

WIRE ROOM OPERATIONS

INTERNAL CONTROL QUESTIONNAIRE

PURPOSE: To determine that controls surrounding the Fed Wire process are adequate to eliminate the possibility of fraud to the extent possible while allowing for daily work-flow to proceed without undue delays.

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	Yes	No	Yes	No		
1. Does KSB have written wire transfer procedures?						
2. Are the procedures being consistently followed?						
3. Does someone supervise the wire transfer activity to ensure compliance with written procedures?						
4. Are customer wire transfer requests required to be in writing, and is a permanent record maintained listing the date, amount of the transfer, person authorizing the transfer, test code or personal identification number, and detailed instructions?						
5. Is access to test codes restricted to only those employees authorized to handle transfer requests?						
6. Are the test codes held in a secure place?						
7. If code words are used, are they changed periodically?						
8. Is the transfer of uncollected funds strictly forbidden?						
9. Is dual officer approval required over large dollar transfers?						
10. Are customer and/or KSB verification call-backs required for wire transfers above an established dollar threshold?						
11. Are all securities transaction related transfers made only after the verified receipt of securities – delivery versus payment?						
12. Are wire transfers balanced at least daily by a person independent of the transaction approval or processing?						
13. Does KSB have a dual release system for wire transfers where one person inputs transfer instructions and another person verifies and releases the transfer?						

	Yes	No		Yes	No	
14. When KSB calls in wire transfer instructions to a correspondent bank which performs the wire transfer, does one person originate the call and then does the correspondent bank make a call back to another person to verify the authenticity of the wire instructions?						
15. Have unusual, frequent, or sizable transfers been made to offshore Private Act Havens such as Panama, Switzerland, the Netherlands, Antilles, or Cayman Islands?						
16. Are identification codes and passwords assigned to employees changed frequently and maintained under dual control?						
17. Is there dual custody of Fed Line and correspondent bank codes?						
18. Do authorized employees review and approve wire transfer forms noting that the appropriate information for each transfer has been provided?						
19. Is there supervisory review of wire transfers and confirmations received to ensure that they were properly authorized?						
20. Are accurate lists of employees authorized to initiate funds transfers maintained?						
21. Does exception reporting exist to help in detecting and correcting errors with regard to wire transfers?						
22. Is there periodic supervisory review of all exception reporting related to wire transfers, to ensure all exceptions were properly documented and approved?						