

P.L.2016, CHAPTER 29, *approved August 18, 2016*

Assembly, No. 3851 (*First Reprint*)

1 AN ACT authorizing certain local ¹**[units]** government entities¹ to
2 adopt policies for the payment of certain claims through the use
3 of standard electronic funds transfer technologies, ¹and¹
4 supplementing ¹chapter 5 of¹ Title 40A of the New Jersey
5 Statutes.

6
7 **BE IT ENACTED** by the Senate and General Assembly of the State
8 of New Jersey:

9
10 1. a. Notwithstanding any laws, rules, or regulations to the
11 contrary, the governing body of a local unit ¹, board of education,
12 or county college¹ may adopt policies, by ordinance or resolution,
13 as appropriate, for the payment of claims pursuant to N.J.S.40A:5-
14 17, N.J.S.18A:19-2, or other applicable law, through the use of one
15 or more standard electronic funds transfer technologies in lieu of
16 payment through the use of signed checks or warrants.

17 b. (1) Any policy adopted pursuant to subsection a. of this
18 section shall explicitly list the forms of standard electronic funds
19 transfer technologies that may be used by that local unit ¹, board of
20 education, or county college¹.

21 (2) A policy adopted pursuant to subsection a. of this section
22 shall designate the chief financial officer of the local unit ¹, board
23 of education, or county college¹ as being responsible for the
24 oversight and administration of the disbursement policy and
25 associated systems. The chief financial officer shall document and
26 implement internal controls sufficient to ensure safe and proper use
27 of the system and mitigate the potential for fraud and abuse.

28 c. As used in this section:

29 “Chief financial officer” means the official designated by the
30 governing body to be responsible for the proper administration of
31 the finances of the local unit ¹, board of education, or county
32 college¹ under any statutes and such rules and regulations
33 promulgated by any State agency as may pertain to the financial
34 administration of the local unit ¹, board of education, or county
35 college¹.

36 “Governing body” means the board, body, or administrator, by
37 whatever name it may be known, having charge of the finances of
38 the local unit ¹, board of education, or county college¹.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate floor amendments adopted June 27, 2016.

1 ¹“Internal controls” mean fiscal and operational controls that
2 ensure safe and proper use of a standard electronic funds transfer
3 system and mitigate the potential for fraud and abuse.¹

4 “Local unit” means a ¹**【contracting】** local¹ unit as defined ¹【by
5 the “Local Public Contracts Law,” P.L.1971, c.198 (C.40A:11-1 et
6 seq.), a board of education as defined by the “Public School
7 Contracts Law,” N.J.S.18A:18A-1 et seq., and a county college as
8 defined by the “County College Contracts Law,” P.L.1982, c.189
9 (C.18A:64A-25.1 et seq.)】 in N.J.S.40A:5-2¹.

10 “Standard electronic funds transfer technologies” ¹**【include, but**
11 **are not limited to, wire transfers, automated clearing house**
12 **transactions, and debit cards】** mean technologies that facilitate the
13 transfer of funds, other than a transaction originated by check, draft,
14 or similar paper instrument, initiated by means such as, but not
15 limited to, an electronic terminal, telephone, or computer or
16 magnetic tape for the purpose of ordering, instructing, or
17 authorizing a financial institution to debit or credit an account, and
18 incorporate, at a minimum, internal controls set forth in regulations
19 promulgated by the Local Finance Board¹.

20 d. ¹**【(1)】¹** The Local Finance Board, in consultation with the
21 Commissioner of Education ¹and the Secretary of Higher
22 Education¹, may adopt rules and regulations ¹, pursuant to the
23 “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et
24 seq.),¹ for the purpose of ¹【clarifying the implementation and use of
25 standard electronic funds transfer technologies.

26 (2) For the purposes of this section, a county college shall be
27 subject to the rules and regulations of the Secretary of Higher
28 Education】 implementing the provisions of this act¹.

29
30 2. This act shall take effect ¹【immediately】 on the first day of
31 the eighth month following the date of enactment, except that the
32 Local Finance Board, Commissioner of Education, and Secretary of
33 Higher Education may take any anticipatory administrative action in
34 advance as shall be necessary for the implementation of this act¹.

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40 Authorizes certain local government entities to adopt policies for
41 payment of certain claims through use of standard electronic funds
transfer technologies.