

28.0 Payment Action Request Process Report

December 2017



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Overview

The Payment Action Request form provides the ability for a University department to submit a request to have a payment either canceled, canceled with a re-established check, or request a proof of payment.

Illinois Mandate Symbol - 

University Policy Symbol - 

Professional Mandate Symbol - 

Process Executive Summary

Business Process

The Payment Action Request form provides the ability for a University department to submit a request to have a payment either canceled, canceled with a re-established check, or request a proof of payment. The type of payments include: ACH, check, one-time credit card, and wire transfer. A Payment Action request may be received either electronically via email or a delivered paper request. When a request is received that is a payment type of a check, the bank is contracted to confirm if the check has been paid. If the check is paid, the requestor is given a copy of the paid check. Based on the type of payment and the type of action requested determines the steps needed to be completed.

Current Process Activities



Approach

The current state process activities were mapped by the Subject Matter Expert (SME). A SIPOC diagram was created to capture the tasks executed by the University System department, issues identified, and a list of future system requirements was captured.

Key Findings

- Issues related to providing information such as knowing a timeline to request an ACH reversal
- Lack of complete information on a request
- A time consuming and manual process is used to apply category and archival of a request
- A large quantity of return checks via mail are due to invalid addresses

Chapter 1: SIPOC Diagram

Process Name	Date
Payment Action Request	December 2017

SUPPLIERS	INPUTS	PROCESS	OUTPUTS	CUSTOMERS
<u>Who</u> provides input to the process	<u>What</u> goes into the process	<u>How</u> the inputs are transformed to outputs	<u>What</u> comes out of the process	<u>Who</u> received the outputs of the process
University department Systems Office, Cash Management University Payables Bank Payee	Payment Action Request form Notification ACH Rejection Report Payment Information	Submit Payment Action Request Receive Payment Action Request Review Payment Action Review Complete action	Updated transaction in Banner Returned funds from payment Allocated funds for payment Copy of paid check Re-established check	Payee University department Systems Office, Cash Management

Chapter 2: Suppliers

Suppliers provide input to the process:

University Department

What they care about: receiving completed task on a request pertaining to a payment

When they care: when an issue arises with a payment

Cash Management

What they care about: properly execute financial transaction between the University and the Bank

When they care: when a request is needed

University Payables

What they care about: properly executed financial transaction for the University

When they care: when a request is needed

Bank

What they care about: processing requested financial transaction for the University

When they care: when a request regarding payment is presented to the Bank

Payee

What they care about: proper payment from the University

When they care: when there is an issue with their payment

Business Rules

NACHA Operating Rules for Automated Clearing House

University Policy and Procedures

Chapter 3: Inputs

Inputs are information or verification which goes into the process

Payment Action Request form (PAR)

Notification

ACH Reject Report

Payment Information

- Bank
- Banner invoice number
- Check amount
- Check issue date
- Check number
- Date check is paid by the bank
- Payee

Business Rules

None applicable

Chapter 4: Process

A process is defined as the method for transforming inputs into outputs:



Submit Payment Action Request

The University department submits a Payment Action Request form for one of the following action:

- Cancel Payment – to cancel a payment and all associated invoice transactions
- Cancel/Re-establish payment – cancel payment and resubmit invoice transactions for payment
- Proof of Payment – receives cashed check copy.

The types of payment include:

- ACH
- Check
- One-time credit card purchase
- Wire Transfer

The department notes the reason for request which include:

- Cancelled event
- Check not received
- Damaged check
- Duplicated payment
- Incorrect amount
- Lost check
- Other, with an explanation
- Unable to attend
- Wrong payee
- Wrong payee address

A Payment Action Request form may be submitted either electronically as a .pdf, or the actual completed paper form routed to University Payables.

