

ACTTS

TO: File
From: ACTTS/FAD
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Cash Management Series: Direct Debits

Policy: Direct debits to University accounts are not allowed.

No exceptions will be allowed at this time. A review and assessment of the implications must be conducted.

Background

Vendors are offering and encouraging 'direct debits' to bank accounts as a payment option. This option allows for regularly charging a bank account and eliminating the need to pay by check. The process includes providing the vendor with bank account, routing, and transit numbers. In addition a signed agreement is required authorizing electronic withdrawal on a specified date. While direct debit is a convenient method of payment it is considered high risk.

Risk Assessment

- Granting vendor access to University banking information increases risk of fraud.
- Direct debits impede local unit review and approval processes.
- Administrative burden increases

Local unit process must be established to record and monitor activity

Unidentifiable transactions require research by Cash Management, the bank, the vendor and local units (when identifiable/known by Cash Mgt.).

Information provided by bank is limited

Vendor/banks aren't always willing to supply contact information to assist investigation into unidentified payment.

Agreements must be monitored for timely termination

- Signing an agreement makes Harvard responsible for any activity until termination