

**To the Mayor and Members of the City Council****June 16, 2020**

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SUBJECT: INFORMATION ON BANK WIRE TRANSFERS

This Informal Report is in response to the Audit Committee's request for information relating to payments made by Bank Wire Transfer ("Bank Wires").

Background

Bank Wires provide a convenient and efficient way to process payments and are required for certain types of payments and transactions. To minimize the risk associated with Bank Wires, Treasury management has implemented strong security measures, incorporating relevant best practices, and utilizes strong system access controls.

Bank Wires are limited. During the 2019 fiscal year, the city issued approximately 29,000 payments (paying approximately 74,000 invoices). Of the approximately 29,000 payments issued, the City Treasury made 235 payments by Bank Wire, representing approximately 0.8% of the total count of payment transactions.

Certain payments are required to be made by Bank Wire such as property acquisitions (payments to title companies), remittance of employee/employer benefit payroll deductions and related payments, bonded debt and certain lease payments, gas well income distributions, and investment related transactions. These account for the majority of payments made by Bank Wire. Other Bank Wires made during the 2019 fiscal year include payments made through the home buyer and economic development assistance programs, a payment to the Texas Regional Water District, legal settlement payments, and a casualty and property insurance payment.

Authority and Security

The Bank Wire process is very controlled and requires dual processing (creation & release). Bank Wire system templates require dual approval in the set up or modification and provide a full audit trail. Independent verification of Bank Wire instructions by authorized Treasury personnel for non-routine Bank Wires is a required standard practice.

Only authorized staff in the Financial Management Services Department ("FMS") have system access to create, approve, and release Bank Wires. Additional approval procedures are in place for Bank Wires that exceed the internal policy threshold.

Due to security risks, the specific approval threshold and authorized personnel were purposely excluded from this report, as recommended by the City Auditor and the City's Banking Relationship Manager.

As cyber and financial fraud continues to increase in frequency and sophistication, staff will continue to update/revise internal Bank Wire procedures, as needed, to incorporate the relevant best practices in wire fraud prevention.

For questions regarding Bank Wires, please contact John Samford, Assistant Finance Director & City Treasurer, at 817-392-2318.

David Cooke
City Manager