

Electronic Transfer of Funds to Foreign Countries OFAC and IAT Compliance Policy

All Florida Atlantic University electronic transfers of funds to foreign countries must be done through Cash Management within the Controller's Office.

All wire transfers, both domestic and international must be executed either online using Bank of America Direct or by contacting the FX (foreign exchange) department at Bank of America. Transfers of funds using other organizations such as Western Union are not allowed.

OFAC - Office of Foreign Assets Control

The Office of Foreign Assets Control (OFAC) is an agency under the U.S. Dept of Treasury. OFAC requirements are in accordance with federal law pertaining to economic and trade sanctions against certain targeted foreign countries, regimes, terrorist organizations, international narcotics traffickers and other threats to the national security, foreign policy or economy of the United States.

Wires to OFAC prohibited countries will be automatically disallowed by Bank of America.

A record of all international wire transfers will be maintained as a permanent record in the Cash Management Department. Information included in these records:

Beneficiary Bank
SWIFT code or IBAN
Beneficiary Bank Address
Beneficiary name
Beneficiary address
Purpose of payment
Correspondent Bank (if any)
Amount of Wire
Currency

OFAC penalties for non-compliance can result in:

- Imprisonment of the employee
- Fines to the University, bank and employee
- Forfeiture of property
- Reputational risk

IAT - International ACH Transactions

The International ACH Transaction (IAT) rules went into effect on September 18, 2009 and reflect an effort by NACHA to align ACH operating rules to the requirements of the Office of Foreign Assets Control (OFAC).

Currently, all international payments by FAU are issued by check or wire transfer. ACH is not available for international transactions. FAU does remit domestic ACH payments to employees, students and vendors and these payments can be potential IAT transactions if the payment is forwarded, in its entirety, to an individual or company whose financial institution is in a foreign country. Additional information on this subject can be viewed at: http://www.nacha.org/IAT_Industry_Information

Steps to comply with IAT requirements:

1. Review Accounts Payable, Student Refund and Payroll files periodically to determine if a non- U.S. bank is part of FAU's payables flow.
2. FAU has the responsibility of performing due diligence on payables and should be aware of the recipients of FAU payments. The address of the beneficiary may be indicative of cross-border forwarding. A report has been created which will show all non U.S. countries listed as primary and secondary addresses for vendors, employees and students, this report will be reviewed quarterly.
3. Implement procedures to notify employees and vendors about IAT and inquire if they are sending their payment out of the country. See sample notification below:

Employees

There have been recent changes to the payment system rules for direct deposit of payroll. If you receive your payroll via direct deposit at a U.S. bank and then have the entire payroll amount forwarded to a bank in another country please advise the Florida Atlantic University Cash Management Department at 561-297-1425. There are new formatting requirements for these transactions that FAU needs to follow. It will not impact your payroll.

Vendors/Students

There are new processing requirements for electronic payments (direct deposit, ACH) that are being sent to a financial institution outside of the United States. If FAU's payments to you are being forwarded from a U.S. financial institution to a financial institution in another country advise the Florida Atlantic University Cash Management Department at 561-297-1425.

4. If any vendors, employees or students respond that their payments from FAU are received at a U.S bank account and then transferred to a foreign country, they will be asked to complete the form located at www.fau.edu/controller/cash_management/forms/IAT . This transaction will be

classified as an IAT transaction and future payments will need to be sent either by ACH in IAT format or by check or wire transfer.

5. In the event that a payment is identified as an IAT, it is the policy of FAU to change the method of payment to wire transfer or check. This policy will be re-evaluated if the volume of IAT's is sufficient to warrant adapting FAU's ACH file to comply with the NACHA IAT layout. At that time all IAT payments can be sent in the same file but they need to be in the NACHA formatted layout for IAT.
6. An IAT formatted file will need to be tested with Bank of America.
7. It is not a requirement to report IAT transactions to NACHA, OFAC or Bank of America, however records must be retained and made available to upon request.

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