

ADMINISTRATIVE DIVISION FINA Administration and Finance		POLICY NUMBER FINA 5.20	
POLICY TITLE Banking			
SCOPE OF POLICY USC System		DATE OF REVISION September 20, 2024	
RESPONSIBLE OFFICER Executive Vice President for Administration and Finance and Chief Financial Officer		ADMINISTRATIVE OFFICE University Finance – Controller’s Office	

PURPOSE

The purpose of this policy is to set forth the University of South Carolina’s standards and general internal controls for managing banking practices, ensuring the accuracy and security of transacted payments, and fulfilling its fiduciary responsibility for all funds received and disbursed and safeguarding protected data.

DEFINITIONS AND ACRONYMS

Automated Clearing House (ACH) Payment: An electronic funds transfer from one bank to another that is completed through a clearinghouse, a network of financial institutions, rather than through wire transfers, paper checks, credit cards, or cash.

Fiduciary Responsibility: The obligation to act in the best interest of another party. Specifically, the University must carry out duties faithful to public trust and responsible stewardship of funding.

National Automated Clearing House Association (NACHA):The governing entity that creates and upholds the rules required for the ACH network to operate as a safe and effective payment system.

Positive Pay: An automated cash management service that provides early detection of fraudulent, altered, or counterfeit checks through a daily verification of checks presented for payment against the check register.

Wire Transfer: An electronic funds transfer that makes direct, generally immediate payment between two financial institutions, without the use of a clearinghouse.

POLICY STATEMENT

The ACH network is governed by NACHA. In general, its requirements are meant to safeguard sensitive financial and non-financial information (e.g., bank account and routing numbers, names, etc.) and ensure all transactions are handled smoothly and securely. As such, all ACH transactions must comply with NACHA’s rules and guidelines.

To ensure accuracy and mitigate associated risks, changes to ACH banking information will be independently verified by the Office of the Controller’s Supplier and Treasury team. This confirmation will be completed through the use of manual cold calls or automated account validation, when available. Further, on a daily basis, an additional layer of independent verification will be performed for individual ACH payments that exceed established dollar amounts.

All new bank accounts must be approved by the State Treasurer’s Office (STO). In addition, the University must manage banking with consideration of safely and responsibly limiting associated bank fees paid by the STO. As such, the effective date for ACH files must always be at least one business day after the transmission date.

Segregated duties and secondary authentication serve as essential internal controls to increase security and reduce the risks associated with payment releases (e.g., ACH files, wire transfers, check payments, etc.). One individual initiates a payment, while a second, separate individual completes the necessary verification to approve the release of the funds. Both individuals are subject to two-factor authentication prior to completing these actions. Further, when access is granted to the associated online banking portals, these processes are also utilized.

Additional mitigating procedures are in place for bank accounts to prevent fraud, including positive pay and ACH fraud filters. These filters use a combination of rules (e.g., entity, amount range) to evaluate various data points against known fraud patterns and stolen credentials. Further, as a general rule, funds cannot be pulled from the University’s bank account except by authorized entities such as the Internal Revenue Service and Department of Revenue. Instead, funds are pushed to others. All reasonable measures to combat fraud must be strictly adhered to.

PROCEDURES

There are no procedures for this policy. Questions may be sent to the Controller’s Office at controller@sc.edu.

RELATED UNIVERSITY, STATE, AND FEDERAL POLICIES

- [FINA 5.10 Cash Management](#)
- [Controller’s Office Privacy Statement](#)
- State Treasurer’s Office Policy – [Designation of a “Qualified Public Depository”](#)
- State Treasurer’s Office Policy – [Effective Date of ACH Origination Files](#)

HISTORY OF REVISIONS

DATE OF REVISION	REASON FOR REVISION
September 20, 2024	Policy creation