

30.4 Process and Manage Payments

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Process and Manage Payments

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.
- Manual payments must be entered into the system before it can be cancelled through the request cancellation form.

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 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	
Swim Lane – Definition	DFS Payment Processor: 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	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: 30.1.1-9 Enter/Update Supplier (pre-note), 30.1.2-8 Load Supplier Data, 30.3.1-15 Post Voucher, 30.3.4-5 Run Budget Check, 60.2.4-10 Approve Offset Process, and 60.2.4-11 Cancel Offset.
2	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.
3	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.
4	Run Payment Creation Process	Payments are generated in accordance with the prescribed payment format (ACH, EFT, or Warrant) after a successful cash check. Various processes are entered following this step: 30.4.2-1 Create Positive Pay File, 60.2.2-17 Build Payment Worksheet and Apply Payment, 70.2-6 Process Automatic Reconciliation.
5	Remittance Advice Email	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.
6	Remittance Advice File	A payment detail file produced to interface with the various interface sources.

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Process Step ID	Process Step Title	Description of Process
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.
8	Posted Payments File	A file produced to interface with internally and externally managed transparency websites and source data systems.
9	Update Transparency Websites	Florida PALM updates the transparency websites managed by the CFO, including: State of Florida Transparency Portal, Vendor Payment History, and FACTS.

30.4.2 – Process Warrant Payments

Swim Lane – Definition	Bank: any financial institution providing banking services to the State of Florida DFS Payment Processor: enterprise role responsible for managing and issuing disbursements of warrants/EFT/ACH payments across all agencies DFS Warrant Printer: enterprise role responsible for printing warrants
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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	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 process is not complete, or if an electronic payment has been returned.
3	Warrant File	Florida PALM will process the warrant data file and sends the warrants for that particular pay cycle to the warrant printer.
4	Print Warrants	DFS Warrant Printer will print the warrants received in the warrant file and provides them to the DFS Payment Processor for distribution.
5	Receive/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	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 will create and send a file acknowledging all valid warrants presented that were deposited or cashed.

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Process Step ID	Process Step Title	Description of Process
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 the bank reconciliation in process flow step 70.2-6.

30.4.3 – Manage Issued Payments

Swim Lanes – Definition	<p>Agency AP Processor: agency role responsible for issuing and maintaining all disbursements</p> <p>DFS Payment Processor: enterprise role responsible for managing and issuing disbursements of warrants/EFT/ACH payments across all agencies</p> <p>Unclaimed Property: enterprise role responsible for managing escheated funds and other property</p>
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Process Step ID	Process Step Title	Description of Process
1	Request to Void/Stop Payment	Agency AP Processor submits a void/stop payment request form in Florida PALM 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 request forms from agencies and/or DFS are reviewed and appropriate action(s) is taken.
3	Review Void/Stop Payment Request	The DFS Payment Processor receives and reviews the void/stop payment request and determines the appropriate action(s).
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.

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Process Step ID	Process Step Title	Description of Process
		Note: Most federal funds do not get escheated and are returned to the paying agency.
7	Escheated Payment File	An interface file of escheated payments provided to Unclaimed Property.

30.4.4 – Manage ACH/EFT Returns

Swim Lane – Definition **DFS Payment Processor:** 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	ACH/EFT NOC File	The Bank sends the ACH/EFT NOC file which contains details of the payment errors
2	Import ACH/EFT NOC	The error file is imported into Florida PALM for review.
3	Update Pre-note Status	As part of the Pay Cycle Process, all suppliers that require pre-note validation are identified and included in the file provided to the Bank for ACH and EFT validation. Financial Gateway also tracks the acknowledgement status of the payment transaction received from the Bank.
4	Void Payment/ Reissue Voucher	The DFS Payment Processor can void or reissue the voucher, as appropriate, pending correction of the errors.
5	Change Payment Method to Warrant	If the ACH/EFT errors cannot be resolved, then the payment method is changed to warrant and sent to Pay Cycle for processing.
6	Update Pending ACH/EFT Payments to Warrant	All pending ACH/EFT payments are updated to warrant to allow for payment processing.

Ledger Impacts

Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI1	Post Payments	In the General Ledger, decrease cash and accounts payable liability
LI2	Escheat Payments	In the General Ledger, increase escheatment liability and decrease accounts payable liability

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Ledger Impact ID	Ledger - Ledger Impact Title	Ledger Impact Description
LI3	Void Payments	In the General Ledger, increase cash and decrease accounts payable liability
LI4	Transfer Escheated Payments	In the General Ledger, decrease cash and decrease escheatment liability

Reports

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	Payment Method Changes – 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	Agency, DFS
R4	Cash Check Overrides – a listing of scheduled payments with overrides for cash check exceptions.	Periodic	Agency, DFS
R5	Payment Register – a listing of electronic, warrant, or manual payments made as part of the pay cycle, and any offsets applied to those payments.	Periodic	Agency, DFS
R6	Post Audit Sampling – a report to manage payments subject to post audit sampling.	Periodic	DFS
R7	Prompt Payment Compliance Report – Report of agency prompt payment compliance and interest paid.	Periodic	DFS
R8	Discounts Received – a report of cash discounts received for payments made in compliance with supplier payment terms.	Periodic	Agency, DFS
R9	Early Payments – a report of payments made before the scheduled due date.	Periodic	DFS
R9	Stale Date Payments – an aging report for warrants not cashed by the stale date.	Periodic	Agency, DFS

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Report Number	Report Description	Report Frequency	Audience
R10	Payment Status Report – A report of warrant and electronic payment detail and current status.	Periodic	Agency, DFS
R11	Outstanding Warrants – A report of all warrants not cleared by the Bank.	Periodic	DFS
R12	Void/Stop Payments – A report of all payments placed in a void or stop status.	Periodic	Agency, DFS
R13	Escheated Payments – A report of all payments escheated due to stale dating.	Periodic	Agency, DFS
R14	ACH/EFT Returns – a report that identifies ACH/EFT returns from the bank.	Periodic	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 payees 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.

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](#).