

30.5 Manage Payments

Revision History

Version	Date	Revision Notes
1.0	07/30/2019	Accepted 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

- Electronic banking information must be recorded on the supplier record to be sent to the bank for testing
- Manual payment dates must be entered correctly to calculate stale date(s)
- Manual payments must be entered into the system before being cancelled in Florida PALM
- For all payment cancellations, the bank is notified via a payment cancellations file
- For urgent payment cancellations, the party responsible for the banking relationship (i.e., either the agency or Treasury) also notifies the bank, as applicable
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Business Process Overview

The Manage 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 managing stale payments; and
- Perform month-end and year-end closing activities.

This business process addresses processes for recording manual payments made outside Florida PALM, managing Automated Clearing House/Electronic Funds Transfers (ACH/EFT) notifications from the bank for returns and pre-note validations, managing the transfer of stale payments, and the cancellation and reissuance of payments.

The business subprocess included are:

- 30.5.1 – Record Manual Payments
- 30.5.2 – Manage ACH/EFT Notifications
- 30.5.3 – Manage Stale Payments
- 30.5.4 – Cancel and Reissue Payments

The Record Manual Payments business subprocess identifies the steps to record the accounting for payments issued outside Florida PALM. The Manage ACH/EFT Notifications business subprocess describes the steps to manage ACH/EFT notifications for pre-note validation and the status of electronic payments. The Manage Stale Payments business subprocess describes the steps to manage stale payments and transfer monies to Unclaimed Property, or as applicable, the originating fund. The Cancel and Reissue Payments business subprocess describes the steps to stop, cancel, and void or reissue payments made within Florida PALM.

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: Record Manual Payments

30.5.1 – Record Manual Payments		
Swim Lanes – Definition	Agency AP Processor – agency role responsible for recording the accounting for payments issued outside of Florida PALM	
Process Step ID	Process Step Title	Description of Process
1	Issue Warrant(s) Outside of Florida PALM	Manual Warrants are issued outside of Florida PALM such as a revolving fund check, payroll warrant, or DFS manual warrant.
2	Enter/Update Voucher	The Agency AP Processor enters manual warrants made outside of Florida PALM as a voucher.
3	Data to Load Manual Payments	Data is loaded into Florida PALM to create a voucher from various sources.
4	Reconcile Manual Payments	If Manual Payments were made from a bank account which resides within Florida PALM, then automatic reconciliation is initiated. If Manual Payments were made from a bank account that resides outside of Florida PALM, the reconciliation occurs outside of Florida PALM.

Table 2: Manage ACH/EFT Notifications

30.5.2 – Manage ACH/EFT Notifications	
Swim Lane – Definition	Bank: (Non-Florida PALM role) a financial institution that processes financial transactions and maintains bank accounts for the state DFS Payment Processor: DFS 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	ACH/EFT NOC File	The Bank creates and sends an ACH/EFT Notice of Change (NOC) file which contains details of electronic payments and the results of the pre-note validation.
2	Import ACH/EFT NOC File	The NOC file is imported into Florida PALM for review.
3	Initiate Payment Cancellation	If the file contains a payment failure notification, a payment failure report is generated, and the DFS Payment Processor initiates the payment cancellation. However, if the payment is successful and it is not related to a pre-note then the automatic bank reconciliation is initiated.
4	Update Pre-note Status	Payments created as part of pre-note validation are included in the payment file provided to the bank to process ACH and EFT validation. The supplier's pre-note status in the supplier record is updated based on the success or failure of the pre-note validation.

Table 3: Manage Stale Payments

30.5.3 – Manage Stale Payments		
Swim Lanes – Definition	<p>Agency AP Analyst: agency role responsible for voucher corrections and issuing and maintaining disbursements in Florida PALM</p> <p>Agency Fund Manager: agency role responsible for managing compliance with grant or other fund-specific requirements</p> <p>DFS Payment Processor: DFS 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>Unclaimed Property Processor: DFS role responsible for managing stale funds and other property</p>	
Process Step ID	Process Step Title	Description of Process
1	Generate Warrant Status Report	Florida PALM generates an Outstanding Warrants Report, which lists warrants older than 12 months that are due for transfer to Unclaimed Property.
2	Initiate Payment Cancellation	Florida PALM initiates cancellation for payments exempt from transfer to Unclaimed Property, such as federal funds. The Cancelled Payments report lists all warrants that were cancelled, including federal funds.
3	Manage Funds Exempt from Transfer to Unclaimed Property	Any cancelled warrants that contain federal dollars or other funds exempt from transfer to Unclaimed Property are cancelled and the funds revert the originating fund. The Agency Fund Manager accounts for the federal funds or other funds which cannot be transferred. Federal funds are returned to the

