the governing body of the county, to arrange for travel, room, and board expenses of defendants, witnesses, or experts required for matters before the courts. This section shall not be interpreted to bar the use of procurement cards for the cost of educational courses, or registration for conferences and conventions sponsored by a nonprofit organization;

4. A procurement card is not to be issued to an individual who is neither covered by a fidelity bond nor by a blanket honesty policy held by the [contracting] local unit, local authority, or county college, and

shall be cancelled if a person to whom a procurement card is issued becomes ineligible for coverage under the fidelity bond or blanket honesty policy; and

5. (No change.)

(b) The chief administrative officer, in consultation with the chief financial officer and the program manager, if that individual is someone other than the chief financial officer, will identify positions within the organizational structure that will benefit from the use of a procurement card and establish limits by amount, period (time), and category of usage permissible. Under the supervision of the chief financial officer, the program manager shall develop and administer a supervisory review process, as well as engage in any other oversight or management duties required to ensure the proper usage of procurement cards. The chief financial officer or an individual under the supervision of the chief financial officer other than the program manager shall be responsible for reconciliation of activity.

[(b)] (c) The program manager, subject to the supervision of the chief financial officer if the program manager is someone other than the chief financial officer, is responsible for the identification, analysis, and management of all risks associated with the use of procurement cards.

[(c)] (d) The [contracting] local unit, local authority, or county college shall publish and distribute within the organization all policies and procedures that govern all procurement card users, their supervisors, the purchasing agent, the accounts payable, and accounting personnel responsible for reconciliation of procurement card statements and the disbursement of funds in satisfaction thereof. Said policies and procedures shall, at a minimum, describe the following:

1.-12. (No change.)

[(d)] (e) The [program manager] chief financial officer shall assure that the following information is gathered and reviewed prior to any disbursement of funds to the issuer:

1. Evidence of each transaction, including a receipt or other acceptable documentation provided by the vendor of goods or services, and certified by the authorized procurement card user pursuant to N.J.S.A. 40A:5-16.b, as having been received as described;

2. (No change.)

3. A reconciliation of activity performed upon the transaction evidence, supervisory review, and procurement card issuer statement; and

4. (No change.)

[(e)] (f) The [program manager] chief financial officer is responsible for monitoring and assessing the quality of internal control performance on a continuing basis to assure that all controls are actively pursued each cycle without exception.

5:30-9A.8 (Reserved)

CHAPTER 31
LOCAL AUTHORITIES

SUBCHAPTER 4. APPROVAL AND PAYMENT OF CLAIMS

5:31-4.1 Payment of authority moneys; approval of claims

(a) All persons submitting a claim for payment from authority moneys shall present a detailed bill of items or demand, specifying how the bill or demand is made up, with the certification of the party claiming payment that it is correct[.], **except payments may be made without certification by the vendor or claimant as to the bill or demand being correct under the following circumstances:**

1. When payment to vendors is required in advance of the delivery of the following materials or services, if those materials or services cannot be obtained from any other source at comparable prices, including:

i. For such purposes as may be permitted pursuant to N.J.S.A. 40A:5-16.2 and 16.3;

ii. Payment obligations to the State or Federal governments;

iii. Membership in a nonprofit organization;

iv. Educational courses, including, but not limited to, those where continuing education credits are awarded;

v. Registration for a convention hosted by a nonprofit organization; and

vi. Website hosting, including registration and maintenance of a domain name.

2. When ordering, billing, and payment transactions for goods or services are made through a computerized electronic transaction utilizing standard electronic funds transfer technologies; and

3. Where an authority institutes a standard policy by resolution not to require a vendor or claimant certification if said vendor or claimant does not provide, as part of its normal course of business, a certification from an individual with knowledge of the transaction that a bill or demand is correct. In instituting such a policy, the authority shall have the discretion to require vendor or claimant certification as the authority deems necessary and appropriate.

(b) The provisions of (a)2 and 3 above shall not apply to the reimbursement of employee expenses or payment for personal services.

1. No employee expenses shall be reimbursed by an authority unless the employee provides a detailed statement, certified in writing by the employee, along with documentation in support of each expense.

2. For purposes of this section, a "personal service" shall be a service provided exclusively and entirely by the individual seeking payment.

(c) An authority shall not require vendor or claimant certification before payment is made for debt service or the services set forth under N.J.S.A. 40A:5-16(d).

(d) A certification pursuant to N.J.S.A. 40A:5-16.a that a bill or demand is correct must feature either an original signature, signature stamp, facsimile signature, or electronic signature of the individual making the certification.

Recodify existing (b)-(d) as (e)-(g) (No change in text.)

[(e)] (h) Payment of claims shall be by check drawn on the authority, signed by the governing body chairman[,] and the chief financial officer and countersigned by such other officer or official as designated by the resolution. **Disbursements utilizing standard electronic funds transfer technologies shall be initiated and authorized pursuant to N.J.A.C. 5:30-9A.**

[(f)] (i) The governing body shall by resolution, passed by not less than a majority of the full membership, designate the manner in which and the time in which salaries, wages, or other compensation for services shall be paid.

5:31-4.2 Signatures on checks drawn upon the treasury of the authority; **initiation and authorization of electronic funds transfers**

Every authority shall at each organizational meeting designate by resolution the individuals whose signatures shall appear on checks drawn upon the treasury of the authority **and the individuals who shall initiate and authorize transactions utilizing standard electronic funds transfer technologies.**

(a)

DIVISION OF LOCAL GOVERNMENT SERVICES

Tax Collection Administration

Proposed New Rule: N.J.A.C. 5:33-1.1

Authorized By: Timothy J. Cunningham, Director, Division of Local Government Services.

Authority: N.J.S.A. 54:5-19.1.a.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2017-097.

Please submit written comments by August 18, 2017, via e-mail to dlds@dca.nj.gov or by regular mail to:

Jason R. Martucci, Esq.
Administrative Practice Officer