

30.4 Process Payments

Revision History

Version	Date	Revision Notes
1.0	07/30/2019	Accepted Version
2.0	04/29/2021	Accepted Departmental Version

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General Information

This document describes and depicts the process steps and supporting information for the identified State of Florida financial management business process. This information should be read in conjunction with the Business Process Flow Diagrams.

The Dependencies and Constraints section describes any conditions or criteria that impact how or when the business process should be executed. These could be set within Florida PALM or from external sources (i.e., Law or Rule).

The Business Process Overview section summarizes the business process and provides context for understanding the objectives and desired outcomes of the described business process.

Within the Business Process Flow Details section, included for each process step are:

- **Process Step ID** – A unique number assigned to each process step, which corresponds to the Business Process Flow Diagram
- **Process Step Title** – A short description assigned to each process step, which corresponds to the Business Process Flow Diagram
- **Description of Process** – A detailed narrative description of the process step, which provides additional information and context for understanding the process step

Also described below are the Ledger Impacts and Reports, which are displayed as icons on the Business Process Flow Diagrams. Ledger impacts describe where there is an update to one of the ledgers used to track activity for accounting, budget management, or financial reporting purposes. Reports describe where a report is identified to be produced at a particular process step or is used to support the completion of a process step.

Finally, included in the Terminology section are definitions of terms which will help the reader to better understand the document. These are terms that are used within this document that may be new or that require a description for common understanding.

Dependencies and Constraints

- Payment terms are identified in the supplier profile.
- Payment terms may be updated on the voucher.
- Suppliers must have an approved profile record and have no holds to receive payment.
- Posted vouchers identify the applicable schedule date for payment processing.
- The pay cycle includes selection parameters to process applicable payments.
- Interface between bank and Florida PALM Financial Gateway is established.

Business Process Overview

The Process Payments business process is within the Disbursements Management (DM) business process grouping. DM includes a collection of business processes that:

- Manage supplier information, including demographic and payment information for tax withholding and reporting purposes;

- Support the disbursement process for State obligations from encumbrance through payment request, payment creation, and escheatment; and
- Perform month-end and year-end closing activities.

The Process Payments business process includes the payment of scheduled payments in the pay cycle process, the application of any payment intercepts, and the creation of warrants and electronic payments.

The business subprocess included are:

- 30.4.1 – Process Pay Cycle
- 30.4.2 – Process Warrant Payments

The Process Payments business process consists of pay cycle and warrant payments. These business subprocesses include selecting/interfaces vouchers scheduled for payment, creating electronic and warrant payments, verifying sufficient cash is available for creating the payments, transmitting Electronic Funds Transfer (EFT) and Automated Clearing House (ACH) files to the bank, and creating payment registers, remittance advices, and information required for transparency sites.

Business Process Flow Details

The tables below describe steps in each business subprocess as reflected on the Business Process Flow Diagrams. The tables also reflect information associated with each step describing the intent of the specific process.

The Business Process Flow Diagrams use horizontal swim lanes to depict where activities are performed by different parties or systems. Each swim lane is titled with a role, either agency-based or within Department of Financial Services (DFS), and in some cases, are representative of an external entity or system. The swim lanes may change from page to page within a single business subprocess as more or fewer roles are required to execute sections of the business subprocess. Optionally, the process flow diagram may reflect vertical swim lanes to further designate information such as systems or time intervals.

