San Bernardino County Superintendent of Schools

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Ted Alejandre
County Superintendent

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS

DISTRICT FINANCIAL SERVICES

DISTRICT COMMERCIAL APY AUTOMATED CLEARING HOUSE (ACH) PROCESSING

USER MANUAL

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OBJECTIVES

The electronic funds transfer (EFT) payment feature, often referred to as the Automated Clearing House (ACH) payment feature, provides districts with a secure and efficient vendor payment option. ACH is the electronic transfer of funds from SBCSS through a county-contracted bank and deposited directly into a vendor's designated bank checking account.

Out-of-country vendors are not eligible for ACH.

This manual covers the features and functions of the ACH payment method. Users are provided with the following guidelines for Enrollment, Set-Up, and Maintenance, which should be used in conjunction with district established procedures. The manual will provide users the tools to:

- Understand the ACH Process.
- Understand the security set-up for district staff involved in the ACH process.
- Provide guidance on the ACH payment method enrollment process.
- Change vendors to ACH payment method.
- Confirm vendors for regular ACH payments.
- Understand the payment schedule.
- Change vendors back to warrant payment method.
- ACH Reports.

INTRODUCTION

What Is ACH?

Automated Clearing House (ACH) is an alternative payment method that allows school districts to pay their invoices through a direct deposit to the vendor's financial institution or bank.

ACH Debit – A vendor will initiate a transfer of money from the payer account (Vendor pulls money from district's account - **SBCSS does not support this type of ACH**).

ACH Credit – Payer credits the vendor's account for payment specified by the payer (district pushes payment to vendor's account - **This is the type of ACH supported by SBCSS).**

ACH payments can only be made to US-based banks.

Advantages of ACH Payment Method

- Direct payment ensures that invoices are paid timelier.
- Direct payment eliminates the possibility of a warrant payment being lost or delayed in the mail.
- Direct payment translates into savings when discounts are offered by the vendor.

ACH Safety Concerns

- Commercial Warrants are mailed or distributed from district premises and can be held by the district, if needed. Payments made via ACH do not have this option. Once an ACH file is generated, there is no chance to stop the payment.
- Internal controls need to be carefully reviewed and understood to safeguard the district funds.
- SBCSS recommends districts follow appropriate security set-up to segregate responsibilities for staff who will be involved in this process.

DEFINITION OF TERMS

Electronic Transfer of Funds (EFT)

The electronic transfer of funds from SBCSS to a county-contracted bank and then deposited directly into a vendor's designated banking account.

Automated Clearing House (ACH)

Specific mode of ACH used at SBCSS's Financial 2000 Systems. The terms EFT and ACH are used interchangeably when referring to electronic payments with DFS.

Routing Transit Number (RTN)

Routing Transit Number is a nine-digit bank code, used in the United States to uniquely identify a bank. This information is provided by the vendor when they fill out the ACH Payment Enrollment form.

American Bankers Association Number (ABA#)

This is the same as RTN and found in the Vendor Edit Screen, Misc. EFT section.

SUMMARY OF FORMS

Vendor EFT Enrollment Form

Vendor EFT Enrollment form is used to request ACH information and is completed by the vendor.

- Use this form to add new EFT account information to an existing district vendor, update the vendor EFT account information or mailing address, or delete the vendor EFT account information.

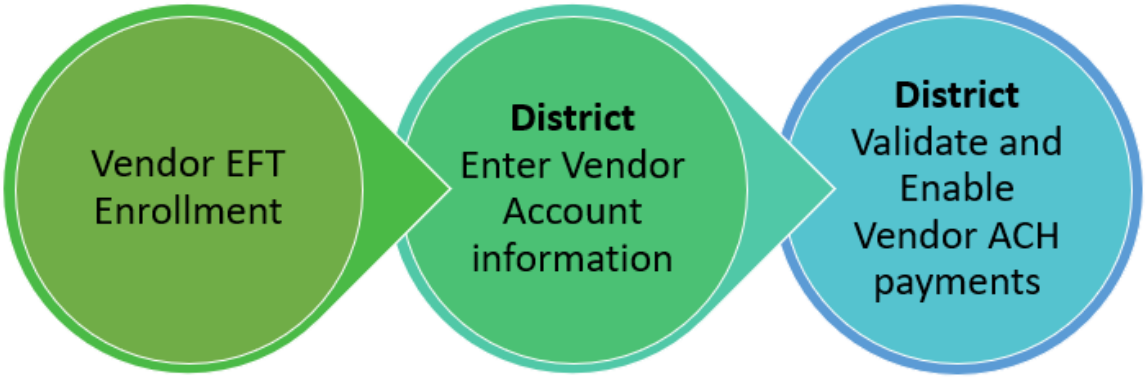
Vendor Detail ACH Authorization Form

Vendor Detail ACH Authorization form is used to request district user security access to the Vendor Edit screen and is completed by the district.

