

CITY OF SAN DIEGO  
ADMINISTRATIVE REGULATION

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WIRE TRANSFER OF FUNDS PROCEDURES	Effective Date April 1, 1998		

1. Purpose

- 1.1 To establish electronic wire transfer of funds policies and procedures with the City's Depository Bank wire transfer system for the payment of City obligations such as invoices, debt service, and contractual payments.
- 1.2 To establish policies and procedures for receiving electronic wire payments into the City's Depository Bank from City, State or Federal agencies, vendors and other parties.
- 1.3 To reduce the risk of economic loss to City due to penalties incurred for late payments.

2. Definition of Terms

- 2.1 **Wire transfers** refer to the transferring of funds from one bank to another using the Federal Reserve transfer system; from one account to another within the City's Depository Bank (Book); or the Automated Clearing House (ACH) wire system. Wire transfers are governed by the Uniform Commercial Code 4A that describes liabilities and responsibilities of the City, the transferring bank and receiving bank due to instances of "fraud, misconduct, deliberate and intentional wrongdoing; error, negligence and inadvertent mistake; and 'Force Majeure,' an unexpected act beyond the control of the parties, such as an act of God."
- 2.2 **Repetitive wire transfers** refer to the establishment of a wire template stored in the City's Depository Bank electronic wire system for the transfer of funds regularly, e.g., weekly, monthly, or quarterly between the City's Depository Bank account and the beneficiary's account.
- 2.3 **Non-repetitive wire transfers** refer to the one-time only transferring of funds between the City's Depository account and the beneficiary's account for which a wire template is not established for the beneficiary.

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Authorized

(Signed by Michael T. Uberuaga)

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CITY MANAGER

(Signed by Ed Ryan)

\_\_\_\_\_  
AUDITOR & COMPTROLLER

(Signed by Casey Gwinn)

\_\_\_\_\_  
CITY ATTORNEY

(Signed by Rich Snapper)

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PERSONNEL DIRECTOR

(Signed by Charles G. Abdelnour)

\_\_\_\_\_  
CITY CLERK

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- 2.4 **Wire template** refers to the wiring instructions established by the Treasurer Investments Section at the initiating department's request for a repetitive wire. The template is stored in the City's Depository Bank electronic wire transfer system.
- 2.5 **Depository Bank** refers to the City's main bank account for depositing of funds.
- 2.6 **Transferring Bank** refers to the bank that will be transferring the funds.
- 2.7 **Receiving Bank** refers to the bank receiving funds for the beneficiary.
- 2.8 **Beneficiary** refers to a firm receiving the electronic wire transfer of funds; e.g., corporate vendor receiving payment from the City and/or City receiving funds from State or Federal agencies, etc.
- 2.9 **Direct Payment** also known as DP refers to Form AC-468 that requests payment to a corporate vendor or individual for services rendered.
- 2.10 **ABA Routing Number** refers to the routing number assigned to an individual bank by the American Bankers Association.

3. Policy

- 3.1 A wire transfer should only be used if there is a contractual obligation to do so, if penalties are incurred for payments not received on time, or City management has directed that a specific payment be made using this payment method.
- 3.2 Wire templates will be established for repetitive wires with the City's Depository Bank by the Treasurer Investments Section for departments providing a memorandum detailing accurate wire instructions with attached copy of beneficiary's wire instructions on their letterhead and signed by an authorized company officer. The memorandum request for a wire template must be received by the Treasurer Investments Section not less than five (5) business days before the actual transfer of funds.
- 3.3 Repetitive wire transfers will be initiated by the Treasurer Investments Section for those departments that have provided the required information as described in Section 5.

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- 3.4 Non-repetitive wire transfers will be initiated by the Treasurer Investments Section for those departments providing detailed wire instructions on beneficiary’s letterhead and signed by an authorized company officer as described in Sections 5.1 and 8. Consideration must be given as to the cost effectiveness of initiating a payment via a non-repetitive wire transfer vs. a Direct Payment (DP) for a check-warrant, e.g., financial consequences to the City for late payments. If unsure about cost effectiveness, contact the Treasurer Investments Section for clarification.
- 3.5 Exceptions to the wire transfer procedures will be handled on a best effort basis by the Treasurer Investments Section and the initiating department will be held responsible for any financial consequences if requirements are not met. In addition, a Deputy Director’s written approval from the initiating department will be required on exception processing.
- 3.6 Direct Payments for repetitive wire transfers, which have been approved by the Auditor and Comptroller, must be hand-delivered to the Treasurer Investments Section at least one (1) business day prior to the wire transfer date. Direct Payments for non-repetitive wire transfers, which have been approved by the Auditor and Comptroller, must be hand-delivered to the Treasurer Investments Section at least two (2) business days prior to the wire transfer date.

