

# Alternate Payment Methods:

## How AP Can Earn Revenue for Your Organization

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# Recommendations of Project INVEST Task Force

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## Project INVEST

Investing in students through efficient business strategies



*A collaboration between the Alliance for World Class Education and the Duval County Public Schools*



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# Recommendations For Accounts Payable

- e-Payables, Payments via Credit Card
- Payments via ACH/Direct Deposit
- Increase Procurement Card usage for Business Travel

# e-Payables

- **What is it and how does it work?**
  - Payment of vendor invoices by credit card (VISA).
  - Each vendor is assigned a unique card number.
  - Invoices are processed through the normal AP process.
  - Card balances remain at \$0 until invoice is paid.
  - Payment file is sent to the e-Payables system nightly.
  - Email notification is sent to each vendor listing invoice numbers, invoice date, and amount paid.
  - Card is loaded (available spend) with authorized amount.
  - The vendor charges amount from notification.
  - After authorized amount is charged the card is automatically set back to \$0 until the next payment file is received.

# e-Payables

- **Internal Controls**

- **Cards have \$0 balance until payment file is received.**
  - A file is sent programmatically through a secured FTP server nightly.
- **Accounts Payable must approve/release payments in the banking software before notifications are sent to the vendor.**
  - This allows for approval of payments over certain dollar thresholds that require Director approvals.
  - Final review of payments for accuracy before payments are released
- **Separate Department Reviews Card Creation.**

# e-Payables

- **Cost**

- Vendor may incur transaction costs for processing payment.
- Program is part of the DCPS banking contract, fees are minimal.

- **Benefits**

- Earn interest from additional cash float.
- Earn rebate on spend volume.
- Cost savings from reduction of paper checks.
- Can be used during contract negotiations.

# e-Payables

- **Lessons Learned**

- Must have a high level administrator that will serve as an internal champion.
- Purchasing Department must be onboard with the program and require or offer the e-Payables option in bid/contract packages.
- General ledger accounts for e-Payables should be set up very similar to procurement card accounts.
- Can not be reconciled the same way paper checks are reconciled.

# e-Payables

- **Lessons Learned Continued**
  - Not all vendors will be willing to participate.
  - Offer incentives for vendor participation.
  - Control your vendor marketing, especially when implementing ACH/Direct.
  - Use to negotiate better payment terms or discounts.

# ACH/Direct Deposit

- **What is it and how does it work?**
  - Payments are directly deposited into the vendors bank account instead of receiving a paper check.
  - Invoices are processed through the normal AP process.
  - Payment file is sent to the banking system nightly.
  - Email notification is sent to the vendor indicating invoice number, invoice date, amount paid and date deposit will be posted to their account.

# ACH/Direct Deposit

- **Internal Controls**

- **DCPS does not maintain vendor bank account information.**
  - Vendors set up and maintain their own bank information through our bank's secured portal.
  - Payroll Department enters banking changes for employees.
  - Report is run weekly to programmatically check for keying errors.

# ACH/Direct Deposit

- **Internal Controls**

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# ACH/Direct Deposit

- **Cost**

- Program is part of the DCPS banking contract, fees are minimal.
- No cost to the vendor.

- **Benefits**

- Cost savings from reduction of paper checks and bank wires.
- Can be used as a contract negotiation tool.
- Reduction of stop payments due to lost checks.
- Reduction of abandoned property.
- Time saver for employees and vendors.

# ACH/Direct Deposit

- **Lessons Learned**

- Must have a high level administrator that will serve as an internal champion.
- Mandate all employee reimbursements be paid via ACH/Direct Deposit.
- Educate other departments regarding the timing requirements of ACH/Direct Deposit.

# Procurement Cards for Travel

- **Internal Controls**
  - Separation of duties.
    - Card creation.
    - Auditing of charges.

# Procurement Cards for Travel

- **Cost**

- Program is part of the DCPS banking contract, fees are minimal.

- **Benefits**

- Cost savings from reduction of paper checks.
- Reduction of stop payments due to travel changes or lost checks.
- Reduction pre-payment requests.
- Time saver for employees.
- Reduces out of pocket expenses for employees.

# Procurement Cards for Travel

- **Lessons Learned**

- Potential for misuse, such as travel without proper approval.
- Need a dedicated audit team.
- Cardholder training is essential.

??Questions??