Process Step ID	Process Step Title	Description of Process
		applicable trust fund and are considered in future grant drawdowns.
4	Enter Manual Transfer to Unclaimed Property	The DFS Payment Processor manually enters warrants for transfer to Unclaimed Property.
5	Process Stale Payments	Florida PALM transfers applicable payments to the Unclaimed Property Trust Fund for administration by the Unclaimed Property Processor on a scheduled basis. The Transferred Payments report lists all payments transferred to Unclaimed Property due to a stale date.
6	Stale Payments File	Florida PALM creates a file of stale payments to identify the payee information for use by the Unclaimed Property Processor.
7	Receive File in UPMIS	The Division of Unclaimed Property loads the unclaimed property records from the Stale Payments File into the Unclaimed Property Management Information System (UPMIS).
8	Generate/ Review Outstanding Warrants Over 3 Months Old	The Agency AP Analyst reviews the Outstanding Warrants report to identify warrants over three months old, and makes the report available to applicable parties for follow-up.
9	Contact Suppliers	The Agency AP Analyst (or other agency personnel) contacts suppliers whose payments are outstanding, to encourage them to present the warrant to the bank.
10	Update Supplier Conversation	The Agency AP Analyst updates the supplier conversation field, in the supplier record, with details including discussions with the supplier and attempts made to contact the supplier regarding the stale warrant.

Table 4: Cancel and Reissue Payments

30.5.4 – Cancel and Reissue Payments	
Swim Lanes – Definition	<p>Agency Payment Cancellation Approver: agency role responsible for reviewing and approving payment cancellations</p> <p>Agency Payment Cancellation Processor: agency role responsible for identifying and initiating payment cancellations</p> <p>DFS Payment Cancellation Processor: DFS role responsible for identifying, initiating, and processing payment cancellations</p> <p>Treasury Payment Cancellation Processor: Division of Treasury role responsible for processing payment cancellations</p>

Process Step ID	Process Step Title	Description of Process
1	Identify Payment for Cancellation	The Agency Payment Cancellation Processor identifies the need to cancel a payment based on applicable business events.
2	Notify Bank	If the bank account from which the payment was generated is not managed by the Treasury either through Florida PALM or part of the Consolidated Revolving Account (CRA), the Agency Payment Cancellation Processor contacts the bank to process the cancellation. Agency responsibilities for revolving funds include recording manual payments in Florida PALM and recording any reversals when payments are cancelled from these external bank accounts. For non-CRA accounts, the agency is responsible for contacting the bank for any requests related to a payment. For CRA accounts, Treasury is responsible for contacting the bank for any requests related to a payment.
3	Request Payment Cancellation	The Agency Payment Cancellation Processor uses an electronic form in Florida PALM to request a payment cancellation for any payment recorded in Florida PALM, whether it was issued as a standard disbursement or issued from an external bank account. If the request has been returned for edits, the Agency Payment Cancellation Processor will update the request as necessary. The Payment Status Report lists warrant and electronic payment detail and cleared or outstanding status. This information is used to determine whether cancellation is possible.
4	Payment Cancellation Data	A file of payment cancellation requests from an external system, such as Payroll (PYRL) or an agency business system, is interfaced with Florida PALM for cancel and close activities.
5	Initiate Workflow	Florida PALM will initiate workflow to route the payment cancellation request to the appropriate parties for action. Some payments require DFS or Treasury oversight, while other payments are approved for automatic processing.
6	Receive/Review Cancellation Request	The Agency Payment Cancellation Approver will provide oversight for payment cancellation requests of a Florida PALM disbursement (made through Florida PALM).
7	Receive/Review Cancellation Request	The DFS Payment Cancellation Processor will provide oversight for payment cancellation requests of a Florida PALM disbursement (made through Florida PALM). When applicable, the DFS Payment Cancellation Processor will escalate time sensitive requests by notifying the bank or Treasury by phone.
8	Identify Payment for Cancellation	The DFS Payment Cancellation Processor identifies the need to cancel a payment based on applicable business events, such as a supplier request for a replacement warrant.
9	Request Payment Cancellation	The DFS Payment Cancellation Processor uses an electronic form in Florida PALM to request a payment cancellation.