4. Procedures for Determination of Repetitive or Non-repetitive Electronic Wire Transfer

Responsibility

Action

- |                       |     |   |
|-----------------------|-----|---|
| Initiating Department | 4.1 | Determine that an electronic wire transfer needs to be initiated as follows: <ul style="list-style-type: none"> <li>4.1.1 <b>A repetitive</b> wire template with the City’s Depository Bank electronic wire transfer system based on the frequency of transferring funds, e.g., weekly, monthly, quarterly, etc. The template to be established requires specific information as detailed in Section 5.</li> <li>4.1.2 <b>Non-repetitive</b> electronic wire transfer based on the frequency of one-time only. A non-repetitive electronic wire transfer requires specific information as detailed in Section 5.1 a-g.</li> </ul> |
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5. Procedures for Establishing Repetitive Wire Transfer Templates

Initiating Department

5.1 Request beneficiary to provide on their company letterhead and signed by an authorized company officer detailed wire instructions. The following information is required:

- a. Name of receiving bank.
- b. ABA routing number of receiving bank.
- c. Account number of beneficiary.
- d. Name of account to be credited.
- e. **Optional:** Name of subaccount to be further credited.
- f. Reference: Name of Project.
- g. **Optional:** Attention: Name and phone number of beneficiary's contact person.

5.2 Initiate a memorandum to Treasurer Investments Section (Attachment 1) to establish an electronic wire template with the City's Depository Bank electronic wire system. The memorandum must be received by Treasurer Investments Section not less than five (5) business days before the actual transfer of funds. The following essential information is required:

- a. Items a - g in Section 5.1.
- b. Establish a maximum dollar limit of monies to be transferred in a given day by projecting the maximum dollar value of any individual transfer over the next five (5) year period (e.g., maximum debt service payment). If the wire transfer exceeds the maximum dollar limit set by the department, the wire transfer will be rejected by the bank.

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- c. Detail on a separate page of request for template memorandum, the potential financial liability/loss, e.g., discounts, penalties or default on debt by the City if wire is not transferred timely.
  
- 5.3 Forward the memorandum requesting establishment of an electronic wire transfer template and original notification from requesting beneficiary on their letterhead to Treasurer Investments Section.
  
- 5.4 Review department’s documentation to ensure that the required information is completely provided as detailed in Section 5.2.
  - 5.4.1 If information on the memorandum is correct, proceed to Section 5.5. If the information on the memorandum is incorrect, notify the department of the incomplete information and request a new memorandum of instruction.
  - 5.4.2 Initiate a new memorandum with corrected instructions and forward to Treasurer Investments Section.
  
- 5.5 Establish a wire template with the City’s Depository Bank as requested by initiating department. The wire template will be approved by two additional authorized Treasurer Investments Section staff. After all approvals have been completed, the template is electronically forwarded to the City’s Depository Bank for final approval. The Depository Bank approval process will take a maximum of two (2) business days for completion.
  
- 5.6 After Depository Bank’s final approval of the instruction format, the template will be released to the City Treasurer Investments Section for immediate use. If rejected by the Depository Bank for incomplete or inaccurate information, e.g., ABA routing number does not match named beneficiary’s bank ABA routing number, instructions will be returned to initiating department for corrections as indicated in Section 5.4.2.

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6. Changes to Beneficiary Wire Instructions for Repetitive Wire Template

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|-------------------------------|-----|---|
| Initiating Department         | 6.1 | Notification of revisions to the established beneficiary’s wire transfer must be made immediately by memorandum to the Treasurer Investments Section. A copy of the beneficiary’s correspondence must be attached to the memorandum. Submit revisions to Treasurer Investments Section to be received not less than five (5) business days before the next request for a wire payment.                    |
| Treasurer Investments Section | 6.2 | Initiate changes to the beneficiary’s wire template after receipt of requesting department’s memorandum with attached beneficiary’s correspondence. Changes will be approved by two authorized Treasurer Investments Section staff and then will be transmitted to the City’s Depository Bank. The Depository Bank will review and approve the changes to the wire template within two (2) business days. |

7. Repetitive Wire Transfer Procedures

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| Initiating Department | 7.1   | Prepare a Request for Direct Payment (DP) (Attachment 2) at least four (4) business days prior to the wire transfer date. Processing time by the Auditor and Comptroller Accounting Division will require at least three (3) business days for review and approval. Treasurer Investments Section will require at least one (1) business day for cash flows and wire processing. The DP must include the following: |
|                       | 7.1.1 | <b>Description:</b> Wire Transfer for (.....).  |
|                       | 7.1.2 | <b>Comments:</b> “WIRE TRANSFER ONLY- DO NOT CUT CHECK” and \$ _____ <b>penalty for late or delayed payment.</b>  |
|                       | 7.1.3 | <b>Payment Date:</b> Actual date monies need to be transferred to a payee.  |

