**Level 2 – To Be – Payment Entry-Regular Deposits (Combined) for Invoice Payments**

**AR/BI Team**

**REGULAR DEPOSITS** is the process used to enter Invoice Payments received on campus into the system and identify the Customer/Invoice to be applied to.

Payments can be made in a variety of ways. Manual payments (via Cash/Check) are addressed in this flow. Other payment methods include Credit Card, Lockbox, or EFT.

**Obtain payment in US $**

Go back to step 2 or step 3 depending on whether the payment is the control total or individual payment information.

**Return payment to customer requesting US $**

Make necessary corrections to the control totals or payment entry, as appropriate.

**Return payment to customer in requesting US $**

11-Note Deposit

The Credit Analyst will transfer the Customer ID#/ & Name to the Bursar or Cashier's Office.

**1A-Receipt**

The Customer ID#/ & Name is compared to the control totals that were entered in the beginning of the deposit.

**12-Copy Checks & Attach Correspondence**

If department receives payment that combines Non-AR and AR amounts on same check, department must send payment to Bursar with memo identifying amount to post as AR payment and amount & account string information to post as Non-AR payment. Bursar will split the payment, as appropriate.

**12-Copy Checks & Attach Correspondence**

Check front/back of checks as noted on the check or on correspondence included with the payment. If department receives payment that combines Non-AR and AR amounts on same check, department must send payment to Bursar with memo identifying amount to post as AR payment and amount & account string information to post as Non-AR payment. Bursar will split the payment, as appropriate.

**13-Deposit Control Report**

The total of the payment information entered when doing the deposit (total amount and number of items) is compared to the control totals that were entered in the beginning of the deposit.

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**Deposit Total Balance**

If the department receiving the deposit fails to make a record of the amount and account string, Bursar will split the payment, as appropriate.

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Operating Assumption:

Invoices will direct payments to be made to an outside Lockbox. However, any payments that are mailed to or dropped off at the University will be sent to the Bursar’s Office for processing. The Bursar’s Office will create a deposit and indicate the payment information or an Unidentified Customer ID. Bursars will make the bank deposit as normal (checks deposited daily to bank). The deposit will be processed by the Bursar and posted to AR on the same day. (Payments not applied by Payment Predictor will require manual intervention by Central Service Center or SFR.) Any payments that are applied to the Unidentified Customer ID’s will be investigated by Credit Analysts at the Central Service Center or SFR.

There will be a limited number of departments at the University that will use a subsidiary system to store customer information and generate invoices. All customer records and invoices generated using subsidiary systems will be interfaced into the Billing or AR module, and invoice numbering will be set up to assist in payment identification. The remit to address on all invoices will be a central Lockbox address. The majority of payments will be processed by the Lockbox but there will always be some payments made on campus.

Having one payment address for payments (Bursar Office with a lockbox address for mailed payments) will make the University appear seamless to outside customers, thus enabling the University to follow the President’s strategic positioning initiative and the vision that “The University will recognize its campuses, colleges, departments, and units as a single enterprise.”

The Central Accounts Receivable Service Center and SFR will be available to assist customers with questions and will support the President’s strategic positioning initiative and further facilitate better communication between the central function of cash receipt, cash application, and collections.

Organizational Design Implication

The centralizing of the payment function will allow each department to focus on their individual mission because less time will be spent doing administrative tasks. The Bursar Offices will be the central payment processing area. Bursar Offices already exist on campus. Volume of payments need to be determined before staffing levels can be evaluated. A Central Accounts Receivable Service Center does not currently exist at the University, so one will need to be created, designed, and staffed or an existing central area will need to take on this functionality.

Central Bursar Payment Processing/Central Accounts Receivable Office-Implications

- A Central payment processing area will provide a seamless area for questions about payments to the University.
- A Central Service Center will improve the timeliness of researching unapplied payments and the associated steps in processing those payments.
- Money will be deposited (accruing interest) and available to the University in a more timely manner.
- Deposits will be made from the Central Bursar Offices, so there should be less problems with discrepancies in deposits received from departments.
- Improved security - Individual departments will not be processing these payments so they will be carrying less money around campus to deposit.
- Central Bursar Payment Processing will work well with a central collections department. (e.g., improved communication, more efficient communication with central area vs. multiple areas or depts.)

Department Survey Information:

<table>
<thead>
<tr>
<th>PAYMENTS</th>
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<tbody>
<tr>
<td>80 out of 100 have a SINGLE Remit-to address</td>
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<tr>
<td>48 out of 100 received pre-payments</td>
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<tr>
<td>42 out of 100 departments post payments DAILY</td>
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<tr>
<td>52 out of 100 departments receive payments in CASH</td>
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<td>93 out of 100 departments receive payments by CHECK</td>
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<td>75 out of 100 departments receive payments by CREDIT CARD</td>
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<td>49 out of 100 departments receive ‘electronic funds transfer’ (EFT) payments</td>
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<tr>
<td>20 out of 100 departments receive ‘FOREIGN CURRENCY’ payments</td>
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<tr>
<td>12 out of 100 departments receive ‘OTHER’ types of payments</td>
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<td>48 out of 100 departments receive partial payments of balance due</td>
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<tr>
<th>Organizational Design Implication</th>
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<tbody>
<tr>
<td>79 out of 100 designated N/A for Statement payment application method</td>
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<tr>
<td>7 out of 100 departments have automated cash application methods</td>
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<tr>
<td>67 out of 100 departments do not have automated cash application methods</td>
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<tr>
<td>21 out of 100 departments do not know if they have automated cash application methods</td>
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<tr>
<td>43 out of 100 departments receive payment for items not yet invoiced</td>
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What percentage of payments is not readily identified/applied to a specific invoice

- Minitex = .05%
- Cloquet Forestry Center = 5%
- UMD Natural Resources Research Institute = <2%
- Food Science and Nutrition = 5%
- Sponsored Projects Administration = .1%
- Health Sciences Administration = 2%
- Bio-Based Projects = 1%
- Biosystems & Ag Engineering = 1%
- EXT Administration = .05%
- Biotechnology Institute = 1%
- Arch & Lndscp Arch, Coll Adm = .05%
- Naval Science (Naval ROTC) = 50%
- UMD Bookstore = <1%
- Real Estate Coordinator = .01%
- Electrical & Computer Eng = <1%
- UMC Business Affairs = .05%
- Boynton Administration = <1%
- Sponsored Financial Rep/Admin = .15%
- UMD Continuing Education = 2%
- Ofc of Student Finance Admin = .1%
- UMD Health Services = .01%
- Acad & Distr Comp Srvc = .02%
- Ofc of Student Finance Admin = <5%

Financial Implications

- The Central Bursar Payment Processing/Central Accounts Receivable Service Center does not currently exist at the University, so one will need to be created, designed, and staffed or an existing central area will need to take on this functionality.
- A Central Service Center will improve the timeliness of researching unapplied payments and the associated steps in processing those payments.
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