

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 17.20.10** from the vendor's Primary Agency.
- C. **Mandatory E-Payment and E-Invoicing Exemption Request 17.20.10** 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.
- 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.