

Use Cases

Use Case 04: Payments processing

Description:

In absence of a standard ERP solution at the time, the existing system support for the payment processes is a fully customized module. The current system provides:

- Single source for generation of Payment Instructions
- Consolidation of payment information from all the sub-ledgers and external sources/systems: currently payroll, accounts payables (incl. travel) and staff health insurance (SHI)
- Streamlined payment file generation for both electronic payments through banking partners, payments through local imprest accounts and payments through UNDP
- Automated interface to payment platforms of banking partners
- Tracking rejected payments notified by banks
- Creation of payment accounting entries for all inputs.

As payments are a critical process of WHO operations, adequate systems support on a new ERP is critical.

Pre-conditions:

Payment batches are routed through what is now referred to as a Payment Instruction Key (PI Key). These PI Keys reference the payment method and currency. A consolidated payment file is required to be sent to bank incorporating payment details of various payment batches, which in turn requires consolidation of payment data before the payment file is generated. To facilitate the same an additional master definition is identified as part of CPP to identify those PI Keys, which needs to be consolidated in a single payment file. A master file of PI Keys will exist, which would include inter alia bank name, branch name,

UNDP payments require physical signed documents to be sent to the specific UNDP offices.

System includes UN Operational Rates of Exchange/ UNOREs to convert any payments to functional currency.

Post conditions :

Use case ID	User	Related actions – sample	Detailed references
01	Release (source modules)	The user can opt to release payment in the source modules either in bulk, individually or by vendor/payee, or other key fields.	
02	Interface pick proposed payment records / up	<p>Users can pick up transactions proposed for payment from different sources to be included in a payment run.</p> <p>Sources include inter alia accounts payables payments, health insurance payments, UNDP payments, Payroll generated payments (consolidating all HR related transactions and payments, Travel payments including statutory travel.</p> <p>Automated interfaces are available to import released payment records into the payment module/system (currently SHI is interfaced from an external system, interfaces to import payroll and ACP inputs are embedded). Lay-outs and sample records of the import files are made available for reference to demonstrate. Exception and/or control reports are available to highlight interface errors and/or successful interface action.</p> <p>All transactions proposed for payment will be allocated a running number (currently payment reference number). Exception reports are available to highlight missing or duplicate payment reference numbers.</p> <p>The system will allow for the release of a subset of payments by major office, payment date / payment dates range.</p>	<p>See sample layouts in sample data.xls for all three input sources</p> <p>FR-253, 257, 264 and 278</p>
03	Review and validate	<p>User can perform detailed validations on transactions proposed for payment. Sample validations include:</p> <ul style="list-style-type: none"> * consolidated payment amount is positive * invoice amount should not be USD 1 (this is usually for insurance purposes TR) * PI Key is not blank * PI Key for electronic transfer but banking details are blank * PI Key mismatch between invoice/payment and Payee bank account PI Key * Bank account number should not be inactive for electronic payment * No special character is included in the bank account number 	<p>FR 254, 259, 260, 262, 263, 264, 277, 291</p>

- * Check that Bank Branch Header is not included in “do not use” table for electronic payment
- * check that supplier is not on hold
- * payments for a country (e.g. Columbia) have tax ID filled
- * specific IBAN, SWIFT code, banking codes and bank account number meet logical validations: example given
 - ABA bank header for USD payment to a bank in USA/US, 11 digits swift and 2 digits bank number and 2 digits local bank routing number for payment to Botswana,
 - 11 digits swift, 2 digits bank number, 4 digits local bank branch code for payment to Uganda
 - 11 digits swift code, 3 digits bank code and 3 digits local bank branch code Sierra Leone
 - 11 digits swift code
 - IBAN digits for SEPA countries
 - 23 digits bank account number for XAF payment processed via SCB Cameroon,
 - 13 digits bank account number for ZAR payment processed via Citibank
- * Checking for Threshold Amount Validation (based agreed threshold amount for selected exotic currencies (i.e. < than USD 100k) for selected countries), notification to be sent to WCO office to be consider for an alternative payment routing due to cost saving
- * Payee address does not include “PO BOX”
- * specific PI Keys (e.g. CHCRES0101) should only be used for staff payments (selection based on vendor type)
- * bank account and proposed PI Key are active based on look-up with master files (including payroll and SHI)
- * Description field does not include key words (registration page/remarks field in travel transactions) necessitating manual checks and intervention (e.g. Iran, North Korea, Syria)
- * Verify that proxy PI Keys are not used for live invoices

At a minimum, exceptions identified in the validation will be included in an exception report for action. An automated workflow to manage rejections would be preferable.

System includes standard control report to identify potential duplicate payments

These validation rules can be customized by business users based on a user interface (table, rules) as business requirements evolve based on a table or rules interface. The validation tables include a master table for bank validation information. Data validation check during bank header creation in GSM to be linked to validation platform (www.swift.com).