- Use this form to authorize district users ACH01 and ACH02 roles, to enter, validate, and enable bank account information for vendor ACH payments in the Vendor Edit screen.

NOTE* Both forms are available on the SBCSS DFS Forms website.

ACH SETUP DIAGRAM



THE ENROLLMENT PROCESS

Enrollment to the ACH Payment Method can be summarized in three easy steps.

Class Name	Security Description	Recommended Staff Assignment	Staff Functions
ACH01	This class will enter the bank account in the vendor detail screen.	A person who is assigned to vendor set-up.	Step 1 - Add Bank Account
ACH02	This class will validate and enable vendor ACH payments.	A person who is assigned to vendor set-up. This will not be the same person with the ACH01 class.	Step 2 – Validate and Enable

1. District emails a completed Vendor Detail ACH Authorization Form to District Financial Services at DFSManagementTeam@sbcss.net. This form must be signed by an authorized agent with County Form No. 2, authority to sign AP, or County Form No. 2-C, Secure ID Token. Each person will be assigned a security class of ACH01 or ACH02. Security forms must be submitted to DFS.
   a) Upon receipt of the Authorization form, DFS will approve the district security access to update and enable Vendor ACH payments in Financial 2000. Each user designated on the forms will be given their security classes. District will be informed via e-mail that district staff is now authorized to enable Vendor ACH Payment Method.
2. District is now ready to set up the vendor as an ACH vendor in the Financial 2000 - Vendor Edit Screen.
3. District solicits vendors to be enrolled as ACH vendors. Vendors will be requested to complete the Vendor EFT Enrollment form (available on the SBCSS - DFS forms website) by providing their bank and account information. Completed forms will be kept at the district.

ACH USER ROLES

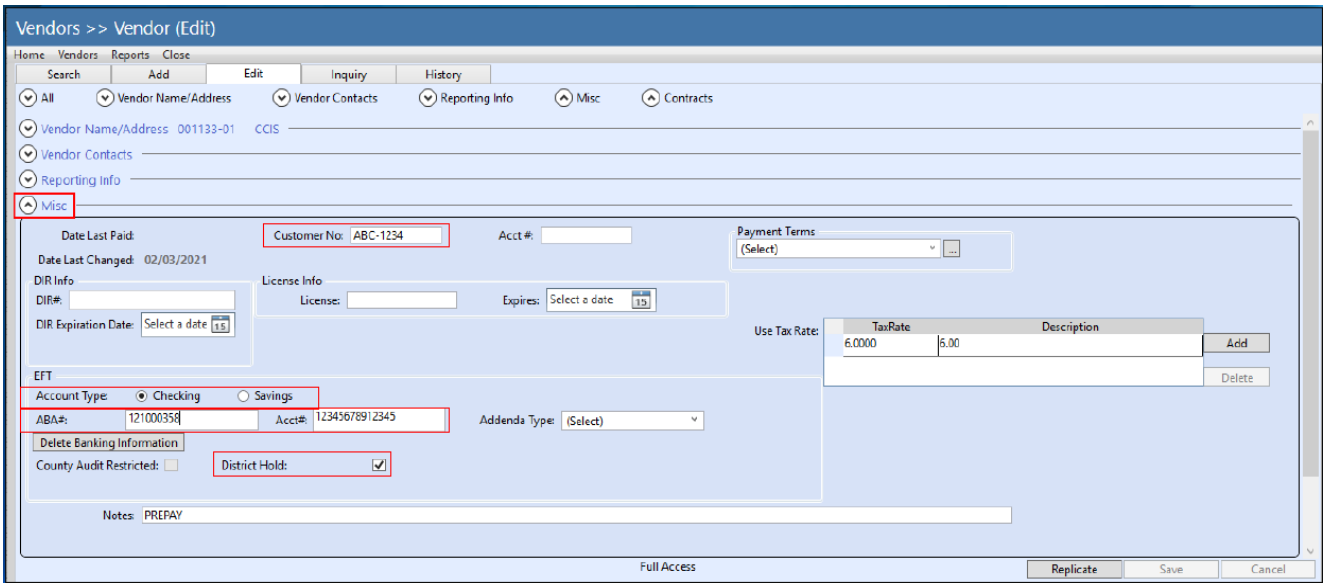
This section will further demonstrate the steps required and specific procedures to be performed at the district in setting up an ACH account for a vendor. For internal control considerations, SBCSS recommends at least two district staff be involved in the set-up with the following Authorized roles from within the district.

