**INFORMATIONAL CIRCULAR NO.: 17-A-013**

**DATE:**  May 17, 2017

**SUBJECT:** Increasing SMART ACH Participation Rate

**EFFECTIVE DATE:** May 17, 2017

**CONTACT:**

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| Office of the Chief Financial Officer -  (SMART) | SMART Service Desk –  <https://sokdahelpdesk.ks.gov> |

**APPROVAL:** DeAnn Hill (original signature on file)

**SUMMARY:** Increasing SMART ACH Participation Rate

In a continued effort to streamline work processes and to reduce the cost of state operations, the Department of Administration is encouraging agencies to review current business practices to increase ACH (Automated Clearing House) participation for SMART payments. ACH is the payment method whereby the payer initiates an electronic payment that is directly deposited into the payee’s bank account. This informational circular provides guidance for increasing agency ACH participation.

As detailed in Informational Circular 17-A-010, effective May 1, 2017 the required payment method for SMART Travel and Expense reimbursements is ACH. Although not required, best practice is for agencies to use ACH as the payment method for all SMART supplier payments. There are some types of agency payments that may not be easily or quickly converted to ACH payments; however, agencies should review their business process and develop a transition plan to utilize ACH as the payment method in the future.

**Details for Implementation of Supplier ACH Initiatives:**

New Suppliers

* At the time an agency starts doing business with a new supplier, the agency is expected to request completion of both a Form DA-130 (Authorization for Electronic Deposit of Supplier Payment) and a Form W-9 (Request for Taxpayer Identification Number and Certification) from the supplier. The agency must enter the ACH information as the new supplier is being entered into SMART as well as attaching the DA-130, banking documentation, and W-9 to the supplier record. The ACH location should be checked as the default payment location. If the appropriate documents are not attached, the supplier or the supplier’s ACH location will be placed on hold.

Suppliers Receiving Payments from Multiple State Agencies

* The Office of the Chief Financial Officer will contact the set of suppliers identified on Attachment A to request the supplier accept ACH payments from all state agencies. The list includes suppliers who received paper checks from more than nine agencies during the first quarter of 2017. No action is needed from agencies for the suppliers on this list.
* As ACH information is added to SMART for the suppliers listed on Attachment A, notification will be provided so agencies will know when they can begin using the ACH payment method.

Most Frequently Paid Suppliers Currently Receiving Checks:

* Agencies should use the public query KS\_AP\_PAYMENT\_CHK\_COUNT to get a count of check payments by supplier for a given payment date range. The results should be used to identify which suppliers to target. Moving the most frequently paid suppliers to ACH will yield the biggest cost savings. The following steps are recommended to transition these suppliers to ACH:

* + View the supplier information in SMART to determine if ACH information exists: *Suppliers > Supplier Information > Add/Update > Supplier > Location* *tab*, view all locations:
    1. If ‘SYSTEM CHECK’ is listed as the only location description, the supplier does not have ACH account information in SMART. A **DA-130** form should be sent to the supplier. Once the form is completed and returned, the agency-verified DA-130 form and banking documentation should be submitted to the Supplier Team through the ManageEngine Service Desk. The Supplier Team will enter a new location in SMART and will designate it as the default payment method so the ACH payment method can be selected for future payments.
    2. If ‘ACH \*\*\*\*’ is listed in the location description, verify the effective status indicates an **active** account and the location is not on hold. The agency should use the last four digits of the ACH location description to confirm with the supplier that the ACH in SMART can be used for their agency payments. (The last four digit of the bank account number are always used as the last four digits in the ACH location description.) Once confirmed, the agency should begin using the ACH location for all SMART payments.
    3. If ‘ACH\*\*\*\*’ is listed in the location description and the effective status indicates an **inactive** account, the location is on hold, the agency is unable to confirm the ACH information with the supplier, or the supplier is requesting use of different banking information, a DA-130 form should be sent to the supplier. Once the form is completed and returned, the agency-verified DA-130 form should be submitted to the Supplier Team through the ManageEngine Service Desk.
    4. The agency may request maintenance to the supplier record to set the ACH location as the default by submitting a ManageEngine Service Desk ticket if the supplier has only one ACH location.

The Department of Administration provides a web page for suppliers receiving payments from the State of Kansas so details of their payments can be viewed. Payment information on the page is available for thirteen months following the issue date. Suppliers can access the self-service payment web page at the following link: <https://admin.ks.gov/offices/chief-financial-officer/central-responsibilities/vendor-payment-self-service> A job aid titled “Vendor Self-Service Payment Look Up” can be provided to suppliers using this web site and is available on SMART*Web*, <http://www.smartweb.ks.gov/>, by going to Training > Accounts Payable > Suppliers.

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