

SOUTHWESTERN

LAW SCHOOL Los Angeles, CA

Check-Signing and Financial Controls Policy

Board of Trustees policy approved December 8, 2021. Effective immediately.

Revision history: Revised September 29, 2022 (including a title change); technical edits made in October 2023.

Related policies: Contract Approval and Signing Authority Policy

Scheduled Review Date: September 2024 (Office of the President and Dean)

1. Positive Pay:

- a. Southwestern Law School's internal controls are sufficient to allow for a digitized or electronic signature on all checks. In addition to the requirement that all payment requests, over \$10,000, require two levels of approvals before being processed, Southwestern has a positive pay process as another level of protection against fraudulent checks being submitted to the bank for payment. The positive pay process has a clear separation of duties between those who can approve payment requests in the bank's online payment system (CFO and Controller) and those who maintain the script that submits the positive file to the bank (Accounts Payable Specialist).
- a. For a check to be honored by Southwestern's primary bank, both the physical check and the information in the electronically submitted positive pay file (check amount, check number, and payee) must match. If there are exceptions, an automated email is sent by Southwestern's designated bank to the CFO and the Controller. For the item to be honored by the bank, either the CFO or the Controller must log onto the bank's online system, address the exception, and approve payment of the item before the 12:00 p.m. daily deadline. If no payment approval is submitted before the daily deadline, the bank will not honor the check and return it. The bank will also return any checks that are submitted with a stale date.

2. **Physical Checks:** Blank check stock is physically restricted and kept in a locked drawer in the Accounting Office. Check logs are produced and maintained in Colleague, which is Southwestern's accounting software. Physical paper checks are issued on an as-needed basis, most typically due to employment law requirements or to meet a critical due date.
3. **Electronic or Wire Transfers:** If necessary, payments for goods and services can be processed via wire or ACH. The Accounts Payable Specialist is responsible for initiating wire transfer requests for payment of expenses. The Controller is responsible for initiating wire transfer requests that may be necessary for non-procurement-related items such as bond payments. All wires are controlled through Southwestern's online banking system and approved by at least two individuals authorized under this Policy.
4. **Authorizations for Checks, Vouchers, and Electronic or Wire Transfers:**
 - a. **Vouchers:** Department heads may sign vouchers or check requests for amounts up to \$10,000. Department heads may delegate signing authority to another manager in the department, using the format specified in the Contract Approval and Signing Authority Policy. Vouchers and check requests for amounts that exceed \$10,000 also must be signed by an individual holding a position listed in Subsection 4(b) below.
 - b. **Checks:** Individuals holding the positions listed below ("authorized individuals") may sign physical checks and vouchers or authorize electronic or wire transfers up to \$10,000. Physical checks or electronic or wire transfers that exceed \$10,000 must be signed by two authorized individuals. However, a check that requires two signatures cannot be signed by (i) the Chief Financial Officer and the Controller, (ii) the Dean and the Assistant Corporate Secretary, or (iii) a Vice Dean and the Associate Dean for Academic Innovation and Administration. The Board of Trustees authorizes any person appointed to a position below to be added to the Law School's banking account. If an individual is appointed to a position listed below on an interim or acting basis that is anticipated to last at least six months, that individual may also be added to the Law School's banking account. The Chief Financial Officer is responsible for ensuring that bank signatories are current.
 - President and Dean;
 - Chief Financial Officer;
 - Vice Dean;
 - Associate Dean for Academic Innovation and Administration;
 - Controller;
 - General Counsel;
 - Corporate Secretary;
 - Assistant Corporate Secretary; and

- Chief Operating Officer.
- c. Budget authority:** All requests for a check, voucher, or electronic or wire transfer must be signed by the department head or other Law School official responsible for the implicated budget or account.
- d. Confidential payees:** Checks deemed confidential (e.g., involving a sensitive employee matter, internal investigation, or legal matter) will include a notation of “confidential” on the voucher form or check request. Checks payable for a confidential expense can be signed only by individuals holding the positions listed below. As noted in Subsection 4(b) above, checks that exceed \$10,000 must be signed by two officials listed below. Should two authorized signers not be able or available to sign, the Dean or the Board Chair may delegate authority for an authorized signer listed in Subsection 4(b) above to sign. Delegated authority must be in the format specified in the Contract Approval and Signing Authority Policy.
- President and Dean;
 - Vice Dean;
 - Chief Financial Officer;
 - General Counsel;
 - Corporate Secretary; and
 - Chief Operating Officer.
- 5. Email and Text Instructions:** An email requesting payment or bank-routing information should be considered suspicious until the information can be independently verified through another channel, such as a direct phone call. Any Southwestern employee with the authority to process wire transfers is required to question email instructions even if they appear to be made by their manager, another Southwestern manager, or an officer or trustee of Southwestern. A text message containing financial, payment, or other business requests should be assumed fraudulent and should not be acted upon.
- 6. Changes to Supplier/Vendor Data:** Suppliers and vendors frequently change a piece of their business information, such as a physical address or bank account. Few suppliers or vendors proactively supply this new information to Southwestern. Instead, most adjust their invoices to request payment to a different bank. If a Southwestern employee becomes aware of changes to supplier or vendor information, the employee should call a known supplier or vendor contact to verify the changes requested on the invoice, authenticate the information being provided, and request that the supplier or vendor provide an updated W-9. Every request to change a bank account must be verified using information on hand, not information supplied in an email or text message. An authorized Southwestern employee must call the supplier or vendor to ensure the request is legitimate and require the supplier or vendor to complete the banking

information portion of the wire request form. Southwestern rarely pays suppliers or vendors via wire transfers; any such requests must be referred to the Chief Financial Officer for review.

7. Changes to Direct Deposit Information:

- a. Payroll direct deposit:** Any employee who wants to enroll in or amend their payroll direct deposit must log on to the Southwestern portal to retrieve the applicable form (Payroll Automatic Deposit Authorization Agreement) or visit the Administrative Services Office for a hard copy of the form. Once completed, the employee must submit the form, along with a voided check, in person to Human Resources.
- b. Reimbursement direct deposit:** Any employee who wants to enroll in or amend their reimbursement direct deposit must log on to the Southwestern portal to provide their bank information.