

---

# CONTENTS

<b>Preface</b>	<b>xiii</b>
<b>PART ONE: PAYMENT OVERVIEW</b>	<b>1</b>
<b>1 Payment Arena Yesterday, Today, and Tomorrow</b>	<b>3</b>
Payment World Yesterday	4
Payment World Today	5
Payment World Tomorrow	10
An Emerging Issue: Payment Control	11
<b>2 Payment Problems and Issues Facing the Corporate World</b>	<b>13</b>
Float	13
Early Payment Discounts	14
Payment Terms: Theirs, Ours, and Reality	15
Supplier Demands Regarding Payment Tools	16
Cost of Producing a Check	17
Duplicate Payments	17
Sarbanes-Oxley and Internal Controls	18
Check 21 and Its Impact	19
Corporate Cost-Cutting Initiatives	20
Changes in UCC	20
Impact of Check and Employee Fraud	21
<b>3 International Payments and Letters of Credit</b>	<b>23</b>
Differences between Domestic and International Exchanges	23
International Wires	24
Small One-Time Expenditures	25
Currency Issues	25
Letters of Credit	26
UCP 500	29

ISP98	29
New Standby Letters of Credit Rules	30
Types of Letters of Credit	30
VAT	35
<b>PART TWO: PAYMENT TOOLS</b>	<b>37</b>
<b>4 Paper Checks</b>	<b>39</b>
Check Problems	39
Ideal (Best Practice) Check Issuance Scenario	40
Check Storage	42
Check Stock	43
Why Returning Checks Can Be a Problem	44
A Word about Bank Statement Reconciliation	45
Really Bad Check Practices	46
<b>5 Traditional Electronic Methodology: Wire Transfers and Financial EDI</b>	<b>49</b>
Wire Transfers	50
Financial EDI	54
<b>6 P-Cards</b>	<b>59</b>
Background	59
Rebates	60
How the P-Card Process Should Work	60
Individual Limits	61
1099 Reporting	62
Palmer P-Card 2005 Survey: Highlights	62
Common P-Card Pitfalls	64
Data	67
Fraud Prevention	68
<b>7 Other Credit Cards Organizations Use to Pay Bills</b>	<b>73</b>
Fuel Cards	73
T&E Cards	74
Why Fuel and T&E Cards Make Sense	76
One Cards	76
Pushing the P-Card Envelope: Variants on the Basic Card	78

CONTENTS

ix

<b>8</b>	<b>E-Payments (Direct Payments)</b>	<b>79</b>
	Automated Clearing House Network	79
	ACH Payment Growth	80
	Types of ACH Payments	81
	Issues to Consider	82
	Best Practices to Avoid ACH Payment Conversion Nightmares	83
	Use ACH Payments to Solve the Rush Check Problem	87
<b>9</b>	<b>Other Payment Initiatives</b>	<b>89</b>
	Integrated Payment Products	90
	Other Features of Integrated Payment Products	90
	Special ACH Features	92
	Different Nomenclature	92
	E-Payables	92
	Procure-to-Pay Solutions	93
	Other Small-Dollar Payments	94
	Petty Cash Box	96
<b>PART THREE: INITIATIVES TO MAKE PAYMENT OPERATION MORE EFFICIENT</b>		<b>99</b>
<b>10</b>	<b>Starting a P-Card Program</b>	<b>101</b>
	Planning Stage	101
	Finding a Good Service Provider	102
	Policy and Procedures Manual	103
	Pilot Program	103
	Evaluating the Program	104
	Managing the Program	105
	Auditing the Program	105
	End User Training	106
	Ensuring Usage	106
	Keys to Success	107
	Potential Problems	108
<b>11</b>	<b>Expanding a P-Card Program</b>	<b>111</b>
	Information to Grow Your Program	111

AICPA P-Card Survey	112
Tips	114
Share the Wealth	117
Caveat	118
<b>12 Starting an E-Payment Program</b>	<b>119</b>
Background	120
How Programs Get Started	120
Benefits	121
The First Step	121
A Good Starting Point	123
Third-Party Participation	123
Replacing Wire Transfers with ACH Payments	124
Before Rolling Out to Your Entire List	124
Vendor Participation	125
Document, Document, Document	126
Train, Train, Train	126
Don't Overlook Metrics	127
Vendor Satisfaction Survey	128
<b>13 Expanding an E-Payment Program</b>	<b>129</b>
Market Status	129
Techniques to Grow Your E-Payment Program	130
Renegotiating Payment Terms	134
Pricing Discounts	134
Improved Terms versus Pricing Discounts	135
Universal Payment Identification Code	135
<b>14 Integrated Payment Program</b>	<b>139</b>
Why Not Stick with Checks?	140
Sample Program	140
Getting Started	141
Establishing the Plan	142
Other Factors to Consider	143
Statements	144
Ways to Handle Small-Dollar Items Efficiently	145
Assumed Receipt/Negative Assurance	145

CONTENTS

xi

How Organizations Prevent Duplicate Payments	146
Multiple Mechanisms and Duplicate Payments	149
<b>15 Outsourcing</b>	<b>151</b>
P-Cards	151
Check-Printing Outsourcing	152
Other Commonly Outsourced Accounts Payable Functions	152
Internal Controls of the Outsourcer	153
Using the Reports	155
References	156
Beta Sites	156
Convergence Factor	157
Outsourcing versus Automation	158
Is It Outsourcing or Not?	159
Implications	159
<b>16 Check Fraud: Prevention Tools and Techniques</b>	<b>163</b>
History	163
The Law	164
Impact	165
Best Positive Pay Practice	166
Positive Pay and Its Cousins	167
Your Checks	169
Care of Check Stock	170
Other Check Safety Issues	170
Reconciliation	171
Segregation of Duties	172
Master Vendor File and Check Fraud	173
<b>17 ACH Fraud: Prevention Tools and Techniques</b>	<b>175</b>
ACH Blocks	176
ACH Filters	176
ACH Positive Pay	177
Who's Offering What Today	178
Demand Draft Fraud	180

<b>18 Concluding Thoughts</b>	<b>183</b>
Selecting the Best Tool	183
Netting	185
Credits	185
Making Your Payment Process Most Efficient	186
Where to Get More Information	187
<b>Index</b>	<b>191</b>

<http://www.pbookshop.com>