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**7.1.4 Payee Format:**

- a. Bank Name
- b. ABA Routing Number
- c. Account Number
- d. Account Name
- e. **Optional:** Account name of subaccount to be further credited
- f. Name of Project
- g. **Optional:** Att: Payee's contact person and telephone number
- h. **Optional:** Reference project numbers or invoices

**Verify wire instruction information in Payee Format agrees with beneficiary's letter of wire instructions.**

**7.1.5 Amount: -0-**

**7.1.6 Total Amount:** Total of wire transfer.

**7.1.7 Distribution of Charges:** Appropriate fund accounting.

**7.1.8 Authority for Payment:** Submit DP to Appointing Authority for signature and approval.

7.2 Submit DP to the Auditor and Comptroller for Auditor signature and approval.

Auditor and Comptroller  
Accounting Division

7.3 Review DP for allocation of monies and accurate fund accounting. Sign name approving transfer of funds in the Auditor Approval box.

7.4 Hand-deliver DP to Treasurer Investments Section at least one (1) business day before the payment date.

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| Treasurer Investments Section               | 7.5  | <p>Verify wire instructions on the DP with the established wire transfer template instructions at the City’s Depository Bank.</p> <p>7.5.1 If wire instructions on DP match those that are on the established wire template, electronically wire transfer the monies to the beneficiary.</p> <p>7.5.2 If wire instructions on DP do not match the wire instructions on the established wire template, call the initiating department and request verification of wire instructions. Advise department of possible delay in wire transfer if instructions require changes.</p> |
| Initiating Department                       | 7.6  | <p>Verify the DP wire instructions with the original request from the beneficiary. For changes to the wire instructions, refer to Section 6. If correction is due to a typographical error, correct the DP to correspond with the established wire template and return to Treasurer Investments Section before the wire transfer date.</p>  |
| Treasurer Investments Section               | 7.7  | <p>Initiate wire transfer after receiving corrected DP, record the internal reference number on the DP and on the Daily Record of Wire Transfer sheet. Retain one copy of DP to be filed with Wire Transfer Sheet and forward to the Auditor and Comptroller Accounting Division to journal the transaction.</p>  |
| Auditor and Comptroller Accounting Division | 7.8  | <p>Prepare the appropriate journal to record the transfer of monies into the AMRIS accounting system. Send copy of the journal to Treasurer Accounting Division.</p>  |
| Treasurer Accounting Section                | 7.9  | <p>Verify amounts recorded on the journal with the amount of the wire transfer recorded on the Daily Record of Wire Transfer form and the Depository Bank’s previous day balance report.</p>  |
|   | 7.10 | <p>Report all differences in amounts to the Auditor’s Accounting Division immediately.</p>  |
| Auditor and Comptroller Accounting Division | 7.11 | <p>Make appropriate journal adjustments. Send a copy of the journal adjustments to originating department and to Treasurer’s Accounting Section.</p>  |

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8. Procedures for Non-repetitive Wire Transfers

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| Initiating Department  | 8.1 | Prepare a DP (Attachment 2) at least seven (7) business days before the wire transfer date. Processing time by the Auditor and Comptroller Accounting Division will require at least five (5) business days for review and approval. Treasurer Investments Section will require at least two (2) business days for cash flows and wire processing. Refer to Section 7.1.1 - 7.2 for instructions on preparing DP. Attach a copy of beneficiary's request on their company letterhead and signed by an authorized company officer detailing the wire instructions as detailed in Section 5.1 a-g. |
| Treasurer Investments Section  | 8.2 | Verify wire instructions with the beneficiary's letter of instructions. If instructions match, electronically wire transfer monies to the beneficiary.   |
|  | 8.3 | Record the internal reference number on the DP and on the Daily Record of Wire Transfer sheet. Retain one copy of DP to be filed with Wire Transfer Sheet and forward to the Auditor and Comptroller Accounting Division to prepare a journal transaction.   |
| Auditor and Comptroller Accounting Division and Treasurer Accounting Section | 8.4 | Refer to procedures in Section 7.8 - 7.11.   |

9. Procedures for SPSP/401k Contributions

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| Auditor and Comptroller | 9.1 | Refer to Auditor and Comptroller Department Instruction on SPSP/401k Contributions and Wire Transfer Procedures dated April 11, 1997. |
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10. Procedures for Active/Pension Payroll Including Federal and State Taxes

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| Auditor and Comptroller | 10.1 | Refer to Auditor and Comptroller Department Policy on Wire Transfer Procedures -Active/Pension Payroll dated June 6, 1995. |
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11. Procedures for Automated Clearing House (ACH) Wires (Sales Tax, etc.)

