I. Date of Initiation/Revision
January 26, 2017; prior approvals: November 1, 2016 and February 2, 2010

II. Policy Classification
Office of Treasury Management (“Treasury”)

III. Policy Summary
This policy establishes general guidelines for using electronic funds transfers including wire transfers for payables and receivables.

IV. Related Policies
Not currently applicable.

V. Delegation of Authority
The Senior Vice President for Administration & Finance and Chief Financial Officer has authorized the Office of Treasury as the University’s representative for this policy and procedure.

VI. Policy Statement
The primary goals of this policy are to ensure that the use of Electronic Funds Transfers (EFTs) to receive and remit funds are initiated, executed, and handled in a secure manner and to ensure adequate banking controls are maintained. Factors of this policy include security, efficiency, cost effectiveness, the type of transfer requested and the methods used to communicate instructions with the University's bank.

This policy will identify the responsibilities of the Office of Treasury Management and the types of EFTs to be maintained via banking portals, restricted to Treasury. Payments made by Treasury are limited to situations requiring immediate or irrevocable funds (payroll-related benefit payments such as retirement fund, debt payments, payroll taxes, etc.), when payments are stipulated by contract or when the payments are extraordinary type payments. All other routine payments should be referred to Accounts Payable for payment and processing.

This policy also identifies the proper documents to be completed by University personnel who request payment via EFT. Completion of the proper form(s) and documentation ensures timely and accurate payments while establishing an audit trail to track and report on the flow of funds.

This policy identifies the responsibility of all individuals involved in the process of EFT activities.

General guidelines:

All EFT arrangements are to be submitted to Treasury for receipts and disbursements for foreign currency, payroll and benefits, debt and related payments and extraordinary payments. Treasury will review backup documentation and approve all funds transfer receipt requests prior to release of University bank instructions to external parties. All EFTs must have a Form F-4 EFT, Request for Electronic Funds Transfer (http://www.rochester.edu/adminfinance/treasury/) signed by two authorized individuals in accordance with the Financial Authorization and Signature Policy from Senior Vice President Administration and Finance & CFO (http://www.rochester.edu/adminfinance/signature/). All payments must be approved by the requestor’s immediate supervisor or by the responsible person for whom the account(s) are to be charged in UR Financials. All EFTs supported by a purchase order are processed through Accounts Payable unless EFT to a foreign bank is necessary. Operating investments are not covered by this policy.
Treasury determines the EFT payment type based on the necessary settlement date of the payment. Types of EFTs include: ACH (Automated Clearing House), CHIPS (Clearing House Interbank Payments System), SWIFT (Society for Worldwide Interbank Financial Telecommunications), Federal Reserve Wire ("Fed wire") and Book Transfer. EFT transactions can also be freeform. Examples of how payments are made or received include: government agencies almost always pay through the ACH, large corporate payments are typically made through Fed Wire, tax payments are made via EFTPS and foreign entities always pay through wire transfer via SWIFT and Fed Wire.

All EFT transactions through Treasury will be initiated and approved through the JP Morgan ACCESS℠ treasury services web portal ("ACCESS"). This portal maintains individuals as initiators and approvers with specific controls and functions for the purposes of dual control and secondary authentication (see Procedures for Treasury Office and General Accounting for more details).

Any necessary refund of funds will be handled in a manner consistent with the original receipt. The documentation for any refund will also be consistent with the original receipt.

VII. Responsibilities

Division/Department:
Receiving funds:
To initiate an incoming EFT relationship, the periodic incoming receipts to the University should exceed $2,500. If the incoming receipt amount is less, a discussion with a Treasury representative is appropriate. The division/department will work with Treasury to provide banking instructions be sent via secure method to the payor. The division/department must perform due diligence on the vendor or work with Purchasing to assure requirements for purchasing from the vendor meet University requirements.

Paying funds:
Vendor EFT relationships are handled on a case-by-case basis with Purchasing or the Accounts Payable department. Vendor EFTs are made via ACH, American Express Buyer Initiated Payments ("AMEX BIP") or Purchasing Card ("P-Card"). Factors in the decision to pay via EFT include: the size of the account/payment, the length of the relationship, the frequency of payment(s), etc. The division/department, Purchasing and/or Accounts Payable will confirm banking instructions with the payee.

