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| **SUB-SECTION:** | 14 | Electronic Funds Transfers | **REVISION DATE:** | September 15, 1999 |
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Electronic Funds Transfers (EFTs) are a means of moving monies from the State of Wisconsin to a vendor or recipient without issuing a check. Generally, EFT records are written to a disk file and processed through a clearinghouse bank. Electronic Fund Transfers are used for a variety of purposes including:

1.  Payments to local units of government, school districts, municipalities, townships.
2.  Payments to AFDC recipients.
3.  Payments for Food Stamp Tax Intercept programs.
4.  Payments for funding Veteran's Home Loan Mortgages.
5.  Payments to individual vendors.

**Selection of Vendors for EFT Payments**

EFTs should be limited to "established" vendors.

- Other government agencies

- Businesses

Vendors that receive a large volume of payments

- Statewide contracts or price agreements

- Recurring payments

Use for payments where the timing of payments is critical or for a large dollar amount

- Law requires payment by a certain day

The up-front effort involved in setting up the EFT process should eliminate vendors who do not meet these parameters. Examples:

- One-time vendors

- Jury payments

- State Employees. Employees are reimbursed with travel vouchers through the payroll system.

**Pre-note Process and Table Set-up**

The pre-note process is used to validate the existence and correctness of the vendor's ABA number and the bank account number. It consists of submitting a zero dollar EFT disk file to the bank. The bank processes it through the Clearing House and receives notification of errors in the information. All vendors must go through the pre-note process before they can be paid through electronic funds transfer.

**Electronic Funds Transfer Application Type Table**

**STATE OF WISCONSIN**
**STATE ACCOUNTING MANUAL**

| | | | | |
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The first step in using Electronic Funds Transfers is to send a written request to add a new application type stating the purpose of the payment to the State Controller's Office. When this is approved, the State Controller's Office will notify you that it has been approved and set up the Electronic Funds Transfer Table (EFTA). The EFTA table is maintained by the State Controller's Office. Application type (two-digit) and a description of the purpose of the payment are identified on this table. There are 20 characters available for the application type description. SCO usually uses 4 or 5 of those characters to identify the agency using a specific application.

There is a standard Enrollment form available from the State Controller's Office. It is designed to allow each agency to print their letterhead at the top of the page, so the vendor has the correct address to use to return the Enrollment Form. You can have either a paper copy, or send in a formatted diskette and it will be copied for you.

Procedure:

- Scan the VEN2 table to see if the vendor exists on WiSMART. If the vendor exists on the VEN2 table with a vendor type of W9 there is no need to send a W9 form to the vendor. If the vendor type is anything other than W9, a W9 form must be sent to the vendor with the EFT enrollment form. The W9 form must be returned together with the EFT Enrollment Form to your agency. The EFT Enrollment Form is used to obtain the vendor's bank number, bank account number, and bank account type (savings or checking). The EFT Enrollment Form also gives the State of Wisconsin the authority to deposit monies into the vendor's bank account and to remove monies from the vendor's bank account if deposited in error.

- Agency keys in the new W9 information on the VEN2 table. Agency makes a print screen of the new vendor information or the existing vendor file information with the W9 indicator. Send the print screen along with a copy of the completed EFT enrollment form to the State Controller's Office. Your agency is responsible for retaining the original EFT Enrollment Form for as long as the authority is in effect. The Application Type must be on the form. You may elect to include the Application Type when you print copies of the form with your letterhead.

- The State Controller's Office will add a record for the vendor to receive EFTs in the Electronic Funds Transfer Table (EFTT). The system defaults to N (not eligible for EFT) in the Status field when the vendor is added to the EFTT.

- When the zero dollar transaction is created by the system in the overnight processing, it changes the STATUS field to 'P' (Pre-note is in process).

- After the bank confirms that the pre-note process was successful, the system will change the STATUS field to 'A' (Approved). At the same time the EFT STATUS field on the Vendor Table (VEN2) is changed to 'A' (Approved).

Notification of pre-note acceptance. Default acceptance of the prenote is based on an option selected on the System Options Table (SOPT) in the NUMBER OF PRENOTE DAYS field. The default for WiSMART is set to 10 days.

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If the bank rejects the prenote, notification is sent to SCO.  SCO contacts the agency that sent us the EFT Enrollment Application.  The agency is responsible for contacting the vendor to correct whatever the bank rejected.   The agency will send a copy of the corrected EFT Enrollment Application to the State Controllers Office.
The application should be marked that it is a correction.

The State Controllers Office will delete the original entry from the EFTT table and key the new entry.  The Prenote process starts over.

Once the pre-note process is completed and the EFT indicators have been changed from 'N' to 'A', the vendor is ready to be paid via EFT.

