

## Obtain Wire Transfers and Foreign Drafts

### Purpose

This document describes alternate methods for making payments to vendors, tells when to use the alternate methods, and describes how to obtain alternate payment methods.

### Available Methods

Alternate payment methods are used when the recipient will not accept a payment from the Research Foundation (RF) via check or direct deposit or when a payment needs to be made quickly. These payment methods have higher processing costs and should always be an alternative and not offered to recipients as standard payment methods.

Additionally, due to the high processing costs, the minimum amount for an alternate payment is \$100 USD. Any payments for under this minimum must be discussed with the Finance Office before processing can occur. The alternate payment methods that are available include the following:

- international and domestic wire transfers
- foreign currency wire transfers
- foreign drafts (foreign currency)

### Which Method to Use

The alternate payment method that should be used depends on the situation, the location, and how quickly the funds need to get to the recipient. Operating locations uncertain about whether a method is appropriate, or which is best, should contact the Finance Office. A description of each option is provided below:

#### Wire Transfers

A wire transfer is the electronic transfer of funds from one bank to another. There are two types:

- Domestic - the transfer of funds to a bank within the U.S.
- International - the transfer of funds to a bank outside the U.S.

Depending on the country, international wire transfers may be sent in foreign currency.

If funds are requested for deposit in a foreign or domestic bank account established for project use, the account must be pre-approved by the Finance Office. Refer to [Establishing a Bank Account](#) for specific requirements.

#### Foreign Drafts

A foreign draft is a bank check drawn on a bank outside the U.S. in a foreign currency. Foreign drafts are usually mailed to operating locations for forwarding to the payee unless

special mailing instructions are received from the operating location. The draft must be presented to the foreign correspondent bank by the payee in order to cash the draft.

**Note:** If a foreign draft is used, operating locations should make certain that there is a corresponding bank or branch in the city where the payee is located.

### Suitable Geographic Locations

Some alternate payment methods are not suitable for certain geographic locations. The Research Foundation is notified by its financial institution of these locations at the time of the wire transfer.

### Length of Time to Reach Recipient

The following table shows the length of time each method of payment usually takes to reach the recipient:

If the chosen method is...	then the estimated length of time is...
Wire Transfers	the same day the wire is processed at Key Bank for a domestic wire. 1 day to several months for international wires.  <b>Note:</b> Several factors can delay a wire transfer, such as incomplete address, incorrect bank account number or beneficiary, the political situation in the foreign country, or lack of advanced banking systems.
Foreign Drafts	2 - 3 weeks.  The length of time it takes to process a foreign draft is usually 2 days upon receipt of the request. In most instances, there is a 2-week waiting period from the date of the draft before the draft can be cashed.

### Fees

Operating locations electing to obtain foreign drafts through the Finance Office will be charged a \$15 foreign draft fee. International wires may have fees deducted by corresponding or foreign banks. These fees are not controlled by the RF, but should be considered when calculating the amount being wired if possible.

Additional fees may be charged by financial institutions for cancellation of wire transfers or foreign drafts. Refer to [Description of Follow-Up and Cancellation/Recall Procedures for Wire Transfers and Foreign Drafts](#).

### Review and Approval

Purchases made using one of the alternate payment methods listed in this document are subject to the same review and approval procedures required when using the standard vendor payment process. Refer to [How to Review a Request for Goods, Services, or Payment for specific requirements](#).

International purchases should have special consideration taken by reviewing the [Export Controls Information](#) on the Research Foundation portal and should have a review performed using Visual Compliance software prior to input into the Oracle system. Proof of this review should accompany the wire transfer request when it is sent to the Finance Office for processing.

Payments in excess of \$25,000 must be reviewed and approved by the operations manager

or senior-level designee and the alternate payment must be obtained through the Finance Office.

Payments exceeding \$100,000 require a second review and signature at central office. Refer to [Payments in Excess of \\$25,000 Policy](#) for more information.

## Miscellaneous Income Payments

Miscellaneous income includes non-employee compensation, rent, and royalty payments. If an alternate payment method through a local bank is used for a miscellaneous income payment that requires IRS 1099 or 1042 reporting, then the payment must be manually tracked and reported to the Office of Administration and Human Resources at central office so that the appropriate form can be manually produced.

Refer to [Overview of Miscellaneous Income Payments](#) for more information on miscellaneous income.

## Methods for Obtaining Wire Transfers and Foreign Drafts

Campuses can obtain wire transfers and foreign drafts two ways:

- **Method 1:** Campus obtains wire transfer or foreign draft through their local bank, provided that the campus has a bank account at the bank. If the request exceeds the dollar limit on the bank account or exceeds \$25,000, the campus must obtain the alternate payment method through central office.