Accounts Payable:
If a vendor requests payment via EFT, Accounts Payable will work with the vendor to attain or verify the EFT banking instructions provided by Purchasing or the vendor. An alternate Accounts Payable staff member will confirm the banking instructions with the vendor to mitigate fraud and strengthen the integrity of the data. The alternate Accounts Payable staff member confirmation is not necessary if the appropriate due diligence was performed by the division/department or Purchasing. EFTs initiated by Accounts Payable do not have a minimum dollar amount for initiation.

Purchasing:
If a vendor requests payment via EFT, Purchasing may work with Accounts Payable to identify the payment transaction type required for the settlement of funds to the vendor. Purchasing may also work with the vendor to attain the vendor’s banking instructions. If Purchasing receives the banking instructions, only one individual in Accounts Payable will confirm the banking instructions. The vendor requirements maintained by Purchasing will provide support of the integrity of the vendor.

Treasury:
Treasury will identify the appropriate EFT payment method for requests received for processing by Treasury. Treasury will review the transactional details and supporting documentation received for payment initiation to assure the integrity of the information. Treasury may consult with the provider of the request for payment to assess that vendor due diligence was performed and integrity of the banking instructions.

General Accounting:
General accounting will record/"book" all payments made by Treasury into UR Financials. Treasury will provide General Accounting with the documentation that was provided to Treasury for the purposes of recording the EFT transactions into UR Financials.

VIII. Procedures

Division/Department:
All division/department requests to receive funds electronically should be communicated to Treasury via email (cash_mgmt@ur.rochester.edu).

All division/department requests to pay funds electronically via F-4 Electronic Funds Transfer, should be communicated to Treasury for payroll and benefits, debt and related payments and extraordinary payments and to Accounts Payable for all other EFT payments. All documentation to process the transaction for payment should be included with the F-4 Electronic Funds Transfer. Requests for EFT made to Accounts Payable require at least 4 business days prior to desired settlement date. Payments requiring less than 4 business days may be processed by Treasury. All requests must be submitted to Treasury prior to 10am for same day settlement.

For electronic receipt of funds, the following information must be sent via e-mail to cash_management@rochester.edu prior to receiving electronic funds transfer:

- Name of payer
- Amount
- Company Code
- Financial Activity Object ("FAO") to be credited in UR Financials
- Revenue or Spend Category
- Anticipated date of receipt
- Contact name and telephone number
- Payer's bank name and address (if possible)

**Note:** If electronic funds are received and an owner is not identified the same day, UR is required by Federal banking rules to return the funds to sender the same day debited/credited to the bank account.

For electronic payment of funds, requestor must complete F-4 EFT-Request for Electronic Funds Transfer and submit this form with dual signatures with the invoice and/or any additional supporting documentation (including an independent source showing the wiring instructions, if not provided on the invoice) to Treasury for foreign currency, payroll and benefits, debt and related payments and extraordinary payments. All other payment requests are to be submitted to Accounts Payable. The receiver of the request for payment will review the accuracy of data provided by the preparer of the F-4 EFT, Request for Electronic Funds Transfer. The following details are required in order for the payment to be processed:

- Name of payee and payee's address
- Amount and currency type
- Payee’s bank name and address
- United States ABA or SWIFT/CHIPS number (for international payments)
- Payee’s bank account number or IBAN (for international payments)
- Company Code
- Financial Activity Object ("FAO") to be debited in UR Financials
- Spend Category or Revenue Category and Ledger Code
- Two signatures of authorized signers

Signatures on the F-4 EFT must conform to the University of Rochester’s Financial Signature & Authorization Policy. Questions relating to electronic receipts and/or payments should be directed to Treasury.

Purchasing:
Purchasing will consult with Treasury or Accounts Payable as necessary to establish vendor EFT relationships.

**Accounts Payable:**
Accounts Payable may establish EFT payments for vendors. The EFT payment type by Accounts Payable is by ACH only. Accounts Payable will comply with the required due diligence review of the vendor and also review of the integrity of the vendor’s banking instructions.