The automated validations apply to payments from all sources, including Payroll and SHI (e.g. PI Keys as

		<p>these systems might have separate PI Key master tables)</p> <p>The user can exclude certain transactions from onwards processing. If excluded, the transactions will go back to the pool of transactions proposed for payment. The user can apply a hold to these transactions if and as needed. CPP user will have ability to enter free text on reason for deselecting the transactions, which will be reflected on the underlying invoice/transaction.</p> <p>Users can attach documents to payment records.</p>	
04	Format/Prepare payment files	<p>Validated/released transactions can be automatically grouped in payment files by payment method and currency.</p> <p>A running reference number of generated for each generated payment file by payment method (currently bank file name). Exception reports are available to highlight number of payment files generated, missing or duplicate reference numbers.</p> <p>The formatting programme will generate:</p> <ol style="list-style-type: none"> 1. Payment files to external banking partners. These files will be prepared in a payment file template by the payment method and currency (e.g. UBS – USD format. A foundation table will be available to store all payment file templates. Templates can/are available by banking partners (e.g. UBS, CITI). The table will have an ability to end dated payment file templates. <ol style="list-style-type: none"> a. This library needs to be dynamic as eBanking projects and changes in banking partners will require changes in payment file templates 2. Excel sheet in dedicated format for UNFCU payments. 3. Emails to country offices with an attachment. The attachment is in a standard format/layout. The attachment includes all payments that should be carried out by the country office. 4. UNDP PDF payment instructions on header from either WHO or UNAIDS. Examples are provided. <p>Automated reconciliation programme is available between the released payments and the proposed payment files (number and amount in local and functional currency).</p> <p>CPP user can indicate on the release that adequacy of bank balances has been verified.</p>	<p>See sample output for outs 2-4 as : UNFCU sample Sample banklist and Sample_UNDP payments WHO and UNAIDS</p> <p>FR 254, 259, 260, 262, 263, 264, 266, 267</p>

05	Accounting	<p>System will automatically integrate with account for payments as required in the various subsystems. The system processing will use UNOREs to convert paid amounts to functional currency</p> <p>System includes automated handling and posting of payments to subledgers to enable auto-reconciliation between ACP as well as bank accounts.</p> <p>The system will include automatic matching disbursed amount against obligated amount (Unencumber for expense)</p>	FR 279, 280, 283
06	Automated release of payments	<p>For electronic payments, user can initiate automated payment file approval and upload to banking portal, where applicable (CITI, UBS, FIDES).</p> <p>The system supports dual factor authentication for approval of payment files upload with second factor authentication through physical device.</p> <p>Payment approval will be routed as per designated bank signatories.</p>	FR 257, 261, 269, 274
07	Handling rejections	<p>System includes automated handling of PAIN002 messages from banks.</p> <p>Rejection will automatically create a ServiceNow record to track reason and corrective action.</p> <p>Relevant accounting entries will be generated.</p>	FR 265, 269, 272
08	Processing voids	<p>Authorized users can process payment voids. All voids will be subject to a dual approval workflow (creator/approver)</p> <p>Authorized users can select void reason from a list of values and enter further free text on reason of void; whereby information will be shown at transaction detail level (invoice or other underlying transaction)</p> <p>Voids will be returned to the respective subsystem or module and will be automatically on hold with a description of the void reason on the record</p> <p>Supports attaching multiple documents at a time with pre-defined user control on visibility of the attachments</p>	FR 269, 272, 273
09	Reporting and inquiry	<p>System includes strong inquiry and reporting ability. Examples to be demonstrated include:</p> <p>a) ability to pull-out report on paid and/or unpaid (validate and approved invoices) based on various</p>	FR 284,

		<p>criteria combination such as inter alia source of transactions, payee, date, PI Key, payment date. b) ability to inquire on payments by transaction ID, PIK, payment date, etc.) c) Ability to pull-out report on voids or rejected payments by PO description, expenditure type, supplier address</p> <p>Users can inquire on payment records by status (new, formatted, voided, released)</p>	
10	SOD	<p>Segregation of duties can be maintained as per best practice standard based on standard user access rights. The system has built in segregation of duty checker based on assigned user rights for any staff involved in the payment process.</p>	
11	Payment advice	<p>The system automatically generates payment advice for all transmitted payments whereby content of payment advice can be tailored based on user defined criteria selection of any fields of the records proposed for payments (e.g. PO number for ERS invoices).</p> <p>Automate workflow for payment failure notification (due to bank rejection) to the respective initiator/TU once payment is voided in GSM</p>	FR 254, 255, 256, 271
12	Audit trail	<p>The system will include a detailed audit trail of who approved and when for future reference. These details can be exported in offline files or PDF format.</p>	FR 292
13	Inquiry	<p>The system assigns a standard status to each transaction (Pending, Approved, Hold, Paid).</p> <p>Supplier and staff can inquire on the status of a transaction through a dashboard. E.g. supplier portal allowing a supplier to verify the status of a purchase order, invoice or payment based on their purchase order number, vendor number or invoice number.</p>	FR 275, 287, 289, 290, 293