



Batts Morrison
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CERTIFIED PUBLIC ACCOUNTANTS®

Sample Policy for Changes to Payee Electronic Payment Accounts

Purpose

Fraudsters are employing various sophisticated techniques designed to deceive people in financial roles in organizations and cause them to transfer funds to the fraudsters while believing that they are transferring the funds to appropriate payees (vendors, employees, grant recipients, etc.). In order to reduce the risk of loss of funds associated with such schemes, the Organization has developed this written policy, which has been approved by the governing board, requiring Organization employees to employ certain verification procedures in connection with any changes to electronic payment accounts for payees.

Policy

Employees of the Organization must use an appropriate communication method known to be reliable (such as placing a phone call to a payee's phone number known by the employee to be authentic) to verify the authenticity of any request to add or change any payee's electronic payment account information. A second, unrelated employee must affirm that the authentication communication described above was made by the initiating employee. In making the authentication required by this policy, an Organization employee must not rely on email communications from a payee for purposes of authentication or to obtain contact information for the payee. This policy applies to requests to add or change electronic payment account information for any vendor, contractor, employee, grantee, or any other party to whom the Organization makes or plans to make electronic payments of any type, including wire transfers, ACH payments, or any other form of electronic payment. A payee's electronic payment account information may only be added or modified after the authentication and affirmation process described in this paragraph has been completed. If any employee is uncertain about the authenticity of a request to add or change any payee's electronic payment account information after attempting to authenticate the request pursuant to this policy, the employee should address the matter with his or her supervisor immediately.

Appropriate documentation of each of the above steps shall be maintained. The two employees involved in the authentication process must document both the initial verification step and the affirmation step described in the preceding paragraph. This documentation must be included in the Organization's records supporting payment to the applicable payee (e.g., accounts payable records, payroll records, grant documents, etc.).

Actions Required in the Event of Failure to Comply with the Policy

If any Organization employee learns or suspects that the steps required by the policy described above were not followed in connection with an addition or modification of any payee's electronic payment account, he or she must immediately notify _____, and appropriate protective and corrective measures should be taken immediately to address the matter.

This sample document is provided for general information purposes. It does not constitute professional advice. It is a generic document that is not specifically designed for your organization. We have provided it as a matter of professional courtesy for you to consider, together with your legal counsel, as you determine policies and/or provisions of your governing documents that are appropriate for your organization. In establishing your organization's policies or provisions of your governing documents, you should consider, together with your legal counsel, your unique operational, financial, and legal circumstances.