

MISSISSIPPI DEPARTMENT OF FINANCE AND ADMINISTRATION
ADMINISTRATIVE RULE
MANDATORY ELECTRONIC PAYMENT OF VENDORS
AND ELECTRONIC INVOICING BY 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. Unless otherwise noted, this rule establishes that vendors of the State of Mississippi shall invoice electronically, 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. This rule is also a means of expediting the delivery and processing of vendor issued invoices by agencies.
- 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. Vendors also benefit by submitting online invoices or importing a file of invoices to agencies, thus eliminating the costs associated with paper invoices.

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 (Statewide Automated Accounting System or successor system). 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. E-invoicing vehicle: Tool that allows vendors to submit invoices electronically to individual agencies.
- E. MAGIC: Mississippi's Accountability System for Government Information and Collaboration, the successor system for SAAS and SPAHRS.
- F. PayMode™: A Bottomline Technologies product offered through Bank of America, PayMode™ is the State's present epayment and invoicing vehicle.
- G. Primary Agency: State agency with which a vendor transacts most of his business.
- H. SAAS: Statewide Automated Accounting System.
- I. SPAHRS: Statewide Payroll and Human Resource System.
- J. 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. Contract Language Requirements

All contracts, other than those for contract workers paid through SPAHRS, entered into or amended on or after July 1, 2009, must contain the following combined language for e-Payment and e-Invoicing:

The State requires the Contractor to submit invoices electronically throughout the term of the agreement. Vendor invoices shall be submitted to the state agency using the processes and procedures identified by the State. Payments by state agencies using the Statewide Automated Accounting System (SAAS), or any specific successor system (MAGIC) shall be made and remittance information provided electronically as directed by the State. These payments shall be deposited into the bank account of the Contractor's choice. Contractor understands and agrees that the State is exempt from the payment of taxes. All payments shall be in United States currency.

IV. Requirements for Transitioning to E-payment Vehicle

- A. All vendors set up as of April 1, 2006, for payment through standard EFT, unless otherwise approved as an exemption, must be enrolled in PayMode™.
- B. All vendors established as new vendors in the Statewide Automated Accounting System (SAAS) on or after April 1, 2006 must be established for e-payment and remittance via PayMode™.
- C. All remaining SAAS vendors, unless specifically exempted, must convert to PayMode™ on the schedule determined by the DFA.
- D. To register for PayMode™, vendors should go to the Bank of America's™ enrollment website at <http://www.paymode.com/mississippi>.
 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, Gmail, 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 PayMode Customer Support at 1-866-252-7366.

V. Requirements for Transitioning to E-invoicing

- A. All vendors who contract with a state agency must agree to invoice the State electronically through PayMode.
- B. To register for PayMode E-invoicing, vendors must first register with PayMode for E-payment.
- C. Vendors must then complete additional information on the PayMode website to enroll in E-invoicing.
- D. Vendors may request assistance in enrolling in PayMode E-invoicing by contacting PayMode Customer Support at 1-866-252-7366.

VI. Exemptions

- A. The following are exemptions from this rule:
 - 1. Payments to State employees as defined in §25-9-107;
 - 2. Payments to Contract Workers – note that Independent Contractors are not exempt from this rule (Additional information about Independent Contractor vs Employee may be found in IRS Publication 15A);
 - 3. Payments to 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 Internal Revenue Service (standard EFT);
 - 7. Tax payments to the Mississippi Department of Revenue (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. Payments to vendors who are approved for exemption by DFA (see VI.B).

- B. To apply for an exemption not listed in VI.A.(1 – 9), the vendor can obtain a **Mandatory E-Payment and E-Invoicing Exemption Request 17.10.20** from
- C. the vendor's Primary Agency.
- D. **Mandatory E-Payment and E-Invoicing Exemption Request 17.10.20** must detail the following:
 - 1. Reason(s) exemption is being 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.
- E. 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.

**STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION**

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|-------------|--------------------------------------|-----------------|---------------|
| TOPIC | STATEWIDE VENDOR FILE | SUB-SECTION | 17.10.20 |
| SECTION | OVERVIEW | ISSUANCE DATE | July 20, 2010 |
| SUB-SECTION | MANDATORY E-PAYMENTS AND E-INVOICING | REVISION NUMBER | 11-004 |

MANDATORY E-PAYMENTS AND E-INVOICING

PURPOSE

DFA serves as the primary executive branch agency for fiscal management. Section 7-7-41, Miss. Code Ann. (1972) states that "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". Unless otherwise noted, this rule establishes that vendors of the State shall invoice electronically, be paid electronically, and shall be provided the supporting remittance by electronic means.

PayMode, the State's e-payment and e-invoicing system, reduces the costs of producing paper warrants and remittance advices by eliminating the printing, sorting, distributing, copying, and mailing of paper. Additionally, there are reduced opportunities for fraud and lost payments. 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. Vendors also benefit by submitting online invoices or importing a file of invoices to agencies, thus eliminating the costs associated with paper invoices.

PROCESSING

All vendors, unless specifically exempted, must be set up for payment and must agree to invoice the State electronically through PayMode. To register for PayMode, vendors should go to the Bank of America's enrollment website at <http://www.paymode.com/mississippi>.

The 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, Gmail, or Hotmail. In addition, the vendor must have access to a computer. The vendor may request assistance in enrolling by contacting PayMode Customer Support at 1-866-252-7366.

Specific exemption from the rule are listed below and do not require an exemption form:

1. State employees as defined in Section 25-9-107, Miss. Code Ann. (1972)
2. Contract workers – note that Independent Contractors are not exempt from this rule
3. Vendor approved by OFM for one-time payment using a designated vendor number
4. Right-of-Way acquisition payments made by the Department of Transportation
5. Debt service payments made by the Office of the State Treasurer
6. Tax payments to the IRS
7. Tax payments to the Department of Revenue.
8. Transfers to the Public Employees Retirement System
9. Transfers to the Mississippi Deferred Compensation and Trust/SBA

Certain payments to vendors may be approved for exemption by DFA. To apply for exemption, the Mandatory E-Payment and E-Invoicing Exemption Request form (form 17.10.20) is completed and signed by the vendor. The agency submits this form to BFC, along with the Vendor File Maintenance form (form 17.20.05). The form must detail the reason(s) for the requested exemption. Any supporting cost and legal issues associated with the request must be documented. Any vendor can request an exemption. DFA will issue a written response within 10 business days of the receipt of the exemption request. The written documentation by DFA will be considered the final determination.

STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION

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FORM INSTRUCTIONS

Exhibit 17.10.20 contains reference numbers. Following the exhibit is a blank form that may be printed and used. The instructions for completing the schedule are as follows

| <u>REFERENCE</u> | <u>EXPLANATION</u> |
|------------------|--|
| 1 | Name of vendor |
| 2 | Tax ID number of vendor |
| 3 | Street address of vendor |
| 4 | City |
| 5 | State |
| 6 | Zip |
| 7 | Provide specific reason(s) for the exemption to be granted. Consideration should be given to the need to consolidate corporations under a central billing/payment location for a federal tax ID. |
| 8 | Provide any other comments here. If specific vendor numbers are known, list them here. |
| 9 | Signature of vendor official with proper authorization |
| 10 | Date signed |
| 11 | Contact name of the vendor's representative |
| 12 | Phone number of vendor contact |
| 13 | Name of agency |
| 14 | Contact name of the agency's representative |
| 15 | Phone number of agency contact |
| 16 | Fax number of agency contact |
| 17 | Email address of agency contact |
| 18 | For DFA use only |

State of Mississippi Mandatory E-Payment and E-Invoicing Exemption Request

Vendor Name _____
 Vendor Tax Id Number _____
 Vendor Address _____

 City _____ State _____ Zip _____

Reason(s) exemption requested. Specific detail must be provided in narrative form to justify the State's consideration of the exception process. Also, provide specific costs and legal issues associated with this request. A separate document may be referenced here and attached.

