

University of Florida Internal Operating Memorandum

Number: 12-24

Date: September 21, 2012

Subject: Electronic Fund Transfers Policy

Authority: Section 1010.11, F.S.

Purpose: Establish accounting and control procedures under which any funds are allowed to be moved by electronic transmission for any purpose including direct deposit, wire transfer, withdrawal, investment or payment.

Introduction

The University of Florida Board of Trustees adopts this internal operating memorandum establishing accounting and control procedures under which any funds under its control are allowed to be moved by electronic transmission for any purpose including direct deposit, wire transfer, withdrawal, investment or payment. For purposes of this internal operating memorandum, the term "Electronic Funds Transfer" or "EFT" means the transmission of an electronic message to a financial institution instructing it to make an electronic entry reflecting the transfer of ownership of funds from one depositor to another. Under the direction of the Vice President and Chief Financial Officer ("CFO"), the Controller's Office is responsible for the daily management of University bank balances and the general oversight of EFT activity. The Controller's Office handles all matters concerning fund transactions, including EFT transactions. Electronic Funds Transfer can be accomplished via the Automated Clearing House ("ACH") or wire transfer. ACH is the University's preferred mechanism, but wire transfer is acceptable when conditions do not support the use of ACH. The University Controller will designate and authorize staff to initiate and approve EFT's on behalf of the University and may change this designation from time to time as needed. The primary goal of this policy is to ensure that use of electronic funds transfers and receipts are initiated, executed, and approved in a secure manner and with appropriate controls. The factors include security, efficiency and cost effectiveness and the manner, type of transfer and the methods used to communicate instructions with the University's bank. The policy also requires the proper documents to be completed by divisions or departments who might have an electronic funds transfer request or receipt. Completion of necessary documentation will ensure an audit trail to support the transfer of funds.

Procedures

To promote the safety and appropriate control of University funds in the EFT environment, the following procedures will be adhered to:

1. The procedure to initiate an EFT is subject to the same financial policies, procedures, and controls that govern disbursement of University funds by any other means.
2. EFT transactions will not be made without proper authorization of affected parties in accordance with applicable law and regulations and accepted business practices.

3. The University will provide to the disbursing bank a list of the names and titles of persons authorized by the University to initiate wire transfer requests (authorized representatives), as well as associated transfer limits. All ACH transmissions will be confirmed by the bank through a confirmation email upon receipt of the file..
4. All EFTs will be initiated by computer-based systems.
5. The mechanism by which EFT requests are communicated to the disbursing bank will have adequate controls to prevent unauthorized access to both the system and to its various functionalities. These controls should include password protected user accounts, Personal Identification Numbers (PINs), and a designated security administrator role. The security administrator shall ensure that adequate separation of duties exists in accordance with accepted internal control standards and will protect the integrity of system user profiles. This includes assigning system IDs to users, changing user IDs as necessary, and assisting users with technical problems related to the EFT system. In addition, the security administrator will assign access to functions to users and is authorized to lock out personnel as directed by the University Controller.
6. Requests for the electronic transfer of funds, other than transfers among the University's various bank accounts within the same financial institution, require approval by an authorized representative who is independent from the disbursing department and is assigned by the Vice President and CFO to the responsibility based on capability and responsibility level at the institution under protocols developed by the CFO in consultation with the Chief Audit Executive. In no case will an individual have the capability to initiate, approve, and record a non-repetitive EFT to the general ledger.
7. Because EFTs between University bank accounts have reduced risk, the Controller's Office may use EFTs on a routine basis to concentrate funds for payment and investment purposes. Although risks are minimal for transfers between University accounts, reasonable controls should exist with regard to authorization, reconciliation, and review of these transactions, which controls are to be approved by the Vice President and Chief Financial Officer in consultation with the Chief Audit Executive.
8. Where EFT's are recurring, the security administrator will initiate the establishment of a template with receiving and disbursing bank information that may not be altered by those assigned to its use. The set-up of and modifications to these templates will require the approval of two authorized University staff representative who is independent from the disbursing department and is assigned by the Vice President and CFO to the responsibility based on capability and responsibility level at the institution (under protocols developed by the CFO in consultation with the Chief Audit Executive).
9. Exception reports generated by the banking system are reviewed daily by the Office of the Controller for unauthorized ACH transactions.
10. Reconciliation of banking activity to the general ledger will be accomplished in a timely manner with investigation and resolution of reconciling items.

History: New 9-21-2012