

CONVERTING ACCOUNTS PAYABLE FROM CHECKS TO ACH AND VENDOR INTERNAL CONTROLS

May 19, 2022

Presented By:

Steve Summers (Waunakee)

Erin Wheeler (MCPASD)



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



**Middleton-Cross Plains Area School
District**

inclusive. innovative. inspiring.

WAUNAKEE COMMUNITY SCHOOL DISTRICT

COMMITTED TO CHILDREN COMMITTED TO COMMUNITY COMMITTED TO EXCELLENCE



- Enrollment at Waunakee is 4419 Students PK-12
- 3 Elementary buildings
- Intermediate, Middle School & High School
- Teaching & Learning Center, Administration & Maintenance Center

MIDDLETON-CROSS PLAINS AREA SCHOOL DISTRICT

INCLUSIVE. INNOVATIVE. INSPIRING.



- Enrollment at MCPASD is 7214 Students PK-12
- 7 Elementary buildings
- 2 Middle Schools, High School, & Charter High School
- District Services Center, District Operations Center, & Transportation Center

YOUR PRESENTERS



- Steve Summers
Executive Director of Operations
21st year serving WCSD
28th year in public education



- Erin Wheeler
Director of Finance & Operations
7th year serving MCPASD
12th year in public education



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



**Middleton-Cross Plains Area School
District**

inclusive. innovative. inspiring.

OVERVIEW OF PRESENTATION

- Benefits of using ACH payments
- School Board role
- Multi-year timeline
- Relationships with vendors
- Challenges encountered
- Lessons learned
- Vendor internal controls



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



**Middleton-Cross Plains Area School
District**

inclusive. innovative. inspiring.

BENEFITS OF USING ACH PAYMENTS

- Cost Savings
 - Postage
 - Checks
 - Envelopes
 - Toner
 - Printer use
- Low Costs
 - Bank fees
 - Lost float is minimal based on today's interest rates.



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



**Middleton-Cross Plains Area School
District**

inclusive. innovative. inspiring.

BENEFITS OF USING ACH PAYMENTS

- Staff Efficiency
 - 2-3 hours/week saved for check processing
 - Bank reconciliation time decreased
 - No lost, voided, reissued checks
 - No filing of check stubs, etc.
- Vendor Efficiency
 - Funds deposited automatically avoids opening envelopes, stamping checks, going to bank, etc.
 - Deposits are recorded based on email communication



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



Middleton-Cross Plains Area School District

inclusive. innovative. inspiring.

SCHOOL BOARD ROLE - WCSD

- School Board [Policy 673](#) Payment Procedures
- Revised in July 2009 to state “Invoices and requests for payments may be paid electronically through the Board’s approved banking firm as electronic payments are the most efficient and timely method of payment



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



Middleton-Cross Plains Area School District

inclusive. innovative. inspiring.

SCHOOL BOARD ROLE - WCSD

- School Board Policy 673 Payment Procedures
- Revised in July 2012 to state:
“Effective July 1, 2013, invoices and requests for payments will be paid electronically through the Board’s approved banking firm as electronic payments are the most efficient and timely method of payment



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



Middleton-Cross Plains Area School District

inclusive. innovative. inspiring.

MULTI-YEAR TIMELINE - WCSD

2009

- Our first experience with ACH payments was to switch all staff reimbursements from checks to ACH
- This change was mandatory for all staff reimbursements
- All necessary banking information already existed in Skyward



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



**Middleton-Cross Plains Area School
District**

inclusive. innovative. inspiring.

MULTI-YEAR TIMELINE - WCSD

2009

2010

- Expanded ACH to vendors, on a voluntary basis
- Focus was on higher use vendors like Staples, School Specialty, Tierney Brothers, some local vendors
- Many vendors were not prepared or willing to accept ACH payments



Dear Valued Vendor,

We now have the capability of paying your invoice(s) via ACH payment rather than via paper check. If you would like to receive your payments via ACH please fill out the form below and send it back to me. Please note that you will need to provide an email address in order for us to communicate ACH payment details.