**Treasury:**
The divisions/departments should notify Treasury at least 24 hours in advance of EFT receipts incoming into the University’s checking/concentration account and include all transaction details requested. Historical banking transactions are maintained for review by division/department and General Accounting on Treasury’s SharePoint site. A University NetID and password is needed to access this information.

All EFT request documents received will be reviewed for completeness of required banking details prior to the initiation of the payment within the ACCESS web portal. Treasury may inquire additional information in an effort to strengthen due diligence and support data integrity.

Treasury will identify EFT payment type: ACH, Book Transfer, FED Wire, EFTPS, SWIFT, or CHIPS. The type of transaction is dependent upon when settlement must occur and if the transaction is domestic or foreign. If the payee is not established as a template in the ACCESS treasury services web portal, Treasury will establish a template for approval and then initiate transaction information to the payee’s bank account after all approvals have been secured.

- **For Fed Wire, Book Transfer, EFTPS, SWIFT and CHIPS (funds transfer) payments:** always utilize bank verified lines when creating a new freeform or repetitive transaction as it is more secure and less time is required for inputting transactional information. Fed Wire and Book Transfer settle approximately one hour after approval and SWIFT and CHIPS settle at least two days after approval.
- **For ACH payments:** identify payment type of transaction and review existing batches to determine if there is an existing batch that the transaction can be linked to. ACH transactions may settle same-day (with the advent of “Same Day ACH”), but most transactions are processed to settle one day after approval.

Upon completion of initiation of the EFT details within ACCESS, an approver will review the transaction(s) for accuracy of the data input, providing secondary authentication. The approver must review the bank identifier (ABA, SWIFT code, etc.) and account identifier (account #, IBAN) for each payment if the information is provided on the request for payment documentation. After verification is completed and identified as accurate, the approver will approve and/or release the transactions for settlement by the bank.

Within ACCESS, Funds Transfers and ACH Transfers entitlement rights for initiators and approvers are as follows for Funds Transfers and ACH Transfers:

- Initiators and approvers are different individuals with different levels of responsibility within the organization and within ACCESS.
  - **Initiators** include Treasury Analyst and Treasury Information Analyst.
  - **Approvers** include Assistant Treasury and Director of Treasury Operations & Compliance and Manager of General Accounting.

**Funds Transfers:**
- **Initiators** will have the following entitlement rights: initiate transactions on main concentration account; run funds transfer reports; create lines, modify lines and delete/cancel lines; and create, modify and delete funds transfers. Initiators will not be granted the ability to approve or release wires.

- **Approvers** will have the following entitlement rights: run funds transfer reports; delete/cancel lines and approve lines; approve other’s funds transfers; and release other’s funds transfers. Approvers will not be granted the ability to create wires or approve and release own wires.
ACH Transfers:

**Initiators** will have the following entitlement rights: initiate transactions on main concentration account; run ACH batch listings; create, modify and delete ACH databases after approval from an approver; create, modify and delete ACH database detail records; create, modify and delete ACH payments batch; and create pre-notes, if requested, or if there is concern for banking account details. The validator function and the import batch functions will *not* be available for use. Initiators will *not* have the ability to release or un-release batches.

**Approvers** will have the following entitlement rights: release and un-release batches or delete batches and run ACH batch listings and audit reports. The validator function and the import batch functions will *not* be available for use. Approvers will *not* be granted the ability to create or modify a batch.

There are no maximum dollar limitations in funds transfer or ACH initiation or to the approval and release functions. Refer to ACCESS treasury services web portal user guides, “Funds Transfer Initiation and Funds Transfer Reporting” and “ACH Initiation” for specific instructions on how to initiate, release and approve transactions to the bank for settlement to vendors.

Once the transaction has posted as a debit or credit to the bank account, General Accounting will prepare the journal entry to post to appropriate Financial Activity Object (“FAO”) included in the supporting documentation provided by the Department/Division. Transactions will be booked to the FAOs daily by General Accounting.