Other comments:

Vendor Signature _____ Date _____
 Contact Name _____ Phone _____
 (Please print)

Agency Name _____
 Agency Contact _____
 Phone _____ Fax _____
 Email _____

| DFA Only | | Response Due 10 Business Days from Received Date | | Vendor Numbers |
|----------------|--------------------------|--|--------------------------|----------------|
| Received Date: | | Received By: | | |
| Response Date: | | Responder: | | |
| Approved | <input type="checkbox"/> | Denied | <input type="checkbox"/> | |
| Comments: | | | | |

STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION

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| TOPIC | STATEWIDE VENDOR FILE | SUB-SECTION 17.20.05 |
| SECTION | INPUT | ISSUANCE DATE July 20, 2010 |
| SUB-SECTION | VENDOR FILE MAINTENANCE | REVISION NUMBER 11-004 |

VENDOR FILE MAINTENANCE

GENERAL

BFC is responsible for maintaining the statewide vendor file - SAAS table "VEND". Section 17.10.10 provides a detailed explanation of the procedures associated with maintaining and using the vendor file. Vendors are required to register for electronic payment and invoicing. Detailed information is found in Section 17.10.20.

ADDING A VENDOR

In order to add a vendor to the statewide vendor file, an agency must submit the following, if applicable:

- A **Vendor File Maintenance Form 17.20.05** completed and signed by an agency representative. A separate form must be submitted for each vendor.
- A **Mandatory E-Payment and E-Invoicing Exemption Request Form 17.10.20** completed and signed by the vendor.
- A **W-9** filled out by the vendor showing the vendor's federal tax identification number (TIN) and not the state identification number. This is not required for adding state employees, out-of-country vendors, or governmental entities.
- A **"Get PID"** page of the state employee's personal identification number (PID) obtained from SPAHRS.

CHANGING A VENDOR'S INFORMATION

An existing vendor's information may be changed or updated with the Vendor File Maintenance form and appropriate documentation. The vendor number, name, and action code "C" for "change" must be notated on the form along with the new or updated information. Copies of invoices are not acceptable documentation as support for the requested change. If the vendor is changing its TIN, a new W-9 form is required and must be attached to the Vendor File Maintenance Form. A new W-9 form is also required to remove a vendor from a "Hold" status. A separate Vendor File Maintenance form is required for each vendor.

VENDOR FILE MAINTENANCE FORM

Exhibit 17.20.05 is a sample form with reference number instructions. Following Exhibit 17.20.05 is a blank form that may be printed and submitted to BFC.

REFERENCE EXPLANATION

- 1 Required when changing information for an existing vendor. If blank, BFC will assign.
- 2 Either "A" to add a new vendor or "C" to change data associated with an established vendor.
- 3 Either "Y" (yes) if the vendor is a state employee or "N" (no) if the vendor is not a state employee.

STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION

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| TOPIC | STATEWIDE VENDOR FILE | SUB-SECTION 17.20.05 |
| SECTION | INPUT | ISSUANCE DATE July 20, 2010 |
| SUB-SECTION | VENDOR FILE MAINTENANCE | REVISION NUMBER 11-004 |

REFERENCE EXPLANATION

- 24 Check the appropriate response.
- 25 Signature of authorized person.
- 26 Date of approval.
- 27 For BFC use only.

ADDITIONAL INFORMATION

Information about obtaining the vendor's TIN on a W-9 is provided within Section 28.20.10. Blank copies of W-9 forms can be obtained from <http://www.irs.gov/pub/irs-pdf/fw9.pdf>.

Information about the Minority Business Certification program administered by the Mississippi Development Authority can be found at <http://www.mississippi.org>.