Thank you,

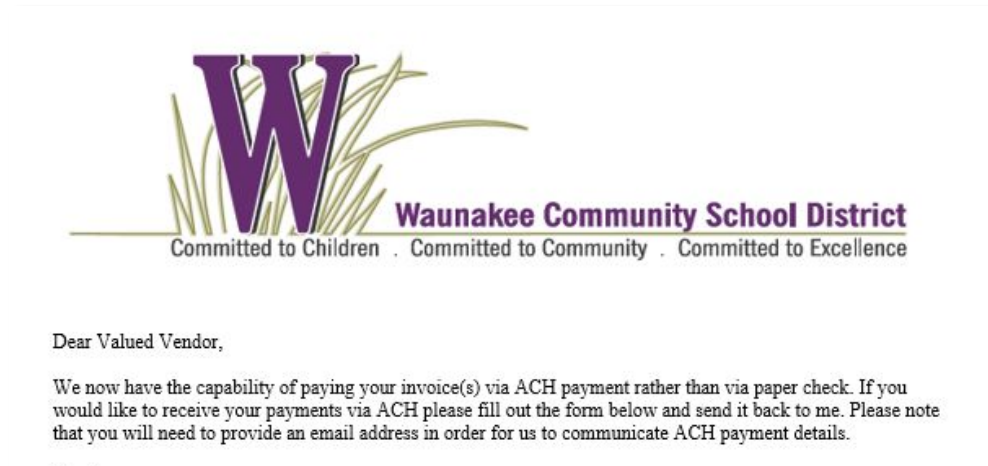
Stephanie Ziegler
Accounts Payable Specialist
905 Bethel Cr
Waunakee, WI 53597
608-849-2010
sziegler@waunakee.k12.wi.us

Email Address: _____
(Once an ACH has been sent this email address will receive the payment information including the invoice numbers that are included on the payment)
Bank Name: _____
Bank Address: _____
Routing Number: _____
Account Number: _____
Type of Account:
Personal: _____ or Business: _____
And:
Checking: _____ or Savings: _____

MULTI-YEAR TIMELINE - WCSD



- Voluntary ACH letter/request for information placed in every check envelope



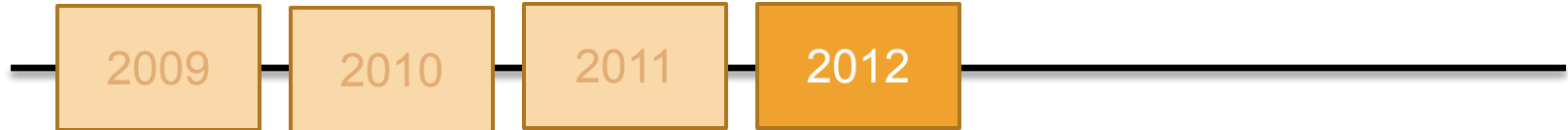
WAUNAKEE
COMMUNITY SCHOOL DISTRICT



Middleton-Cross Plains Area School District

inclusive. innovative. inspiring.

MULTI-YEAR TIMELINE - WCSD



- Mandatory ACH letter/request for information placed in every check envelope.



Mandatory ACH Payment Beginning July 1st, 2013

Valued Vendor,

The Waunakee Community School District has been offering a voluntary ACH payment process for our vendors. The Board of Education has approved a policy change to require ACH payments to all vendors, effective July 1, 2013. Please complete the information below so that we can process ACH payments for you.

We are seeking a response from you whether you want to continue being a vendor with the Waunakee Community School District.

- Yes, I would like to continue being a vendor with the Waunakee Community School District and I have filled out the information below.
- No, I do not wish to continue being a vendor with the Waunakee Community School District. Please take me off your vendor list.



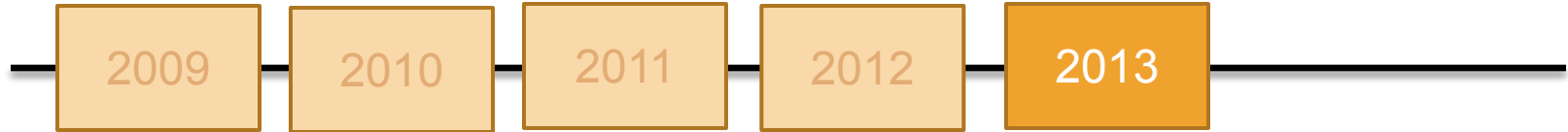
WAUNAKEE
COMMUNITY SCHOOL DISTRICT



Middleton-Cross Plains Area School District

inclusive. innovative. inspiring.

MULTI-YEAR TIMELINE - WCSD



- Mandatory ACH letter/request for information continued.
- Effective July 1st, mandatory ACH payments.
- Non-compliant vendors were inactivated in Skyward financial system.

