

## 30.4 Process and Manage Payments

This document is a draft and subject to change

## Table of Contents

Table of Contents.....	2
Disbursements Management .....	3
General Information.....	3
Dependencies and Constraints.....	3
Subprocess Flow Details .....	3
Ledger Impacts.....	6
Reports.....	6
Terminology.....	7
Business Process Flow Diagrams .....	7

DRAFT

## Disbursements Management

### General Information

This document describes and depicts the process steps and supporting information for the identified State business processes. Within the *Subprocess Flow Details* section, included for each process step are:

- **Process Step ID** – a unique number assigned to each process step
- **Process Step Title** – a short description assigned to each process step
- **Description of Process** – a detailed narrative description of the process step
- **Ledger Impacts ID** – the number assigned to the documented accounting entry associated with the step

Also described below are the *Ledger Impacts* and *Reports*, which are displayed as icons on the *Business Process Flow Diagrams*. Finally, included in the *Terminology* section are definitions of terms which will help the reader to better understand the document.

### Dependencies and Constraints

- Payment terms are configured, captured on the supplier profile, and updated on the voucher appropriately for the payment scheduling process.
- Suppliers are configured correctly and have no hold placed for payment processing.
- Vouchers have been approved and posted for payment processing.
- Pay cycle selection parameters are configured correctly for payment selection process.
- Interface between Bank and Florida PALM Financial Gateway is established.

### Business Process Overview

Process and Manage Payments consists of the Process Pay Cycle, Process Warrant Payments, Manage Issued Payments subprocesses. The Process Pay Cycle subprocess include selecting/interfaces vouchers scheduled for payment, running Pay Cycle to create 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 printing warrants. The Manage Issued Payments subprocess includes the steps to void payments, reissue or escheat payments.

### Subprocess Flow Details

The table below describes steps in the business subprocess as reflected on the Process Flow diagrams. The table also reflects 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 either an agency or enterprise role. The swim lanes may change from page to page within a single business

**This document is draft and subject to change**

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.

30.4.1 – Process Pay Cycle	
<b>Swim Lane – Definition</b>	<b>DFS Payment Processor:</b> enterprise role responsible for managing and issuing disbursements of warrants and ACH/EFT payments across all agencies

Process Step ID	Process Step Title	Description of Process
1	STMS	These payments include reimbursements to employees or non-employees for travel or other expenses. State travel approvals are handled within the State Travel Management System (STMS) and interfaced with Florida PALM.
2	Schedule Payment	This step sets up templates that store payment selection criteria that the system uses to select vouchers for payment, such as: Pay through date, Bank account, Agency, and Payment method (ACH, EFT, Warrant). Various processes enter through this step: 30.3.1-16 Approved Vouchers, 30.1.1-6 Create Supplier (pre-note), 60.2.4-10 Approve Offset, and 60.2.4-11 Cancel Offset.
3	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, including payments for employee travel reimbursements which were interfaced through STMS. Outstanding receivables may be processed through the offset process along with any suppliers which are flagged for pre-note validation.
4	Run Cash Check	The selected payments must pass cash checking to continue processing. If cash is not available, the applicable payment transaction fails cash checking. Cash check exceptions are resolved via the cash checking process.
5	Run Payment Creation Process	Payments are generated in accordance with the prescribed payment format (ACH, EFT, or Warrant) after a successful cash check.
6	Email Payment Advice	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 process which can then be printed and mailed to the supplier.
7	Payment Post	The Payment Post Process creates accounting entries from payment-related transactions, such as system-created payments, manual payments, drafts, EFT payments, ACH payments, and canceled payments. These accounting entries are stored in the General Ledger.

