

ADMINISTRATIVE ELECTRONIC PAYMENTS POLICY**I. PURPOSE**

This Policy shall govern the manner by which SCERA staff shall execute payments of Plan funds to administer activities of the Plan, separate from Wire Transfers. In order to prevent unauthorized transfers or theft, the preparation and approval of electronic payment requests should not be authorized by the same individual or by two individuals in the same group.

A. Types of Administrative Payments:

1. Accounts Payable Automated Clearing House (ACH): Payment of plan operating expenses through the general ledger system of the Plan.
2. Retiree Payroll ACH: Payment of lump sum benefits for returns of contributions, withdrawals, and death benefits and monthly pension benefits to retirees, continuances, and deductions payable to approved vendors.
3. Federal & California Tax Payments: Payment of Federal and California income taxes withheld from payee payments and remitted to the taxing agencies monthly.

B. When to execute payments

1. Payments of Plan assets are to be executed timely to remit expenses that are approved, due and payable to the payee.

C. Risks

1. SCERA staff must exercise caution and due diligence when paying funds to SCERA payees.
2. Authorized system users should be reviewed
 - a) Annually,
 - b) Upon changes in work assignments,
 - c) Upon change in employment status of authorized signer.

D. Authority:

1. The Board of Retirement has delegated to the Chief Executive Officer (CEO) through the Chief Executive Officer Charter the authority to oversee operations of the Plan. Below are applicable sections from the CEO Charter:
 - a) Ensure accurate payment of benefits to members, and address problems or errors in accordance with established policies and procedures (Section C1b),
 - b) Authorize payments, or empower a designee to authorize payments related to the administration of SCERA consistent with delegated authority, the Operating Budget, and internal controls of SCERA (Section D1d),
 - c) Implement and follow appropriate internal financial controls to safeguard the assets of SCERA (Section E1b),
 - d) Ensure effective and timely communications and working relationships with members and stakeholders on benefits and other appropriate matters relating to the administration of SCERA Section H1b).

II. DETAILS

A. Payment Procedures:

1. Accounts Payable ACH:

Invoices shall be approved in accordance with *Invoice Approval and Check Signing Authorization* policy and will be processed in accordance with Accounts Payable procedures which include: *Vendor Banking and Prenote Procedure* and *Check/ACH Run Procedures*. SCERA staff will call a known representative to confirm the change in banking information.

2. Retiree Payroll ACH:

Payments and refunds to payees shall be executed in accordance with Retiree Payroll procedures which include: *Steps to Run Payroll*, *Direct Deposit Change Procedures* and *Death Form Procedures*. SCERA staff will call a the member to confirm the change in banking information.

3. Federal & California Tax Payments:

Tax payments of payee withholdings shall be executed in accordance with Retiree Payroll procedures which include: *Federal & State Tax Entry in State Street Procedures*.

B. Payment Processing:

1. Accounts Payable New ACH Payment or Change of Banking Information:

Due to general ledger system limitations, vendors with new or updated accounts payable banking information receive payment for their first invoice in 2 steps to ensure accuracy of receipt. The first payment is for \$0.10 and the vendor must confirm receipt of the deposit. Once confirmed, the remainder of the invoice will be processed on the next routine ACH payment run.

2. Retiree Payroll ACH New ACH or Change of Banking Information:

All new or updated banking information in the Pension Gold pension system is provided to SCERA's custodian bank in a Prenote file before any payment is processed to the new account(s).

III. SECURITY

A. Notification of Authorized Individuals:

The Chief Executive Officer, or in their absence the Chief Investment Officer, shall inform, in writing, the Custodian Bank of the names and positions of authorized persons and shall direct the bank that instructions are to be accepted from no other persons.

B. System Access:

The Chief Executive Officer and Finance & Retiree Services Manager will provide authorized staff access to systems to perform steps identified in relevant procedures.

C. Authorized Individuals:

The following SCERA roles are authorized to participate in relevant steps in the above payment types: Finance & Retiree Services Manager, Accountant III, G/L & Investment Accountant I/II, and Retiree Payroll Accountant I/II.

IV. REVIEW

The Board shall review this policy at least every three years to ensure that it remains relevant and appropriate.

V. HISTORY

This policy was adopted by the Board on 5/22/2025.