Last Notice

The Waunakee Community School District Board of Education has changed our payment policy to only electronic payments. If you would like to continue receiving payments from the Waunakee Community School District you must fill out the enclosed form for electronic payments. As of July 1st, 2013 we will inactivate all "vendors" in our system for payments unless we have the completed form returned to us.



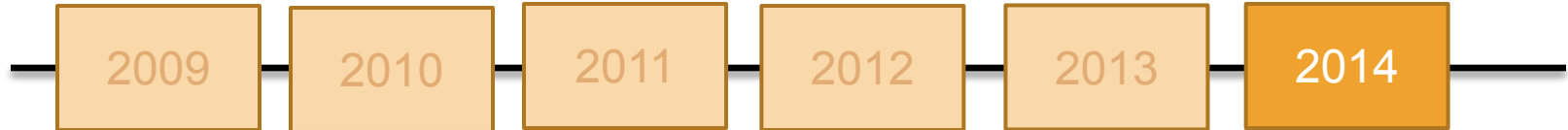
WAUNAKEE
COMMUNITY SCHOOL DISTRICT



Middleton-Cross Plains Area School District

inclusive. innovative. inspiring.

MULTI-YEAR TIMELINE - WCSD



- February accounts payable (2014)
 - Paper checks 2.1% (11)
 - ACH payments 97.9% (524)
- February accounts payable (2022)
 - Paper checks 1.0% (5)
 - ACH payments 99.0% (500)



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



Middleton-Cross Plains Area School District

inclusive. innovative. inspiring.

RELATIONSHIPS WITH VENDORS - WCSD

- Vendors responded positively to the voluntary ACH payment system because they could decide to participate or continue receiving paper checks.
- Many vendors indicated an interest in receiving ACH payments, but indicated a need to update technology on their end.
- We received some negative feedback when the voluntary ACH payment option became mandatory.



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



**Middleton-Cross Plains Area School
District**

inclusive. innovative. inspiring.

RELATIONSHIPS WITH VENDORS - WCSD

- Some vendors declined to receive ACH payments, and they are no longer active vendors for our school district.
 - Some of these vendors accept credit cards rather than PO's/ACH payments so the relationship continues.
- Some confusion with how the technology actually works (email notification, recording deposits, reconciling statements).



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



**Middleton-Cross Plains Area School
District**

inclusive. innovative. inspiring.

CHALLENGES ENCOUNTERED

VENDORS

- ❑ Local retailers have software that doesn't recognize ACH payments.
- ❑ Concern over security of data containing business banking information.
- ❑ Refusal to accept ACH payments, even if they lose our business.
- ❑ Complaints from small, local vendors who lack updated technology.



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



Middleton-Cross Plains Area School District

inclusive. innovative. inspiring.

CHALLENGES ENCOUNTERED

OFFICIALS

- We had already moved to paying officials after the event.
- Some officials wanted checks because they kept this money separate from other personal funds.
- Officials questioned if we had the “authority” to pay them how we wanted.
- We were “reported” to the Badger Conference Commissioner.
- Tournament officials coming from other parts of the state were still expecting checks.



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



**Middleton-Cross Plains Area School
District**

inclusive. innovative. inspiring.

CHALLENGES ENCOUNTERED

OFFICIALS

- ❑ MCPASD 2016 - did an analysis of staff time vs cost of third party vendor processing checks & 1099s
- ❑ Analysis resulted in a shift to using RefPay for paying officials & 1099s - eliminated check/ach processing for all officials
- ❑ Officials have raised concerns with RefPay as the vendor combines any officiating payment across school districts
- ❑ Reminder - any income earned should be reported on an individual's taxes



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



**Middleton-Cross Plains Area School
District**

inclusive. innovative. inspiring.

CHALLENGES ENCOUNTERED

SCHOOL DISTRICTS

- School districts have well established procedures for how to receive funds, create cash receipts, take funds to bank, record in financial system, etc.
- Differences between centralized and decentralized school systems
- We appreciate the support received from many districts who have revised procedures to incorporate ACH deposits/receipts.
- Consider separate checking accounts for accounts payable, payroll, and deposits to assist with accounting.



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



**Middleton-Cross Plains Area School
District**

inclusive. innovative. inspiring.