	ACH Procedure for Vendors	**Responsibility**
	Complete Section I of the ACH Form	District
	Complete Sections II, III, IV of the ACH Form	Vendor
Step 1	Adding a vendor's account information	ACH01 District Staff
Step 2	Vendor update	ACH01 District Staff
Step 3	Account Validation	ACH02 District Authorized Agent
Step 4	Enable ACH Payments - Deselect District Holds	ACH02 District Authorized Agent
Step 5	(Optional) Notification to Vendor	District

NOTE* District Authorized Agent must have County Form No. 2, authority to sign AP, or County Form No. 2-C, Secure ID Token on file with DFS.

VENDOR ACH SETUP IN FINANCIAL 2000

A summary of the steps involved in setting up the vendor as an ACH vendor is provided below. Updates are disallowed for Vendors on Vendor Exclusion as well as and when a payment is in process.



1. Assigned ACH 01 district user enters Customer No in the Misc. Vendor Edit screen. Customer No is used in the ACH file as an additional payment identifier.

   NOTE* If Customer No is left blank, District Number and Vendor Number is used in its place.

2. Assigned ACH 01 district user verifies bank account information. Select the Account Type, Checking or Savings.

3. ACH 01 district user enters ABA# bank routing and account information in Financial 2000 and Save.

4. ACH 01 district user completes designated form to validate ACH information is keyed, located on page 2, For School District Office Use Only section.

5. Assigned ACH 02 district user will validate the account information against the information provided on the Vendor EFT Enrollment Form and remove the District Hold to enable the ACH payment method.

   NOTE* If District Hold is set, the form of payment will be a warrant. When enabled, County Audit Restricted, overrides the District Hold selection, which sets the form of payment to warrant.

6. Assigned ACH02 district user completes designated form to validate ACH information has been reviewed, located on page 2, For School District Office Use Only section.

7. EFT Banking Information Report, generated in the Accounts Payable application, can be used to validate vendor banking information against the vendor account information provided on the Vendor EFT Enrollment Form.

8. SBCSS recommends a district user completes the designated form to validate ACH information was verified, located on page 2, For School District Office Use Only section.

   - **Vendor is now set-up for regular ACH payment method.**
   - **There is no prenote for Vendor ACH payments.**
   - **Form of payment of ACH is assigned to a payment if a vendor has banking information and is not on the District Hold or County Audit Restricted.**

Changing or Updating Vendor Bank Account Information

Upon receipt of the completed Vendor EFT Enrollment form to change bank account information:

1. District Hold will automatically reset after any changes are made to the Vendor EFT account information.

   a) If District Hold is set, the form of payment will be a warrant.

   b) The vendor should be advised changes to the ACH payment method may result in payments being issued as warrants until the changes have been validated and reenabled (District Hold is removed).

2. Change History tracks Account Number, ABA Number, Account Type, and District Hold changes. Username and time stamp are recorded.

PAYMENT ENTRY

The procedure for entering an ACH payment remains the same as Warrant payments. There are **no** changes to entering a payment for a vendor marked for ACH payment.

ACH payment transmittals must still be approved by the designated District Approver.

NOTE* The district user will see the form of payment assigned an E-XXXXXX reference number (similar to a Warrant Number).

ACH Payment Cycle Process and Payment Schedule

ACH payment requests will be processed nightly on an SBCSS business day.

- The daily district transmittal approval process will randomly select payments held for audit. An ACH transmittal selected for audit will be routed to District Financial Service's Financial 2000 workflow, the next business day. Required documentation must be sent to DFS. This is the same process as with warrants.

- For transmittals not held for audit, a payment file is generated the 2nd business day after the production run process and sent to SBCSS's disbursing bank (Wells Fargo). Ex. Transmittal production run created 02/02/20XX, EFT issue date 02/04/20XX, payment file sent 02/03/20XX.

- The APY document will be populated with the EFT reference number (similar to a Warrant Number) and payment issue date. This will indicate to the user that an ACH payment has already been processed.

- Payment will be deposited to the vendor's bank account on the EFT payment issue/settlement date.

- The funds are credited to the vendor's bank account on the next business day following the payment issue date.

- Districts should provide this timing information to their vendors.

  NOTE* The district is responsible for notifying the Vendor of any pending ACH payments.

RETURNED or REJECTED ACH PAYMENTS

Rejected ACH payments by the bank (i.e., the vendor's bank account number is not valid) will result in **non-payment** to your vendor. DFS will notify the district of the rejected payment and credit the district accordingly.

Districts should do the following:

- Reissue the returned/rejected payment via the commercial warrant process.

- Remove the Vendor EFT account information from the Vendor Edit screen. Otherwise, ACH payments will continue to be issued to the incorrect account.

- Contact the vendor to confirm the account information and request an updated EFT enrollment form.

ACH REVERSAL (RECALL) REQUEST

- To initiate a Vendor EFT recall, districts must send their request to the DFS Accounting e-list DFS.Accounting@sbcss.net on district letterhead, signed by an authorized agent, with the following information:
    - Vendor name, issue date, payment amount, and payment document number.