**Payment Documents and EFTs**

An EFT payment is made through the use of the WiSMART payment documents.

- Payment Voucher Document (PV)
- Vendor Payment Voucher Document (P1)
- Multi-Payee Voucher (MP)

Payment vouchers for Electronic Funds Transfers are entered almost exactly the same way as payment vouchers that create checks.  There are two fields in the document header that must be set correctly to process the EFT:

- **EFT IND** - This field must be set to 'Y' (Yes) to create an EFT rather than a paper check.  The field is validated against the Vendor Table (VEN2) to ensure that the vendor is set up for EFTs.
- **APPL TYPE** - This two-character field is required so the vendor will be informed of the purpose of the payment.  Codes entered here are validated against the Electronic Funds Transfer Application Type Table (EFTA).

All other fields on the payment document, including the SCHED PAY DATE and SINGLE CHECK FLAG fields, work as with paper checks.

All transactions entered for EFT processing will generate an overrideable error message that the EFT IND field has been set to yes.  Agencies must override this message before the transaction will be accepted for processing.

**Use Of MP Transactions**

If you wish to use EFT processing on an MP, the entire document will be processed as EFT.  You can not specify some vendor payments on the document as EFT and others as checks.  If you enter 'Y' for EFT processing and there is a vendor on the document that is not an EFT vendor, an error message will appear indicating as such.

**Timing of EFT payments**

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The EFT process takes one day longer to complete than the check process.  The following table summarizes the timing of the EFT process.

| Day 1 | Day 2 | Day 3 |
|---|---|---|
| Payment documents accepted. Payment documents scheduled for payment today selected for EFT. EF transactions posted to ledgers and tables. | EFT disk file electronically transmitted to the bank. | Funds deposited into vendor accounts. |

**Accounting Entries Made by the EFT Process**

Accounting entries made when the payment document is processed and accepted by the system:

| DR | Expenditure | |
|---|---|---|
| | CR | Vouchers Payable |

Posting of the EFT to the ledgers should be completed by the time that the deposit is made.  The entry is:

| DR | Vouchers Payable | |
|---|---|---|
| | CR | Cash |

The ledger entries contain an 'EF' (Electronic Fund) designation as the transaction code.  These transaction types do not appear on the Document Suspense File (SUSF), but are posted directly to the General Ledger and relevant subsidiary ledgers.

**Tables Used in the EFT Process**

User Input Tables

- **ADIS** - Supplies parameters for EFT tape generation
- **EFTA** - Defines application type codes
- **EFTT** - Defines vendors to the EFT process; also used to initiate the pre-note process
- **EFT2** - Used to manually override the status on the EFTT table
- **SOPT** - Specifies the duration of the pre-note process, i.e., the number of days before the EFT status field is changed to 'A'

Result Tables
- **EFTT** - EFT status is updated when pre-note is passed.
- **EFT2** - EFT status is updated when pre-note is passed.
- **FBAL** - Fund balances are updated by EFTs.

| | | | | |
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**OPVH/OPVL** - Populates the warrant fields; outstanding and closed amounts are also updated.
**VEN2** - EFT status is updated when pre-note process is passed. Also, EFTs update both YTD disbursement amount fields.
**WREC** - EFTs add records to WREC table.

**EFT Reports**

| **EFT Report ID** | **EFT Report Name** |
|---|---|
| | EFT Scheduled Payment Turnaround Report |
| | EFT Unscheduled Payment Turnaround Report |
| | EFT Tape Register |
| | Prenote Report |
| | Voucher Payment Electronic Funds Transfer Register |
| | Cash Disbursement Register for EFT Transactions |
| EF01 | |
| EF02 | |
| EFCG | |
| EFPN | |
| EF03 | |
| A68A | |

EF01: This report is sorted by Bank Account Number, Vendor and Payment Voucher Document Number. There are totals on Vendor and Bank Account.

EF02: This report is sorted by Bank Account Number, Vendor and Payment Voucher Document Number. There are totals on Vendor and Bank Account.

EFCG: This report is sorted by Application Type (entered on the payment voucher) and Vendor. The report rolls up to Vendor and has a grand total for the report.

EFPN: This report is sorted by Vendor Code.

EF03: This report is sorted by Bank Account, Check Category, Check Number (EFT Number), Vendor, Payment Voucher Document Number. There are totals by Check Number (EFT Number), Check Category, Bank Account, Grand Total.

A68A: This report is sorted by Fund, Bank Account, Cash Account, and EF Transaction Number. There are totals by Cash Account, Bank Account, Fund, and Grand Total. In addition, there is a Fund Summary page at the end of the report.