MISSISSIPPI DEPARTMENT OF FINANCE AND ADMINISTRATION
ADMINISTRATIVE RULE
MANDATORY ELECTRONIC PAYMENT OF VENDORS

I. General Purpose.

A. The Mississippi Department of Finance and Administration (DFA) serves as the primary executive branch agency for fiscal management. Under §7-7-41, the State Fiscal Officer has the authority to prescribe rules and regulations concerning the issuance of warrants and other forms of payments for all departments, institutions and agencies of the state. This rule, unless otherwise noted, is to set as the standard that vendors of the State of Mississippi shall be paid electronically and shall be provided the supporting remittance detail by electronic means.

B. This rule is a means for reducing the costs to produce paper warrants and remittance advices. The State has documented significant savings in the move to electronic payment and remittance. The State avoids the costs associated with printing, sorting, distributing, copying, and mailing warrants. Additionally, the State has determined that there are reduced opportunities for fraud and lost payments under this means of payment and remittance.

C. Vendors benefit by receiving notification of pending deposits of funds and have options for interfacing the remittance data from the State into their accounts receivable systems.

II. Definitions.

A. ACH: Automated Clearing House. Affiliated with the U. S. Treasury and the Federal Reserve System and used as the conduit for electronic payments and collections.

B. EFT: Electronic Funds Transfer. Electronic Funds Transfer (EFT) provides for electronic payments and collections. EFT is safe, secure, efficient, and less expensive than paper check payments and collections. Issuance costs for EFT payments are approximately 80% less than the cost to issue the same payment on a paper warrant. EFT transactions use the ACH network associated with the Federal Reserve System.

1. The State of Mississippi uses "standard EFT" for transferring funds to employee bank accounts for direct deposit of payroll payments and for some transfers to checking accounts of State agencies.
2. The State uses expanded EFT in the transfer of funds and remittance information using PayMode™. The State has established PayMode™ as the default payment method for those payments and transfers requiring supporting remittance information.

C. E-payment vehicle: Tool that captures the payment and remittance information and pushes it electronically to the designated vendor from the source system (SAAS or SPAHRS). The ACH is used to move the funds while a proprietary system is used to provide access to supporting remittance data and notification of the availability of funds to the State's vendors.

D. Existing Agreements: Individual agreements in place for the acceptance of electronic

payments prior to the implementation of this policy.

E. PayMode™: A Bank of America product, PayMode™ is the State's present e-payment vehicle.

F. SAAS: Statewide Automated Accounting System.

G. SPAHRS: Statewide Payroll and Human Resource System.

H. Vendor payments: Payments initiated and approved by State Agencies for various goods and services or as used to transfer funds to other governing authorities such as school districts, cities, and counties.

III. Requirements for Transitioning to E-payment Vehicle

A. All existing vendors presently set up for payment through standard EFT, unless otherwise approved as an exemption, must be enrolled in PayMode™ not later than April 1, 2006.

B. All vendors established as new vendors in the State Automated Accounting System (SAAS) as of April 1, 2006 must be established for e-payment and remittance via PayMode™.

C. All remaining SAAS and SPAHRS vendors, unless specifically exempted, must convert to PayMode™ by July 1, 2006.

D. To register for PayMode™, vendors should go to the Bank of America's ™ enrollment website at http://www.bankofamerica.com/paymode/ms.

1. Vendor must have a valid email address in order to enroll with PayMode™. This email address can be obtained through one of the free email services such as Yahoo or Hotmail.

2. Vendor must have access to a computer. As computers are generally accessible in all businesses as well as in Public Libraries or other public forums, no exemption will be granted for having only limited or no access to a computer.

3. Vendor may request assistance in enrolling with the State's e-payment service provider by contacting mash@dfa.state.ms.us or by calling MASH at (601) 359-1343.

IV. Exemptions

A. The following are exempt from this rule:

1. State employees as defined in §25-9-107;

2. Contract workers – note that Independent Contractors are **not** exempt from this rule;

3. Vendors specifically approved for "one of" payments using the specific vendor number designated for that purpose by the Office of Fiscal Management;

4. Right-of-Way acquisition payments made by the Mississippi Department of Transportation;

5. Debt service payments made by the Office of the State Treasurer;
6. Tax payments to the IRS (standard EFT);
7. Tax payments to the Mississippi State Tax Commission (standard EFT);
8. Transfers to the Public Employees Retirement System of Mississippi (standard EFT);
9. Transfers to the Mississippi Deferred Compensation and Trust/SBA (standard EFT);
10. Vendors who apply for exemption and are approved by DFA.

B. To apply for exemption, the vendor must submit a written application to:

Director, Office of Fiscal Management
Department of Finance and Administration
501 North West Street, Suite 1101B
Jackson, Mississippi 39201

C. Application must detail the following:

1. Reason(s) exemption requested. This must be a narrative explanation of the reason for the request;
2. Documentation of supporting cost and legal issues associated with the request for the exemption.

D. DFA will issue a written determination within 10 business days of the receipt of the exemption request. The written determination of DFA will be considered the final determination.