**Note:** If the operating location uses a local bank account, it is responsible for all paperwork and record keeping, and for replenishing the petty cash or project bank accounts in a timely manner.

- **Method 2:** Campus obtains wire transfer or foreign draft through the RF Finance Office. Wire transfers or foreign drafts are processed as invoices/payments that do not produce checks and are recorded as expenditures in the Accounts Payable module. Refer to the next section for the detailed procedure.

## Obtaining a Wire Transfer or Foreign Draft through the Finance Office

Requests must be made well enough in advance to ensure the funds will arrive on time (for example, for domestic wire transfers this would be a few days, for foreign drafts it would be a few weeks). The RF Finance Office will process the wire transfer within 2 business days after receiving the Alternate Payment Form.

The following table outlines the steps campuses must take to obtain a wire transfer or foreign draft through the Finance Office:

Step	Action
1	Complete the <a href="#">Alternate Payment Form</a> and have the form signed by the operations manager or an official to whom the operations manager has delegated the authority to request alternate payment methods. <b>Note:</b> The operations manager must ensure that only authorized personnel are permitted to request alternate payment methods. They can use the <a href="#">Signature Authorization Form</a> to do this.
2	Create a purchase order to encumber the necessary funds for the alternate payment plus any bank fees on the project account. Review sponsored program guidelines to ensure that bank fees are an appropriate expense. The payee (not the third party receiving the funds) must be on the Supplier File. Refer to <a href="#">Supplier File Reference Guide</a> for more information.

	<p>If the alternate payment method is:</p> <p>A wire transfer in U.S. currency, go to Step 3.</p> <p>A wire transfer in foreign currency OR a foreign draft, go to Step 4.</p>
3	<p>For wire transfers in U.S. currency, input and validate the invoice.</p> <p><b>Important:</b> For the Payment Method, select <b>Wire</b>.</p> <p><b>Note:</b> Central office will monitor all invoices created with a Payment Method of <b>Wire</b>.</p>
4	<p>Submit the <a href="#">Alternate Payment Form</a>. The requirements differ depending on the type of payment:</p> <p><b>Foreign Currency Wires and Foreign Drafts:</b> The completed form with supporting documentation should be faxed to the Finance Office at (518) 935-6705 for processing in Oracle and the Key Bank Key Total Treasury (KTT) Web site.</p> <p><b>Wire Transfers over \$100,000:</b> The completed form with supporting documentation should be faxed to the Finance Office at (518) 935-6705 for processing in KTT and second signature at central office. The Finance Office may also request supporting documentation for payments of \$100,000 or less, if necessary. Refer to <a href="#">Payments in Excess of \$25,000 Policy</a> for more information.</p> <p><b>Domestic and International Wire Transfers (U.S. Currency):</b> The completed form should be faxed to the Finance Office at (518) 935-6705 for processing in KTT. Supporting documentation is not needed.</p> <p><b>Note:</b> Cutoff time for receipt of Alternate Payment Form for next business day processing is 12:00 pm. Forms must be received by the 12:00 pm deadline for next day processing.</p> <p><b>Supporting Documentation</b></p> <p>Supporting documentation should include the purchase order, vendor invoice, principal investigator approval, and/or vendor contract. The documentation should support the amount requested on the Alternate Payment Form.</p> <p><b>Form Retention</b></p> <p>The original form should be retained by the operating location in case cancellation, recall, or follow-up procedures are required.</p>

**Processing the Request at Central Office**

The Finance Office processes alternate payment method requests received by the 12:00 pm deadline through Key Banks KTT Web the next business day, and also performs the following steps in Oracle:

- For wire transfers in foreign currency or a foreign draft, the Finance Office uses the purchase order created by the campus to process an invoice to record the expenditure in the Accounts Payable module.
- For all alternate payment methods, the Finance Office processes an Oracle manual payment to clear the invoice.

**Follow-Up Procedures**

Each alternate payment method has optional follow-up and cancellation/recall procedures. Features of each procedure are outlined in [Description of Follow-up and Cancellation/Recall Procedures for Wire Transfers and Foreign Drafts](#).

## Change History

Date	Change History
<b>March 23, 2010</b>	Updated "Fees" section and cutoff times.
<b>March 4, 2008</b>	Updated "Available Methods" section with "direct deposit."
<b>September 27, 2007</b>	Combined Overview of Wire Transfers and Foreign Drafts and How to Obtain Wire Transfers and Foreign Drafts.
<b>April 6, 2004</b>	Removed Western Union and added supporting documentation requirements.

Effective Date:

responsible Party: Finance Office

Contact Information: 518-434-7050

## Feedback

Was this document clear and easy to follow? Please send your feedback to [webfeedback@rfsuny.org](mailto:webfeedback@rfsuny.org).

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