

University of Missouri System

Accounting Policies and Procedures



Policy Number: APM-2.10.80

Policy Name: Wire Transfer Payments

General Policy and Procedure Overview:

This policy provides authoritative guidance to the University in accounting for outgoing wire transfers and related procedures. The policy explains the accounting procedures related to wire transfers. This policy applies to all departments that need to make payments via wire transfers and to their respective campus Accounting Office.

Because of the transaction costs involved, it is generally recommended that payments be made through the traditional accounts payable system (i.e. via ACH (Automated Clearing House) or check). However, there are times when it is necessary for the University to pay vendors by wire transfer.

Definition of Key Terms:

Authorized approver—A designated person within the campus Accounting Office. Their signature specimen must be on file with the Treasurer's Office

Wire transfer—A type of electronic funds transfer that guarantees immediate available funds or same day settlement. The payments are conducted on the Federal Reserve System's federal wire (Fed Wire) network.

Wire Transfer Authorization form—A form that must be submitted with the voucher in order to execute a wire transfer. The information requested on the form includes payee name and address and all payee's banking information. The form can be found at the following link: <http://www.umsystem.edu/media/fa/management/records/forms/finance/um22.pdf>

Detail Policy and Procedure:

Initiating the wire:

- The department creates and prints a voucher in PeopleSoft.
- Attach a wire transfer authorization form and supporting (usually an original receipt or vendor's invoice).
- For wire transfers in a foreign currency, the amount must be input in PeopleSoft in U.S. dollars.
- The payee on the voucher should match the account title on the wire transfer authorization form.
- Once voucher and supporting paperwork is complete, the department obtains appropriate signatory approval from the department's authorized signor. By approving the wire, the signor is authorizing the transaction and attesting that the transaction and supporting documentation is appropriate.

Accounting Office Review

- The campus Accounting Office reviews the voucher and follows up with the department if there are questions.
- After approving, the campus Accounting Office sends the voucher to the Treasurer's Office for payment.

Processed by Treasurer's Office:

- Review the voucher and validate approving signature (If there is any question as to the authenticity of the signature, or any questions on the routing information provided, the authorized approver will be contacted for verification). The approval of the wire by authorized approvers fulfills the control objective of authorization.
- Obtain Payroll Office review for tax issues
- Treasurer's Office sends the wire, stamping "wire sent" and dating the voucher.
- For wires in a foreign currency, the Treasurer's Office receives the conversion information from the bank and records US dollar amount on the voucher.
- The bank's wire fee is added to the voucher.

Verify Wire's Settlement:

- The next business day, after reviewing the previous day's bank activity, the Treasurer's Office verifies that the wire has settled in the bank account and compares the voucher to the bank account. If the voucher does not match, the Treasurer's Department investigates and resolves the issues before processing the voucher.
- The review is evidenced by the reviewer's initials on the hard-copy of the cash sheet for that day. The person that initials is verifying that all the transactions balance to the bank account. The review, in the step above as evidenced by the initials on the cash sheet, are a control to ensure the completeness and accuracy of the transactions. It also ensures that transactions are processed timely because a delay in processing will cause a mismatch between the voucher and the transactions in the bank accounts.

Controller's Office Processes the voucher:

- Releases the hold on the voucher.
- For wires in foreign currencies, the Controller's Office inputs the updated U.S. dollar amount into the PeopleSoft system.
- The voucher and attachments are microfilmed at the end of the month.

RESPONSIBILITY

Campus Accounting Offices –

- Review all wire transfer vouchers for accuracy.
- Ensure that all necessary information is provided on the wire transfer authorization form.

Treasurer's Office –

- Initiates the wire transfer.
- Verifies that the wire cleared the correct bank account.
- Provides the completed voucher to the Controller's Office.

Controller's Office –

- Releases the hold on the voucher within PeopleSoft and revises US dollar amount if needed.

Campus Departments –

- Prepare a voucher.
- Completely fill out the wire transfer authorization form.
- Obtain all the required approval signatures.

Managerial Review/control –

- The voucher is reviewed and approved at the department level.
- It is also reviewed and approved by the campus Accounting Office.
- The Payroll Office reviews for tax compliance.
- The Treasurer's Office initiates the wire after verifying that all the appropriate approvals are in place.

Effective Date: July 1, 2006

Revised Date: April 18, 2007

Questions and Comments?

Questions regarding interpretation and implementation of the Accounting Policy should be directed to the Campus Accounting Office. Suggested edits or revisions to the policy should be directed to the Office of the Controller.