Table 1: Process Pay Cycle

30.4.1 – Process Pay Cycle		
Swim Lane – Definition	DFS Payment Processor: enterprise role responsible for managing and issuing disbursements of warrants/EFT/ACH payments across all agencies and loading Statewide Travel Management System (STMS) information into the Expense module for all agencies	
Process Step ID	Process Step Title	Description of Process
1	Eligible Vouchers Ready for Payments	All approved disbursements (vouchers, travel, etc.) will be loaded for payment scheduling based on the payment terms from the supplier profile. The Process Pay Cycle business subprocess schedules payments when the vouchers are posted. Travel reimbursements that pass budget check are scheduled for payment.
2	Suppliers Ready for Pre-note Validation	Suppliers that add or update their payment method to Automated Clearing House/Electronic Funds Transfer (ACH/EFT) will be scheduled for pre-note validation of the electronic banking information.
3	Schedule Payment	Florida PALM selects vouchers for payment based on the payment terms from the supplier profile and the criteria for the pay cycle, such as: pay through date, bank account, agency, and payment method (ACH, EFT, or warrant). A Scheduled Payments report identifies the payments that are scheduled as part of the pay cycle.
4	Run Pay Cycle Payment Selection	This step initiates the pay cycle, determines the vouchers for payment based on the payment selection criteria, and processes all scheduled vouchers for payment creation, The Payment Method Changes report shows any payments in which the payment method was changed to wire, as this is not a standard payment method.

Process Step ID	Process Step Title	Description of Process
5	Run Cash Check	<p>The selected payments must pass cash checking to continue processing. If cash is not available, the applicable payment transaction fails cash checking. Cash check errors are resolved via the Manage Cash Checking business subprocess.</p> <p>The Cash Check Exceptions report is a listing of scheduled payments that failed the cash check and the Cash Check Overrides report identifies any overrides for these exceptions.</p> <p>The voucher does not post until there is cash available or the voucher accounting is updated. Alternatively, the voucher may be deleted.</p>
6	Update/Delete Voucher	<p>If cash check errors remain unresolved, the voucher is updated to correct the errors or deleted.</p>
7	Run Payment Creation Process	<p>Supplier payments are generated in accordance with the prescribed payment format (ACH, EFT, or Warrant) after a successful cash check, automatic bank reconciliation is initiated. If the payment method is warrant, then a Positive Pay File is created. The Positive Pay File is an input for the book to bank reconciliation, and is a control used by the bank to validate the warrants when presented to the bank.</p> <p>Payments created as part of pre-note validation are sent to the Manage ACH/EFT Returns, Update Pre-note Status step. The Payment Register report lists all payments made as part of the pay cycle. If the payment is made via ACH/EFT, Treasury approves the bank cash transfers to fund the payments for the pay cycle.</p>
8	Remittance Advice Email	<p>A supplier that has an email address set up in their supplier profile can be emailed payment advice for electronic payments. A payment advice report can be generated during the payment creation which can then be printed and mailed to the supplier.</p>
9	Remittance Advice File	<p>A remittance advice file is produced to interface with the various interface sources.</p>
10	Payment History File	<p>A payment detail file is produced to interface with the Vendor Payment History Website managed by DFS.</p>
11	Payment Post	<p>Payment Post creates accounting entries from payment-related transactions, such as manual payments, drafts, EFT payments, ACH payments, and canceled payments. These accounting entries are stored in the General Ledger.</p> <p>The DFS Approver uses the Post Audit Sampling report to manage payments subject to post audit sampling.</p>

Process Step ID	Process Step Title	Description of Process
		<p>Florida PALM produces a Prompt Payment Compliance Report that identifies agency prompt payment compliance and interest paid.</p> <p>The Discounts Received report identifies cash discounts received for payments made in compliance with supplier payment terms.</p> <p>Auto deposits are processed using the Direct Journal Deposits or AR Deposits business subprocesses.</p>
12	Outbound InterUnit Deposit	An automated process loads interunit payment data. This process stages deposit information based on approved AP transactions.
13	Posted Payments File for Sources/ Transparency	A file is produced to interface with internally and externally managed transparency websites and source data systems, including: Transparency Florida, Vendor Payment History, and FACTS.