STATE OF MISSISSIPPI STATEWIDE AUTOMATED ACCOUNTING SYSTEM VENDOR FILE MAINTENANCE FORM

VENDOR NUMBER (10-1)
(1)

ACTION (A-Add / C-Change) (1)
(2)

STATE EMPLOYEE (Y/N) (1)
(3)

VENDOR NAME (30)
(4)

VENDOR ADDRESS (30)
(5)

COMMENTS (30)
(8)

(City) _____

(State) _____ (Zip) _____
(6)

VENDOR PHONE # _____

FEDERAL TAX I.D. NUMBER (7)

CONTACT (30)
(9)

VENDOR FAX # _____
(10)

VENDOR E-MAIL ADDRESS (11)

(12)

Indicate Y-Yes or N-No (1)

INDIVIDUAL _____ PARTNERSHIP _____ INCORPORATED _____

REPT - 2 (4) _____ (13) 1099 IND (1) _____ (15) EFT FLAG (1) _____ (16)

REPT - 1 (4) _____ (14)

HOLD (1) _____ (17) SELF-CERTIFIED MINORITY CODE (1) _____ (18)

Check
Yes No

(24)

- 1) IRS Form W-9 attached (required):
If not attached, justification: _____
- 2) Vendor made aware of Minority Self Certification: _____
- 3) Minority Vendor Self Certification Form attached: _____
- 4) IRS 501C attached:
(Applicable when notification is received from IRS) _____
- 5) Mandatory E-Payment and E-Invoicing Exemption
Request Form 17.10.20 attached: _____

AGENCY APPROVAL: (25)

(26)

DATE: _____

(27)

(27)

DEPARTMENT OF FINANCE & ADMINISTRATION: _____ DATE: _____

Note: The number in the parenthesis indicates the maximum or required field size for each field.

| | | |
|-----------------|------------------|------|
| SAAS AGENCY #: | _____ | (19) |
| AGENCY: | _____ | (20) |
| BY: | _____ | (21) |
| PHONE #: | _____ | (22) |
| | () Area Code | |
| E-MAIL ADDRESS: | _____ | (23) |

STATE OF MISSISSIPPI STATEWIDE AUTOMATED ACCOUNTING SYSTEM VENDOR FILE MAINTENANCE FORM

VENDOR NUMBER (10-1) _____

ACTION (A-Add / C-Change) (1) _____

STATE EMPLOYEE (Y/N) (1) _____

VENDOR NAME (30) _____

VENDOR ADDRESS (30) _____

COMMENTS (30) _____

(City) _____

CONTACT (30) _____

(State) _____ (Zip) _____

VENDOR PHONE # _____

VENDOR FAX # _____

FEDERAL TAX I.D. NUMBER _____

VENDOR E-MAIL ADDRESS _____

Indicate Y-Yes or N-No (1)

INDIVIDUAL _____ PARTNERSHIP _____ INCORPORATED _____

REPT - 2 (4) _____ 1099 IND (1) _____ EFT FLAG (1) _____ HOLD (1) _____ SELF-CERTIFIED MINORITY CODE (1) _____

REPT - 1 (4) _____

Check
Yes No

| |
|--|
| SAAS AGENCY #: _____ |
| AGENCY: _____ |
| BY: _____ |
| PHONE #: _____ (_____) Area Code |
| E-MAIL ADDRESS: _____ |

- | | | |
|---|------|------|
| 1) IRS Form W-9 attached (required): If not attached, justification: _____ | ____ | ____ |
| 2) Vendor made aware of Minority Self Certification: _____ | ____ | ____ |
| 3) Minority Vendor Self Certification Form attached: _____ | ____ | ____ |
| 4) IRS 501C attached: (Applicable when notification is received from IRS) | ____ | ____ |
| 5) Mandatory E-Payment and E-Invoicing Exemption Request Form 17.10.20 attached: _____ | ____ | ____ |

AGENCY APPROVAL: _____

DATE: _____

DEPARTMENT OF FINANCE & ADMINISTRATION: _____ DATE: _____