



CFO DIRECTIVE
No. 2016-001

TO: All Departments, Divisions, and Agencies
SUBJECT: Supplier Payments and Automatic Clearing House (“ACH”)
ISSUANCE DATE: February 12, 2016
EFFECTIVE DATE: June 1, 2016

1. AUTHORITY

1.1. State of Michigan Public Act 182 of 2014, Section 4s(2)(a) states the chief financial officer shall supervise all financial and budget activities of the city.

2. PURPOSE

2.1. The City of Detroit (the “City”) currently issues paper checks to suppliers. This process results in delayed payments and increased administrative costs to the City.

2.2. The City is implementing a new Financial Management System in order to streamline its business operations and improve the accuracy and timeliness of its data. A component of the Financial Management System is the ability to make ACH payments.

2.3. ACH payments support a more efficient and automated payment process by electronically transferring funds directly into the payment receiver’s bank accounts.

3. OBJECTIVE

3.1. To establish the City’s policy on how payments to suppliers shall be made.

4. SCOPE

4.1. This Directive applies to all City departments, divisions, and agencies.

4.2. This Directive applies to all entities that use the City’s accounts payable services including authorities, component units, or other governmental entities.

4.3. This Directive applies to all suppliers that do business with those entities stated in Section 4.1 and 4.2 of this Directive.

5. RESPONSIBILITIES

5.1. The Deputy CFO- Controller / Chief Accounting Officer shall be responsible for implementing and enforcing this Directive.

5.2. The Deputy CFO- Chief Procurement Officer shall be responsible for distributing this Directive to current suppliers and posting this Directive on the City’s supplier portal and applicable websites.

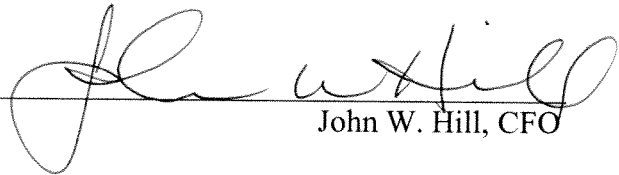
6. POLICY



- 6.1. The City shall make all payments to suppliers via ACH. Any exception shall be approved by the Chief Financial Officer or designee.
 - 6.2. Suppliers must provide the information necessary for the City to implement this Directive.
 - 6.3. Suppliers that do not adhere to Section 6.2 of this Directive may be restricted from submitting bids or may have substantial delays in receiving payment. Any current supplier as of the Issuance Date of this Directive that does not adhere to Section 6.2 of this Directive may not receive payments beginning on the Effective Date of this Directive.
7. PROCEDURE
- 7.1. The Deputy CFO- Controller / Chief Accounting Officer shall ensure the City's systems and processes are designed in a manner consistent with this Directive.
 - 7.2. The Deputy CFO- Chief Procurement Officer shall ensure the City's supplier registration and contracting processes are designed in a manner consistent with this Directive.

APPROVED

February 12, 2016
Date


John W. Hill, CFO