

2003 SACUBO Best Practices

Cash Reimbursement Process

David Zettergren
The University of Memphis

Carol Lambing
The University of Memphis

Barbara Pugh
The University of Memphis

Tanya Groves
The University of Memphis

Teresa Hartnett
The University of Memphis

Abstract

In the spring of 2001, the Accounting Office implemented the disbursement of travel and other cash reimbursements and payments via Automatic Deposit to expedite this process that is so critical to our customers.

For faculty and staff, funds are deposited to the account used for automatic deposit for payroll. To inform the customer of the transaction and to ensure that adequate records are maintained, employees receive an email from the Accounting Office identifying the reimbursement transaction, the dollar amount, and the date the funds were wired to the employee's bank account. This email is directed to the employee's University email address, and is automatically generated by the financial system.

In addition, this process has also been expanded to include approximately 50 vendors and many independent contractors, who have opted for this form of payment and have provided their bank and e-mail information for prompt payment and notification.

Implementation of this process has improved customer satisfaction as faculty, staff and vendors have expedited access to their funds. And, by eliminating the need to issue approximately 400 checks per month, this process has improved the efficiency of the Accounting Office and eliminated the need to replace lost checks.

Introduction of the Organization

The University of Memphis is a comprehensive urban university committed to excellence in undergraduate, graduate, and professional education; the discovery and dissemination of knowledge; service to the metropolitan community, state, and nation; and the preparation of a diverse student population for successful careers and meaningful participation in a global society. The University offers 15 bachelor's degrees in more than 50 majors and 70 concentrations, master's degrees in 46 subjects and doctoral degrees in 21 disciplines, in addition to the Juris Doctor (law) and a specialist degree in education. The U of M campus is located on 1,160 acres with 201 buildings at more than four sites. The university enrolls more than 20,000 students each semester, and employs more than 2,500 faculty and staff.

The Finance unit is responsible for oversight of the operations of the bursar, payroll, financial planning, accounting, mail services and reprographic units. Other functions of Finance include providing direct customer service to non-resident aliens regarding tax issues and responding to student fee appeals.

Statement of the Problem/Initiative

The University of Memphis Accounts Payable department, in a concerted cooperative with Administrative Systems, implemented the Electronic Data Interchange (EDI) and subsequent Electronic Fund Transfer (EFT) process to improve customer service by expediting payment/reimbursement to employees and vendors. The initiative also reduced paper and manpower costs.

Design

The Accounts Payable clerks are able to enter payment information into the Financial Records system (FRS) for accounts payable transactions. Administrative Systems created a program that extracts Human Resource System (HRS) data daily for transfer into FRS. The extract contains all the accounts payable vendor data required for each regular, full-time employee, including bank routing numbers and account numbers used for automatic deposit of payroll funds. After successful extraction, all subsequent accounts payable transactions for employees included in this extract are automatically coded for direct deposit through the EDI/EFT program. The daily extraction from HRS – as opposed to a less frequent extraction - enables the capturing of banking information for new employees or any changes to existing employees immediately. An e-mail notification program is included in the application and recipients of funds are notified of

fund transfers when the file is sent to The University's bank. The University's bank in turn transmits or transfers funds to recipients' accounts located at other banks.

Implementation

This process was applied internally by using a few University full-time employees as a test group in November 2001. The extract application described in the "Design" paragraph above was tested and put into motion. Each employee in the test group contacted their individual banks to confirm receipt of funds in accordance with the terms noted in their e-mail notifications. In December 2001, The University of Memphis fully implemented the EDI/EFT process to include all regular, full-time employees. The program has now been expanded to include external vendors who have voluntarily supplied required banking information for participation in electronic receipt of their payments.

Benefits

Expenditures related to the physical distribution of paper checks have been dramatically reduced; these costs included check stock, printing, and the labor that was required to review support documents and checks, prepare checks for mailing, distribute on-campus checks, and image checks cleared by the bank.

Paper costs were reduced by 25% and this percentage is expected to grow as we more aggressively solicit external vendors to participate in our program. Postage charges have been reduced and lost, damaged or stolen checks no longer must be replaced.

The benefits derived from the expediency of receipt of payment to payees are substantial. Customers are notified by e-mail when their check has been electronically submitted. This has resulted in a reduction in the number of inquiries related to

anticipated date of arrival of checks in the mail, an immeasurable benefit since it frees up time of staff to accomplish other duties.

Retrospect

If we could do it over again, we would involve more customers in the development of the process initially. Feedback before the process began could have been instrumental to its development and would have helped determine the type of benefit this process would be to them.

In hindsight, much of the feedback received since the inception of the process would have been more beneficial at the beginning. It would have been useful to provide customers with a clear definition of the process on the front end and to emphasize the benefits of the program to the customers. An “advertising blitz” could have generated more interest and participation early on.

A tutorial for the user department on the EDI process and associated technology could have eliminated some initial frustration and sped up the implementation process.

Nevertheless, this is a program that has been successful and its prospects for the future look promising.