      NOTE* District Authorized Agent must have County Form No. 2, authority to sign AP, or County Form No. 2-C, Secure ID Token on file with DFS.

- Reversal requests must be received by 12:00 pm no later than the fourth business day after the item's original posting date (EFT issue date).

- DFS will initiate the Reversal request with the disbursing bank (Wells Fargo).

- It is the District's responsibility to notify the vendor of the reversal, including the reason for the reversal, no later than the settlement date of the reversing entry.

- **Reversals are not guaranteed.** If a reversal is returned (fails), it is the District's responsibility to work with the vendor to resolve any outstanding issues.

- If the ACH reversal request is successful, DFS will issue a credit and notify the district via email.

ACH REPORTS

The following ACH Reports are available in the APY application.

- Accounts Payable – District Transmittal Postlist.

BEST NET CONSORTIUM
ACCOUNTS PAYABLE - DISTRICT TRANSMITTAL POSTLIST
Warrants Dated: 02/04/2021/ EFTs Dated: 02/08/2021

EFT Issue/ Settlement Date

Production Run ID: 3906
86 San Bernardino County Superintendent of Schools
Transmittal: 21001266-0
Description: APY TRANSMITTAL
Status: EXTRACTED

Fiscal Year: 2021
Created By: admindemo
Created Date: 02/03/2021

Warrant/EFT	Vendor Information	Reference	Invoice Date	Invoice #	Ln	Fu Rs Y Goal Func Obj Sch Mgmt	Amount	R
W-731940	001133-01 CCIS P.O. BOX 80851 SALINAS CA 93912-0000	PV211010-001	02/01/2021	CCIS-1234	1	01-0000-0-0000-2100-5221-000-8005	1,500.00	[ ]
						Total Vendor Amount	1,500.00	
W-731941	001372-27 CO OF SAN BERNARDINO ENV HEA 385 N. ARROWHEAD 2ND FLOOR SAN BERNARDINO CA 92415-0160	PV210959-001	10/05/2020	IN0339912	1	01-0292-0-3500-1000-5880-000-2271	176.25	[ ]
						Total Vendor Amount	176.25	
W-731942	016183-01 DISCOUNT SCHOOL SUPPLY ACCOUNT # 6753230 P.O. BOX 6013 CAROL STREAM IL 60197-6013	PO213000-001	02/08/2021	ABC ELEM	1	01-3220-0-5760-1110-4310-080-2278	275.00	[ ]
						Total Vendor Amount	275.00	
E-014577	002911-02 OFFICE DEPOT P.O. BOX 70049 SANTA ANA CA 92725-0049	PO212991-001	02/01/2021	212991	1	01-5640-0-0000-3140-4310-000-325C	500.00	[ ]
						Total Vendor Amount	500.00	
E-014578	001488-01 PERFORMANCE HEALTH SUPPLY INC SUITE 700 28100 TORCH PARKWAY WARRENVILLE IL 60555-3938	PV211011-001	01/15/2021	AB-1235	1 2	01-0000-0-0000-7180-4310-000-5013 01-0000-0-8500-1000-4310-801-0199	2,000.00 752.12	[ ]
						Total Vendor Amount	2,752.12	
						Fund 01 Total	5,203.37	
				Warrant/EFT Count:	5	**Transmittal Total**	5,203.37	

- District Warrant/EFT register.

BEST NET CONSORTIUM
ACCOUNTS PAYABLE - DISTRICT WARRANT/EFT REGISTER DETAIL
Warrants Dated: 02/04/2021 / EFTs Dated: 02/08/2021

Production Run ID: 3906
86 San Bernardino County Superintendent of Schools **Transmittal:** 21001266-0 - APY TRANSMITTAL
Fiscal Year: 2021

EFT	Vendor	Vendor Name	Reference	Ln	Fu Rs Y Goal Func Obj Sch Mgmt	Invoice #	Amount
014577	002911-02	OFFICE DEPOT	PO212991-001	1	01-5640-0-0000-3140-4310-000-325C	212991	500.00
						EFT Amount	500.00
014578	001488-01	PERFORMANCE HEALTH SUPPLY INC	PV211011-001	1	01-0000-0-0000-7180-4310-000-5013	AB-1235	2,000.00
				2	01-0000-0-8500-1000-4310-801-0199	AB-1235	752.12
						EFT Amount	2,752.12
			EFT Totals:		**EFT Count:** 2	**Total**	3,252.12
						Fund 01 Total	3,252.12
			Transmittal Total:		**Warrant/EFT Count:** 5	**Total**	5,203.37
						Fund 01 Total	5,203.37
			District Totals:		**Warrant/EFT Count:** 5	**Grand Total**	5,203.37
						Fund 01 Total	5,203.37