Table 2: Process Warrant Payments

30.4.2 – Process Warrant Payments		
Swim Lane – Definition	<p>Bank: (Non-Florida PALM role) any financial institution providing banking services to the State of Florida</p> <p>DFS Payment Processor: enterprise role responsible for managing and issuing disbursements of warrants/EFT/ACH payments across all agencies and loading STMS information into the Expense module for all agencies</p> <p>DFS Warrant Printer: (Non-Florida PALM role) enterprise role responsible for printing warrants</p>	
Process Step ID	Process Step Title	Description of Process
1	Create Positive Pay File	The DFS Payment Processor produces the Positive Pay File in Florida PALM for the payments created.
2	Create Warrant Print File	If there are warrants to be printed, a warrant file is generated and sent to the printer. Payment is made through warrant when a supplier's payment method is set to warrant, if the prenote validation is not complete, or if an electronic payment has been returned.
3	Warrant File	Florida PALM processes the warrant data file and sends the warrants for that particular pay cycle to the warrant printer.
4	Print Warrants	DFS Warrant Printer prints the warrants received in the warrant file and provides them to the DFS Payment Processor for distribution. The DFS Warrant Printer uses the Warrant File count of warrants to be produced to validate the number of warrants printed.
5	Receive/Sort/Distribute Warrants	After all warrants have been printed, they are distributed and mailed to the suppliers.

Process Step ID	Process Step Title	Description of Process
6	Positive Pay File	The Positive Pay File identifies all warrants issued for the pay cycle and is sent to the issuing bank.
7	Process Positive Pay File	The bank uses the Positive Pay File to match the warrants issued with those presented to the bank to be deposited or cashed. The bank compares the information it has on file with each warrant presented and any warrant considered to be potentially fraudulent is sent back to the issuer for examination.
8	Positive Pay Acknowledge File	The bank creates and sends a file acknowledging all valid warrants presented that were deposited or cashed.
9	Import Positive Pay Acknowledge File	Florida PALM imports the Positive Pay Acknowledge File from the bank and updates the payment register accordingly. The file identifies the valid warrants that have been presented for payment, which is used for completing bank reconciliation.

Ledger Impacts

Table 3: Ledger Impacts Included on Business Process Flow Diagrams

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI1	Budget Ledger – Cash Check	Decreases Cash Decreases Liability This entry posts for payments that pass the cash check.
LI2	Actuals Ledger – Record Payments	Decreases Asset Decreases Liability

Reports

Table 4: Reports Included on Business Process Flow Diagrams

Report Number	Report Description	Report Frequency	Audience
R1	Scheduled Payments – a listing of payments scheduled to be made as part of the pay cycle	Periodic	Agency, DFS
R2	Wire Payments – a listing of suppliers with payment method changed to wire for the current pay cycle	Periodic	Agency, DFS
R3	Cash Check Exceptions – a listing of scheduled payments that failed the cash check	Periodic, Monthly	Agency, DFS
R4	Cash Check Overrides – a listing of scheduled payments with overrides for cash check exceptions	Periodic, Monthly	Agency, DFS
R5	Payment Register – a listing of electronic, warrant, or manual payments made as part of the pay cycle	Periodic, Monthly	Agency, DFS
R6	Post Audit Sampling – a report to manage payments subject to post audit sampling	Periodic, Monthly	DFS
R7	Prompt Payment Compliance Report – a report of agency prompt payment compliance and interest paid	Periodic, Monthly, Annually	DFS
R8	Discounts Received – a report of cash discounts received for payments made in compliance with supplier payment terms	Periodic, Monthly, Annually	Agency, DFS
R9	Early Payments – a report of payments made before the scheduled due date	Periodic, Monthly, Annually	DFS
R10	Payment Status Report – a report of warrant and electronic payment detail and status (cleared or outstanding)	Periodic, Monthly	Agency, DFS

Terminology

Financial Gateway – a tool that facilitates payment transactions between Florida PALM and the bank.

Pay Cycle – the process of selecting eligible vouchers for payment creation.

Payment – an exchange of funds to compensate or discharge an obligation.

Supplier – all individuals or entities receiving a payment are referred to as suppliers in Florida PALM.

Supplier Location – defines how to conduct business with a supplier. Supplier location contains information such as payment terms, withholding configuration, payment method, and bank account details.