

**Bowling Green State University**  
**BG@100 Action Item**  
**ESC Submission: July 20, 2006**

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**Identification Information:**

<i>Reference Number</i>	FMS-A003
<i>Functional Area</i>	Accounts Payable
<i>Title</i>	Electronic Transmission of Remittance Advice for EFT Payments
<i>ESC Submission</i>	July 20, 2006
<i>ESC Decision Requested By</i>	July 24, 2006

**Issue Description:**

BGSU is interested in using electronic payments to vendors whenever feasible. This is possible in the new FMS system but as delivered, FMS doesn't provide a means of electronically sending the remittance advice to the vendor.

Traditional payment to a vendor by printed check includes a check stub, or integrated remittance advice, that shows the invoice(s) and the amount paid. This allows the vendor to quickly reconcile the account. PeopleSoft EFT (Electronic Fund Transfer) payments to vendors, on the other hand, transmit a file to the BGSU bank that lists amounts to be deducted from the BGSU account and deposited into each vendor's bank account. PeopleSoft generates a remittance advice for each EFT payment that is then mailed or faxed to the vendor to identify which invoice(s) are included.

Because the advice, if mailed, reaches the vendor after the payment is deposited to the vendor's account, vendors might call the business office for verification of invoices included in their deposit rather than wait for the separate remittance advice. This would require Business Office personnel to do an online inquiry in order to satisfy the vendor.

To eliminate this disruption, a customization is proposed to automatically email each EFT payment's remittance advice automatically to each vendor at the time the pay cycle process produces the EFT file for transmission to the BGSU bank. In addition, the elimination of the paper remittance advice by substituting an email transmission makes the EFT payment process paper free and hands off.

**Background Information:**

There is little historical experience pertaining to this issue because EFT payments were not made from the legacy system at BGSU.

PeopleSoft's EFT functionality not only creates the payment file but also creates a remittance advice supporting each payment. As delivered these remittance advices are incorporated into a single Adobe acrobat file, which can be printed and then mailed or manually faxed to each vendor.

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**Alternatives:**

Alternative #1: Use delivered PeopleSoft EFT remittance advices: print the Adobe Acrobat PDF file and mail or fax each advice to the appropriate vendor. Limit the number of vendors setup for EFT payment at go-live and wait to expand EFT vendors until the phone call concern can be evaluated.

Alternative #2: Customize the EFT payment process so that each vendor's remittance advice is captured in a separate document as the pay cycle runs and then emailed to the vendor's remit-to address automatically.

*The following table shows the pros and cons for the alternatives identified above.*

#	Alternative	Pros	Cons	Notes
1	Use delivered remittance advices.	<ul style="list-style-type: none"> <li>No customization or upgrade costs</li> </ul>	<ul style="list-style-type: none"> <li>Manual intervention required to transmit advices every time an EFT pay cycle runs.</li> <li>Mail timing may result in vendors calling for explanation of their EFT deposit.</li> <li>If personnel fax the advices they may fax them to the wrong location.</li> </ul>	Remittance advice if mailed the same day that the electronic file is submitted to the bank will likely arrive at the vendor site 2 or 3 days after the electronic transfer has arrived in the vendor's bank account.
2	Create custom email process for EFT remittance advices	<ul style="list-style-type: none"> <li>Elimination of paper advices</li> <li>Hands off delivery of remittance advices, which improves office productivity</li> </ul>	<ul style="list-style-type: none"> <li>Customization and upgrade incur costs</li> <li>Vendors paid by EFT must have an email address in the PeopleSoft vendor address table.</li> </ul>	Automatic email functionality for dispatching purchase orders is a delivered feature already functional in the test environment.

**Costs - Alternative #1:** None

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**Costs - Alternative #2:**

Estimated Hours for Original Implementation	116 Hours	
Estimated Cost for Original Implementation	\$17,400	Use \$150 times hours
Estimated Hours per Each Upgrade	30 Hours	
Estimated Cost per Each Upgrade	\$1,500	Use \$50 times hours

**Schedule Considerations:**

Alternative #1 – no impact on project go-live date  
Alternative #2 – may impact existing functional and technical resources' ability to perform already scheduled project tasks.

**Recommendation:**

**Alternative # 1** Use delivered functionality for go-live, where a limited number of vendors will be setup for EFT payment until the vendor calls resulting in the delay of remittance delivery can be evaluated.

**Recommendation Supported By:**

Name	Project Role
Bruce Blandino	FMS Functional Consultant
George Knauss	FMS Functional Lead
William Gerwin	Project Director

**ESC Decision:**

Vote:

Bruce Petryshak - For alternative #1  
Linda Dobb - For alternative #1  
Ron Lancaster - For alternative #1  
Gaylyn Finn - For alternative #1  
Mel Hudson-Nowak - For alternative #1  
Chris Dalton – Absent

**ESC Decision Date:** 8/14/2006

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**Additional Information:**

*1) How are other universities who use FMS handling remit information on electronic transfers?*

**Ohio State University:** has as few as 6 vendors set up for EFT payment. OSU uses a feature that automatically emails a remittance advice notification to each EFT vendor's contact. This is delivered in the eSettlements module.

**University of Toledo:** Presently they manually fax or e-mail the advice. Banner does not have an automatic notification but with the merge of UT & MUO they will be implementing Lawson for their financials. Lawson has an automatic notification built into its system.

**Health Campus (MUO):** They do not utilize electronic transfers at this time.

**Miami:** Their ERP system is Banner. They presently put the remittance advice in the postal mail. This is not an issue with most vendors; they know to look for the paperwork. Miami purchased a system called eVision and hope to implement it within the next 6 months. At the same time the Bank is sent a file, Banner also sends the check information to EVision. EVision then sends out the copy of the electronic check and the check advice to the e-mails of the vendors that are set up in it's system.

**Cleveland State:** They have had Peoplesoft up and running since 1999 and to date do not pay any vendors with electronic transfers.

*2) Is there a way to send a comments field with the electronic transfer data that would let the vendor know what the transfer is for?*

Yes. Using Sky Bank's CTX file form for EFT, remittance advice data can be added for up to 9,999 invoices per payment. This information is included in the transmission of the deposit to the vendor's bank. In order for the vendor to receive the information, he must be set up for financial EDI through his bank, at whatever his bank charges.

*3) Is there another alternative (other than automatic email of remittance) that can be leveraged to get the information to the vendor? FAX?*

Yes. 1) Automatic fax is an option, but it requires customization of the pay cycle to capture each payment's remittance advice and FAX it, which is the same process as capturing each remittance advice and emailing it. 2) Another option are third party providers such as eVision, who are sent a duplicate copy of the EFT file containing the remittance advice information; they translate it and email the remittance advice to the vendor. This alternative requires use of the CTX file form per above. 3) Purchase and install PeopleSoft eSettlements which delivers the automatic email notification, or 4) Purchase and install PeopleSoft eSupplier, which allows vendors to log on and view details of payments made to them.

**NOTE:** PeopleSoft has announced that the Payment Remittance Email functionality is to be included in Version 9.0 Accounts Payable.