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| Auditor and Comptroller  | 11.1 | Prepare Electronic Fund Transfer form detailing the specific account to credit, e.g., State Board of Equalization, etc., payment date, and dollar amount.  |
|  | 11.2 | Forward to Treasurer Investments Section at least three (3) business days before settlement date of the Automated Clearinghouse (ACH) Transfer to avoid penalties that will be incurred for late transfer of monies by the City.   |
|  | 11.3 | Initiate immediately a memorandum to Treasurer Investments Section regarding tax agency notifications which change the method of payment, payment deadlines or preferred payment processing system to be used.   |
| Treasurer Investments Section  | 11.4 | Initiate ACH transfers through the Depository Bank's electronic tax payment system at least two (2) business days before the payment due date of the transfer of funds.  |
|  | 11.5 | Print detail of accepted transactions and record the wire reference number on the Wire Sheet. Notify Auditor and Comptroller of wire reference number. File ACH request form with Wire Transfer Sheet. File report of accepted transactions and the fax receipt of accepted transactions in the Depository Bank's electronic tax payment folder. |
| Auditor and Comptroller Accounting Division and Treasurer Accounting Section | 11.6 | Refer to procedures in Section 7.8 - 7.11.   |

12. Procedures for Incoming Wire Transfers to City

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|-----------------------|------|---|
| Initiating Department | 12.1 | Request Treasurer Investments Section to provide to escrow companies, governmental agencies, vendors, etc. the City's Depository Bank's wire instructions for incoming wire transfer of monies. |
|                       | 12.2 | Notify Treasurer Investments Section <b>at least one (1), but preferably two (2) business days</b> prior to receipt of incoming monies to the City's Depository Account per Administrative      |

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Regulation 95.80 (Forecast of Major Cash Receipts and Payments). Provide dollar amount; name of transferring bank initiating the wire; name of project or department for which monies are to be credited; date wire will be initiated; and time of day wire transfer is to be received.

- 12.3 **On the wire transfer date**, obtain the Federal Reserve Reference Number assigned to the wire transfer from the departmental customer and inform Treasurer Investments Section of the Federal Reserve Reference Number.
  
- 12.4 Prepare Daily Cash Receipt (DCR) with proper accounting for the incoming wire and forward to Treasurer Accounting Section **at least one (1) business day before the wire transfer**. Reference the Cash Handling Practices Manual prepared by the Auditor and Comptroller detailing instructions on documentation of revenues. Note: Allocation of interest will not be distributed to funds until the DCR is processed through the AMRIS system.
  
- Treasurer Investments Section 12.5 Include the incoming wire in the daily investment cash flows for the wire transfer date.
  
- Treasurer Accounting Section 12.6 Verify with the City Depository bank statement on stated income date that monies have been received into City's depository account. Process DCR and distribute copy to appropriate department.
  
- Treasurer Cashier Section 12.7 Process DCR and return to Treasurer Accounting Section.
  
- Treasurer Accounting Section 12.8 Forward audited DCR to Data Processing for data entry.

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APPENDIX

Legal References

Uniform Commercial Code 4A

Attachments

- 1) Memorandum Requesting Wire Transfer Template
- 2) Direct Payment for Initiation of Wire Transfers

Subject Index

Deposits  
Disbursements  
Electronic Transfer of Funds  
Payments  
Wire Transfers

Manuals and Department Instructions

Cash Handling Practices, Auditor and Comptroller  
Administrative Regulation 95.80-Forecast of Major Cash Receipts and Payments  
Auditor and Comptroller Department Instruction on SPSP/401k Contributions and Wire Transfer  
Procedures dated April 11, 1997  
Auditor and Comptroller Department Policy on Wire Transfer Procedures-Active/Pension Payroll  
dated June 6, 1995

Administering Department

Financial Management

# DRAFT

CITY OF SAN DIEGO  
MEMORANDUM

**DATE:** March 17, 1998  
**TO:** Raymond Day, Investment Officer  
**FROM:** Authorizing Department Manager  
**SUBJECT:** Request for Initiation of Wire Transfer Template

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Please initiate a wire transfer template for payment of (name of project) as follows:

	Receiving Bank:	Name of bank
	ABA:	Nine digit routing number
	Account Number:	Beneficiary's account number
	Account Name:	Name of Account to be credited
<b>OPTIONAL:</b>	Sub-Account Name:	Name of subaccount to be further credited
	Reference:	Name of project
<b>OPTIONAL:</b>	Attention:	Name and telephone of bank contact person
<b>OPTIONAL:</b>	Reference:	Project, invoice, etc. numbers
	Dollar Limit:	A set dollar limit that payments will not exceed