In the event that the Internet is not functioning, a transmission of funds via telephone and facsimile can be made to JP Morgan Chase Bank for their action in initiating the transaction(s). This applies to the following JP Morgan Chase Bank accounts: Concentration and Payroll.

The following procedures should be followed when necessary to initiate funds transfer instructions via telephone and facsimile instructions:

**Telephone and facsimile** used to execute funds transfer must be used in conjunction with appropriate steps and call back procedures as described below:

- All funds transfer instructions must be on JP Morgan Chase’s Funds Transfer Request or Book Transfer Request form. The form must be signed by the authorized individuals (account signers) established by JP Morgan Chase’s Appointment of Authorized Person to Issue Funds Transfer Instructions and/or Provide Callback Verification.
- For all international funds transfers and USD funds transfers exceeding $100,000, a telephone call will be made by JP Morgan Chase to an authorized approver for the University. The authorized approver should read the funds transfer information back to JP Morgan Chase’s funds transfer representative. If all funds transfer information conveyed over the telephone is the same as it appears on the facsimile, the employee should (i) initial the instruction form, (ii) provide the name of the individual who confirmed the information on the instruction form, and (iii) provide the date and time of the conversation.
- If any of the key information on the instruction form differs from the information provided in the telephone conversation, no funds transfer should take place and a cancelation of the funds transfer transaction with the JP Morgan Chase funds transfer representative should occur. A new instruction form should be completed by the initiator from the beginning.
- Telephone and facsimile instructions are *not* substitute for original documentation.
IX. Appendix

Definitions

EFT (Electronic Funds Transfer)
An automatic method of transferring funds electronically from one bank account to another without producing a check. ACH, Book Transfer, CHIPS, SWIFT, EFTPS, Wire Transfer and Freeform Transactions are considered EFT transactions.

ABA (American Bankers Association) Number
The ABA number is the nine (9) digit electronic address of a financial institution. The ABA number is sometimes referred to as the Transit Routing Number. The ABA number is encoded in the MICR (Magnetic Ink Character Recognition) line of all checks. NOTE: The ABA is not necessarily identical for checks, wires, and ACHs.

ACH (Automated Clearing House)
Developed in the 1970s as an electronic alternative to checks. In an ACH transaction, payment information is processed and settled electronically, thereby increasing reliability, efficiency, and cost effectiveness. In addition, an ACH transaction is capable of transferring more information about a payment than is possible on a check. An ACH transaction is typically settled the next day, but sometimes earlier depending on how often the receiver chooses to process its ACH information.

Book Transfer
Intrabank transactions settled and visible the same day in the payee’s account.

CHIPS (Clearing House Interbank Payments System)
An independent large-dollar funds transfer network operated by the New York ACH. It was established in 1970 to substitute electronic payments for paper checks used in international dollar transactions between foreign and American banks.

EFTPS (Electronic Federal Tax Payment System)
A tax payment service provided free by the US Department of the Treasury. Quick, secure and accurate, EFTPS began in 1996 and all federal taxes can be paid using this method.

Freeform Transactions
Freeform, or “random” transactions are one-time funds transfer requests that do not have a template previously created nor is a template maintained; freeform is utilized on an “as-needed” basis.

IBAN (International Bank Account Number)
A series of alphanumerical characters that uniquely identifies an account held anywhere in the world. Facilitates the automated processing of cross-border credit transfers.

SWIFT (Society for Worldwide Interbank Financial Telecommunications)
SWIFT is a major international interbank telecommunications network that transmits international payment instructions as well as other financial messages. It is not a funds transfer network. Messages are transferred requesting debits and credits to correspondent accounts (in addition to other types of accounts). Actual settlements occur through Fed Wire, CHIPS, correspondent accounts, or other means.

Federal Reserve Wire (“Fed Wire” or “Wire Transfer”)
The Federal Reserve funds transfer system. It is a real-time method of transferring immediate funds and supporting information between two financial institutions, using their respective Federal Reserve accounts. The system is reliable and secure but, compared to checks and ACH transactions, relatively expensive to use.

X. Policy Review

This procedure will be reviewed and revised in accordance with policy and procedure changes.