

MIBA's Compliance Corner

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Why Would You Audit the ACH? Isn't it all Automated?

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The short answer is because an annual ACH Rules Compliance Audit is required by NACHA, the governing body of the ACH Network. Not good enough? Consider the following: Regulators expect internal controls, checks and balances of the payments system, billions of dollars move daily via ACH and fraudsters are constantly inventing techniques to siphon funds from your accounts. That audit of your internal policies and controls seems a bit more appealing now, doesn't it?

An ACH Audit examines the fine nuances of ACH to ensure your institution is adhering to the *NACHA Operating Rules* and establishing procedures to ensure your operations are running smoothly with few errors and exceptions, including:

- Returns are processed timely and properly to avoid unnecessary losses
- Agreements are obtained to outline responsibilities and warranties
- Entries are posted to the correct accounts
- Files are appropriately monitored to protect against account takeover, fraud or legal action
- Origination files are monitored against appropriate exposure limits prior to transmission to mitigate risk

The ACH Audit is your opportunity as a financial institution to identify, enhance and correct your internal policies, procedures and processes before a costly problem occurs or a regulatory exception is identified by your examiner. That ACH Network is also the only payment system that governs itself by everyone agreeing to play by the "rules." Don't forget to do your part. Conducting your ACH Audit not only protects the ACH Network as a whole, but helps your institution identify problems before an issue arises.

Jennifer Kline is the Director of Audit Services for EPCOR, a not-for-profit trade association providing electronic payments and risk management information, education, support and national industry representation to U.S. financial institutions. Jennifer travels EPCOR's footprint conducting ACH Rules Compliance Audits as well as ACH and RDC Risk Assessments for member financial institutions. She has over 20 years' experience in the financial services industry and has earned her Accredited ACH Professional (AAP) and National Check Professional (NCP) certifications.

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