Receive Payment Action Request

University Payables receives the Payment Action Request form, reviews for completeness, obtains any additional information as needed, and stores an electronic version of the request in BDM. A code is entered into the BDM User Reference 2 to identify the reason for the request. The codes include:

Returned Checks

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- R-WBR: Wrong address chosen
- R-ADCH: Address on invoice not in Banner
- R-WVID: Wrong vendor ID on payment
- R-KWA: Wrong amount keyed and returned by vendor
- R-NSPH: Special Handle not keyed and vendor returned for information
- R-TVA: Temp vendor incorrect Address

Payment Action Request

- PAR-LOSTCK: Lost check
- PAR-NRECVD: Never received
- PAR-WRGADD: Wrong address
- PAR-OWESU: Owes University
- PAR-DUPPAY: Duplicate payment
- PAR-PROOF: Requesting copy of cashed check
- PAR-NOTOWD: Vendor not owed
- PAR-CNCLEV: Cancelled event
- PAR-DAMAGE: Check damaged
- PAR-WRGAMT: Incorrect amount
- PAR-WRGPAY: Wrong payee

Review Payment Action Request

The request is reviewed for the type of payment. Types of payment include:

- ACH
- Check
- One-time credit Card
- Wire Transfer

When the payment type is a check, the check is reviewed to determine if the check has been paid by the bank. If the check has been paid a copy of the paid check is sent to the requestor. If the check has not been paid the action in the Payment Action Request is performed.

Complete Action

Based on the type of payment and the type of action requested determines the steps that need to be taken.

- Cancel Payment
 - Check – a stop payment is requested
 - ACH – if less than five business days, request ACH reversal

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- Wire – Completed by the Cash Management department in University Systems, and Payables cancels the transaction in Banner
 - One-time Credit Card – Completed by University Payables Card Services, and sends a request to cancel the transaction in Banner
- Cancel Payment/Re-establish
 - Check – a stop payment is requested, a corrected transaction is entered in Banner, and the payment is generated.
- Proof of Payment
 - Determine if check is paid within 1 year.
 - Less than one year, receive a copy of the check from the Bank and provide it to requestor
 - Greater than one year, submit a request to University System – Cash Management, receive a copy of the check from Cash Management and provide to the requestor.

Business Rules

ACH request for ACH reversals are under dual authorization

Chapter 5: Outputs

Outputs are the resulting information or entities that are produced as part of the process:

Updated Transaction in Banner

Allocated funds for payment

Returned funds from payment

Copy of a paid check

Re-established check

Business Rules

None applicable

Chapter 6: Customers

Customers receive the output of the process.

Payee

What they want: proper payment from the University

University Department

What they want: properly executed financial transaction for the University

University System, Cash Management

What they want: properly executed financial transaction for the University

Business Rules

None applicable

Chapter 7: Customer - Oversight Roles

Customers who provide oversight and what oversight is needed: (Example Funders, OBFS, Auditors, Board of Trustees (BOT), Legislature, Public)

Auditors, Internal and External

What they want: properly executed financial transaction for the University

University Accounting and Financial Reporting

What they want: properly executed financial transaction for the University and reconciliation of accounts such as Bank accounts with Banner.

Business Rules

None applicable

Chapter 8: Questionnaire for Current State Analysis

1. Why does the process exist?

It's a way to begin the process when a Payee/Vendor doesn't receive a payment or declines the payment

2. What is the purpose of the process?

To replace a check or cancel payment

Return funds to the CFOAPAL

Complete research on payment

3. What are the process boundaries (i.e., when does it start and end?)

When does this process start? This process starts when a payment has to be researched and Payables is contacted by the department or payee

When does this process end? Reissue or locate, or cancel a payment

4. What are the major activities/steps in the process?

See [Chapter 4: Process](#) (Ctrl-click to follow link)

5. What is the expected outcome or output of the process?

See [Chapter 5: Outputs](#) (Ctrl-click to follow link)

6. Who uses the output of the process, and why?

See [Chapter 6: Customers](#) (Ctrl-click to follow link)

7. Who benefits from the process, and how?

The department and the payee receives the benefit from the process in the form of a correct one-time payment