CHALLENGES ENCOUNTERED

ORGANIZATIONS

- ❑ Many organizations have part-time or volunteer staff who don't understand the ACH technology
- ❑ Complicated segregation of funds (FFA has funds deposited to 3 accounts)
- ❑ Single source organizations can determine the method of payment they will receive (National Spelling Bee)
- ❑ We have made exceptions to print checks when necessary



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



Middleton-Cross Plains Area School District

inclusive. innovative. inspiring.

CHALLENGES ENCOUNTERED

STATE OF WISCONSIN

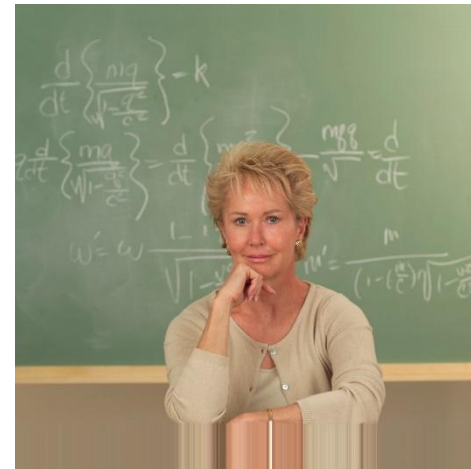
- ❑ Some UW schools will accept ACH payments, while others refuse to accept them for specific purposes (scholarships)
- ❑ Payments to UW-Madison are complicated due to numerous departments involved
- ❑ State government has been willing to accept ACH payments, but a disconnect can exist between the department that receives the funds and the department that wants to receive the payment notification
- ❑ We have made exceptions to print checks when necessary



CHALLENGES ENCOUNTERED

STAFF

- ❑ Our staff have to select vendors who will only accept ACH payments/credit cards, and this practice can limit choices.
- ❑ Frustration with requirement to collect W9/ACH information for all new vendors
- ❑ Preference to receive checks for reimbursement from some staff



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



Middleton-Cross Plains Area School District

inclusive. innovative. inspiring.

LESSONS LEARNED

- A multi-year timeline eases the transition from checks to ACH
- Support from your School Board, your office staff, and your colleagues is critical
- Despite the identified challenges, converting to an ACH payment system increases business office efficiency and reduces costs.
- Administrative cost savings can be reallocated to educational programs in your district.



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



**Middleton-Cross Plains Area School
District**

inclusive. innovative. inspiring.

LESSONS LEARNED

OTHER PAYMENT OPTIONS

- Review processes for paying by credit card
- Look at third party vendor options - recommend a cost analysis of internal staff time vs vendor fees
- Help your colleagues - ask if the school district accepts ACH payments
- Review online payment platform for families for refund back to credit card/bank to reduce check refunds (fees, trips, meals, etc)



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



**Middleton-Cross Plains Area School
District**

inclusive. innovative. inspiring.

Vendor Internal Controls - ACH

- Contact any vendor with estimated payments of \$5,000 - \$24,000 to confirm ACH and W9 details prior to final vendor approval and activation
- Notify the Executive Director of Operations or Director of Business Services for any vendor request with estimated payments of \$25,000+ to obtain additional levels of confirmation prior to approval
- Update active vendor records, as requested by the vendor, after independent verification of the change of request



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



**Middleton-Cross Plains Area School
District**

inclusive. innovative. inspiring.

Vendor Internal Controls - ACH

- ❑ ACH updates - ACH information must be attached to vendor profile & note included date/person/confirmed to verify banking
- ❑ Contact any vendor, via the phone # within our financial system, new or requests to update ACH, prior to setting up or updating banking information
- ❑ Review & enforce your internal control processes with staff (not just once/year during audit!)

Vendor Internal Controls - ACH

- ❑ Require regular cyber security training & reminders of vigilance for minimizing fraud
- ❑ Review fraud coverage with insurance carrier
 - Carriers will likely deny a fraudulent claim if internal control processes are not followed
- ❑ Critical relationship with your bank - review their internal controls & systems that protect your money & support your staff / district processes



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



**Middleton-Cross Plains Area School
District**

inclusive. innovative. inspiring.

QUESTIONS



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



**Middleton-Cross Plains Area School
District**

inclusive. innovative. inspiring.

THANK YOU



Please do not hesitate to contact us in the future with any questions

- Steve Summers
- 608-849-2491
- stevesummers@waunakee.k12.wi.us

- Erin Wheeler
- 608-829-9052
- ewheeler@mcpasd.k12.wi.us



WAUNAKEE
COMMUNITY SCHOOL DISTRICT



**Middleton-Cross Plains Area School
District**

inclusive. innovative. inspiring.