Process Step ID	Process Step Title	Description of Process
		<p>If the request has been returned for edits, the DFS Payment Cancellation Processor will update the request as necessary.</p> <p>The Payment Status Report lists warrant and electronic payment detail and cleared or outstanding status. This information is used to determine whether cancellation is possible.</p>
10	Receive/Review Cancellation Request	<p>If the payment cancellation request is associated with a Consolidated Revolving Account (CRA) payment, the Treasury is responsible for reviewing the request and managing any required contact with the bank.</p> <p>If the payment was not issued through Florida PALM and is not a CRA payment, the request will be automatically routed for cancel and close activities.</p>
11	Cancel Payment/Close Liability	<p>Florida PALM records payment cancellations, and either closes the associated liability or stages the next steps for payment reissuance.</p> <p>The Cancelled Payments report lists all payments that have been cancelled within Florida PALM.</p>
12	Payment Cancellation Data To/From Bank	Florida PALM creates a file with cancelled payment data to send to the bank(s) for appropriate action.
13	Reissue Payment	If the payment is to be reissued, the Agency Payment Cancellation Processor reissues the payment in Florida PALM using the original voucher. If the voucher is changed, it is subject to a new review and approval workflow. If there are no changes to the voucher (to replace the original payment), the voucher is activated for inclusion in the applicable pay cycle.

Ledger Impacts

Table 5: Ledger Impacts Included on Business Process Flow Diagrams

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI1	Actuals Ledger – Stale Payments	Increase Asset Decrease Expenditure
LI2	Actuals Ledger – Stale Payments	Increase Revenue Increase Liability
LI3	Actuals Ledger – Cancel Payments	Increase Asset Decrease Expenditure, or Increase Accounts Payable

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI4	Budget Ledger – Cancel Payments (Current Year Warrants)	Increase Cash Increase Available Budget Balance Increase Encumbrance/Budget Decrease Expenditure
LI5	Budget Ledger – Cancel Payments (Prior Year Warrants)	Increase Cash Decrease Expenditure

Reports

Table 6: Reports Included on Business Process Flow Diagrams

Report Number	Report Description	Report Frequency	Audience
R1	Manual Payments – a report of payments made outside of Florida PALM that are entered/loaded into Florida PALM either via manual entry, an agency business system, or PYRL	Periodic	Agency, DFS
R2	ACH/EFT Failures – a report that identifies ACH/EFT failures from the bank	Periodic, Monthly	DFS
R3	Outstanding Warrants Report - a report that lists the stale-date of all outstanding warrants not cleared by the Bank	Periodic, Monthly	Agency, DFS
R4	Cancelled Payments Report – a report that lists all cancelled payments and the number of days outstanding at the point of cancellation	Periodic, Monthly	Agency, DFS
R5	Transferred Payments – a report of all payments transferred to Unclaimed Property due to a stale date	Periodic, Monthly, Annually	Agency, DFS
R6	Payment Status Report – a report of warrant and electronic payment detail and status (cleared, outstanding, cancelled, or reissued)	Periodic, Monthly	Agency, DFS
R7	Pre-note Failures Report – a report of payments that failed pre-note validation	Periodic, Monthly	Agency, DFS

Terminology

Cancel Payment – action taken to make a payment non-negotiable (ineligible for payment at the bank).

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

Manual Payment – a payment made outside of Florida PALM, typically from a revolving fund, payroll, or DFS manual warrant.

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

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

Reissue Payment – action taken to replace a payment distributed but not cleared, when a cancellation is made, and the liability was not closed.

Stale Payments/Property – funds or other property transferred to Unclaimed Property for warrants not cashed within 12 months of issuance.

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.

Stop Payment – instructs a financial institution to withhold payment on a warrant. Stop actions can be later released and the payment can be reissued. Also referred to as Cancel Payment.

Void Payment – the destruction of a warrant to indicate it is no longer a valid payment instrument.