This document is draft and subject to change

**30.4.2 – Process Warrant Payments**

<b>Swim Lane – Definition</b>	<b>DFS Payment Processor:</b> enterprise role responsible for managing and issuing disbursements of warrants/EFT/ACH payments across all agencies
-------------------------------	---

Process Step ID	Process Step Title	Description of Process
1	Create Positive Pay File	The DFS Payment Processor will produce the Positive Pay File in Florida PALM.
2	Create Warrant Print File	The generated warrant file data is used to print the required warrants.
3	Warrant File for Print	If there are warrants to be printed, a warrant file is generated and sent to the printer. Payment is made through warrant when a suppliers payment method is set to warrant, if the prenote process is not complete, or if an electronic payment has been returned.
4	Process Warrant File to Print	Florida PALM will process the warrant file and sends the warrants for that particular pay cycle to the warrant printer.
5	Sort/Distribute Warrants	After all warrants have been printed, they are distributed and mailed to the suppliers.
6	Positive Pay File	The Positive Pay File identifies all warrants issued for the pay cycle and is sent to the issuing bank.
7	Bank Processes 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 Acknowledgement File	The bank will create and send a file acknowledging all valid warrants presented that were deposited or cashed.
9	Import Positive Pay Acknowledgement File	Florida PALM imports the Positive Pay Acknowledgement File from the bank and updates the payment register accordingly.

**30.4.2 – Manage Issued Payments**

<b>Swim Lanes – Definition</b>	<b>Agency AP Processor:</b> agency role responsible for issuing and maintaining all disbursements <b>DFS Payment Processor:</b> enterprise role responsible for managing and issuing disbursements of warrants/EFT/ACH payments across all agencies
--------------------------------	--

This document is draft and subject to change

Process Step ID	Process Step Title	Description of Process
1	Request to Void/Stop Payment	Agency AP Processor submits a void/stop payment request to the DFS Payment Processor based on a business need.
2	Identify Payments Requiring Action	DFS Payment Processor is responsible for managing payments which were previously issued. All requests originating from agencies and/or DFS are reviewed and appropriate action(s) is taken.
3	Void/Stop Payment	If a business event requires that a void/stop action take place on an issued and printed warrant payment, there are three options: Re-Open Voucher(s)/Re-Issue Payment; Re-Open Voucher(s)/Put Payment on Hold; or Do Not Reissue Payment/Close Liability. The DFS Payment Processor selects the appropriate option.
4	Close Liability	The DFS Payment Processor initiates the close liability action when taking a void/stop action which cancels the payment and reverses the accounting entries which were previously generated for the issuance of the payment. Once a payment is closed for liability it cannot be re-opened or re-issued.
5	Identify Payments for Escheatment	Payment(s) are escheated based on DFS policy and the payment status. Florida PALM maintains the payment status from the bank, such as: payments cleared by the bank (presented and paid by Treasury), payments not cleared by the bank and remain outstanding, payment cancellations, and payment disputes. Additionally, warrants not cashed after 12 months (stale-dated) are subject to the Escheatment Process.
6	Escheat Payment	Once the warrants are escheated, Florida PALM transfers funds to the Unclaimed Property (UP) Trust Fund.  Note: Most federal funds do not get escheated and are returned to the paying agency.

## Ledger Impacts

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI1	Actuals Ledger - Journal Entry	Increase cash, decrease liability
LI2	Actuals Ledger - Journal Entry	Increases escheatment liability, decreases cash
LI3	Actuals Ledger - Journal Entry	Decrease cash, increase liability

## Reports

This document is draft and subject to change

Report Number	Report Description	Report Frequency	Audience
R1	Payment Method Changes	Periodic	Agency, DFS
R2	Trial Register	Periodic	Agency, DFS
R3	Payment Advice	Periodic	Agency, DFS
R4	Post Audit Sampling	Periodic	DFS
R5	Stale Date Payments	Periodic	Agency, DFS

## Terminology

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

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

**Supplier** – all payees are referred to as suppliers in Florida PALM.

**Stop payment** – instructs a financial institution to withhold payment on a warrant. Stop actions can be later released and the payment can be reissued.

**Void payment** – cancels a previously issued payment.

## Business Process Flow Diagrams

Please see *30.4 Process and Manage Payments* located in the [D54 Standardized Business Processes > Working > Workstream B folder](#).