

## CHAPTER 29

**AN ACT** authorizing certain local government entities to adopt policies for the payment of certain claims through the use of standard electronic funds transfer technologies, and supplementing chapter 5 of Title 40A of the New Jersey Statutes.

**BE IT ENACTED** by the Senate and General Assembly of the State of New Jersey:

C.40A:5-16.5 Certain government entities authorized to adopt policies for payment of claims electronically; definitions.

1. a. Notwithstanding any laws, rules, or regulations to the contrary, the governing body of a local unit, board of education, or county college may adopt policies, by ordinance or resolution, as appropriate, for the payment of claims pursuant to N.J.S.40A:5-17, N.J.S.18A:19-2, or other applicable law, through the use of one or more standard electronic funds transfer technologies in lieu of payment through the use of signed checks or warrants.

b. (1) Any policy adopted pursuant to subsection a. of this section shall explicitly list the forms of standard electronic funds transfer technologies that may be used by that local unit, board of education, or county college.

(2) A policy adopted pursuant to subsection a. of this section shall designate the chief financial officer of the local unit, board of education, or county college as being responsible for the oversight and administration of the disbursement policy and associated systems. The chief financial officer shall document and implement internal controls sufficient to ensure safe and proper use of the system and mitigate the potential for fraud and abuse.

c. As used in this section:

“Chief financial officer” means the official designated by the governing body to be responsible for the proper administration of the finances of the local unit, board of education, or county college under any statutes and such rules and regulations promulgated by any State agency as may pertain to the financial administration of the local unit, board of education, or county college.

“Governing body” means the board, body, or administrator, by whatever name it may be known, having charge of the finances of the local unit, board of education, or county college.

“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.

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

“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, 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.

d. The Local Finance Board, in consultation with the Commissioner of Education and the Secretary of Higher Education, may adopt rules and regulations, pursuant to the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), for the purpose of implementing the provisions of this act.

2. This act shall take effect on the first day of the eighth month following the date of enactment, except that the Local Finance Board, Commissioner of Education, and Secretary of Higher Education may take any anticipatory administrative action in advance as shall be necessary for the implementation of this act.

Approved August 18, 2016.