

## 2.706 Payment by Bank Check, Foreign Draft, and Wire

### I. General

A. If payment cannot be made by an RCUH check, projects may request payment by any of the following:

1. Bank check that is similar to a cashier's check,
2. Foreign draft, similar to a check, which may be issued in foreign currency, or
3. Wire transfer to a bank, either in U.S. or foreign currency.

If you are submitting a request for an international payment, see Section II, Additional Requirements & Restrictions for International Payments.

B. The original payment document must be submitted in hardcopy to RCUH Disbursing, signed by the Fiscal Officer. Any faxed or email requests due to payment deadlines must be immediately followed by original document submissions.

C. RCUH's financial institution requires the following information when doing a transfer to a vendor. The vendor receiving the payment is referred to as the *Beneficiary*:

#### D. Beneficiary bank's name

1. Beneficiary bank's ABA routing number or SWIFT code – The ABA (American Bankers Association) routing number is used for all domestic bank transfers. SWIFT codes are international banking identifier codes.
2. Beneficiary's name – The Beneficiary's name must be an exact match to the account name.
3. Beneficiary's bank account number – For European banks, the account number is referred to as the IBAN, for International Bank Account Number.
4. Bank, branch, and address of the Receiving bank – Please provide as much information that can be obtained from the vendor.
5. Amount to be transferred and Currency type.

Complete the Wire Transfer Request form, [Attachment 43 Wire Transfer Request Form](#). Since many of the banking details are particular to the specific situation, country, currency, etc., RCUH's bank requests that RCUH Disbursing provide as much information as possible for a successful fund transfer.

**E. Foreign currency transactions** – RCUH’s bank maintains accounts at foreign banks in various countries and is able to negotiate transactions in the country’s currency. If RCUH’s bank does not have an account in a particular country, RCUH will be unable to transfer funds in that country's currency.

RCUH’s banks can complete transactions in the following currencies:

1. Australian Dollar
2. Canadian Dollar
3. Danish Krone
4. Euro
5. Fijian Dollar
6. Hong Kong Dollar
7. Japanese Yen
8. New Zealand Dollar
9. Pound Sterling (British Pound)
10. Singapore Dollar
11. Swedish Krona
12. Swiss Franc

**F. US Dollar transactions** – There are several reasons for wiring US dollars for a payment to a foreign institution:

1. The payment is requested in US dollars.
2. RCUH’s bank does not have an account within the beneficiary’s country.
3. RCUH’s bank is unable to transfer funds in the beneficiary’s currency.

If the foreign beneficiary bank has a US correspondent bank, RCUH’s bank is able to send US funds via the vendor’s US correspondent bank. The correspondent bank will in turn transfer funds to the foreign vendor’s beneficiary bank. RCUH’s bank prefers that the wire’s sender (department/program) identify the US correspondent bank. If the sender is unsuccessful in getting the vendor to identify a correspondent bank, RCUH’s bank has the ability to send the funds via Standard Chartered Bank. If the default bank is used, a bank fee will be assessed and due and will be the responsibility of the sending department or program account whether or not the wire is successfully completed.

**G. Project Accounting** – The project will be debited for the US dollar equivalent based on the conversion rate at the time the draft or wire is executed. A copy of the bank confirmation will be sent to the project. A draft or wire payment is reflected on the

project account as an RCUH journal entry (JE). If the payment is a partial purchase order payment, the encumbrance is manually reduced by the JE amount. If the payment is made using an RCUH Suspense account, the project account is not charged until the goods/services are received and the RCUH Suspense account is credited.

- H. Fees** – There is a service charge for checks, drafts, and wires. Depending on the location of the bank and the number of bank transfers that are required, the fees may vary. If electronic fund transfers are anticipated, we recommend that the bank fee be encumbered separately by object code to isolate the fee from the cost of the item or contract amount. Please contact RCUH Disbursing for the current rate.

Some countries and banks may be inaccessible by wire transfer by RCUH's bank. Projects will receive notification by RCUH Disbursing if RCUH's bank cannot complete the transfer.

## **II. Additional Requirements & Restrictions for International Payments**

### **A. Payment to Non-Resident Aliens and Foreign Entities**

1. Refer to [Policy 2.301 Vendor Records](#), Create a New Vendor Record for Foreign Persons. All payments to foreign persons require an IRS "W" form or RCUH Form 60.
2. On your payment document state whether the payment is foreign source or U.S. source (refer to [Policy 2.012 Requirements When Paying Foreign Persons](#) for income sourcing rules). If the payment is a combination of foreign and U.S. source income, provide a dollar breakdown of each income source.
3. Tax withholding and/or reporting on an IRS Form 1042-S may apply if the payment is U.S. source and cannot be excluded from income by a tax treaty or IRS Code regulation.

### **B. U.S. Office of Foreign Assets Control (OFAC)**

The U.S. Treasury Department Office of OFAC maintains a list of foreign government entities, companies and individuals that are prohibited from doing business with the U.S. In addition to this list, RCUH's bank may not allow the transfer of funds to blocked countries. Countries currently on the list subject to OFAC sanctions are Belarus, Cuba, Iraq, Iran, North Korea, Sudan, Syria, Burma (Myanmar), Liberia, the Balkans, Ivory Coast, and Zimbabwe. This list is subject to change, and the OFAC website should be consulted for the most current information.

## **III. Relevant Documents**

[Attachment 43 Wire Transfer Request Form](#)

[Policy 2.301 Vendor Records](#)

[Policy 2.012 Requirements When Paying Foreign Persons](#)

<http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>

See the OFAC website for further details. <http://www.treasury.gov/about/organizational-structure/offices/Pages/Office-of-Foreign-Assets-Control.aspx>

Click on the Resources tab to view the website's submenus.

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