8. What information is necessary for the process?

See [Chapter 3: Inputs](#) (Ctrl-click to follow link)

9. Where does that information come from?

See [Chapter 2: Suppliers](#) (Ctrl-click to follow link)

10. What effect does that information have on the process and output?

The information provides direction in the process to determine the type of output

11. Who is primarily responsible for the process?

University Payables is primarily responsible for this process

12. What other units/organizations participate in or support the process?

University System's Cash Management office

University Accounting and Financial Reports (UAFR)

13. What Information Technology system(s) support the process?

- Banner
- BDM
- Internet
- Outlook
- SharePoint

14. What policies guide or constrain the process?

ACH/NACHA Rules

Bank Policies

University Policies and Procedures

Example: Checks uncashed after 6 months go to unclaimed property

15. How often does the process get executed?

The process gets executed five to six times a day

16. What are potential defects with respect to the process?

- Lack of complete information
- Lack of a check number being provided within the request
- BDM is very time consuming to enter document and information
- Large amount of return checks for invalid address (file of 500 count ¼ get returned, file process 1 – 2 times per week)

a. How often do the potential defects occur?

Daily

17. What types of challenges have employees who participate in the process raised?

Lack of a check number being provided within the request

18. What types of challenges or concerns have customers raised?

Haven't heard any complaints

19. Will the process be changed by another initiative in the near future?

Mellon Bank to print University checks

Chapter 9: Opportunities for Improvements

The following opportunities for improvement were identified.

Communications – Issues related to providing information

C1	Lack of departments knowing the timeline to request an ACH reversal (less than 5 business days)
C2	Lack of understanding the life cycle of a payment transaction processed until complete

Documentation – Issues related to lack of documentation

D1	Lack of complete information being provide on the request form <ul style="list-style-type: none"> Missing check number being researched

Technology – Issues related to system's lack of functionality to support the process

T1	BDM very time consuming to enter request into a file
T2	BDM – manually enter reason for each request into the file
T3	Two system to look up a check, before 1 year and after 1 year

Other – Issues related to other processes

O1	Large quantity of return checks via mail due to invalid addresses

Chapter 10: Future State Requirements

This is a comprehensive list of functional requirements and technical requirements for the future state of the Payment Action Request process. Excluded from this list are any requirements for functionality outside of the scope of this specific process, such as security, accessibility, etc, which will be handled in a different process.

1. Ability to accept a payment check file from a bank
2. Ability to match the check being paid to the invoice and attach a copy of the bank's information
3. Ability for Department user to see copy of paid check and the date the bank paid
4. Ability to have the address validated to an actual address (example: when entering an address validate the address prior to a check being generated, if invalid hold the check from being generated)
5. Ability to generate a report of non-paid check against an invoice and provide to the departments
6. Ability to request payment action requests electronically
7. Ability to add notes to the electronically requested payment action request
8. Ability to use workflow to allow the department to see the activity on the payment action request
 - a. Ability to look up check, if not paid, go to next step
 - b. Ability to request stop payment and attach supporting documentation that the check hasn't been paid yet
 - c. Ability to request a replacement check
 - d. Ability to enter updated information on a replacement check
 - e. Ability to view replacement check
9. Ability to track the reason for the request
10. Ability to automatically collect the department information such as CFOAPAL, when requesting the payment action
11. Ability to generate reports on the data within the payment action request
12. Ability to create custom report using data within the payment action request

Chapter 11: Subject Matter Expert Team

The following individuals participated on the Subject Matter Expert Team of the BPI Payment Action Request project:

Name	University/Department	Title
Bernadette Fitton	UIUC/OBFS - Payables	Account Technician III

Appendix A: Business Glossary

[Business Glossary Term and definition]

NACHA Rules

National Automated Clearing House Association operating rules and guidelines for Automated Clearing House

Automated Clearing House (ACH)

Electronic network for financial transaction in the United States