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STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

May 6, 2021

COMPTROLLER'S MEMORANDUM NO. 2021-07

TO: Heads of Departments and Agencies

FROM: Curt T. Otaguro, Comptroller

A handwritten signature in black ink, appearing to read "Curt T. Otaguro", written over a large red "DRAFT" watermark.

SUBJECT: Automated Clearing House (ACH) Vendor Payment Project

In alignment with the State's overall initiative to cut down on paper and move to electronic processes, the Department of Accounting and General Services (DAGS) is partnering with the Department of Budget and Finance (B&F), Wells Fargo Bank (WFB) and the Office of Enterprise Technology Services (ETS) on a project to enable electronic payments to state vendors.

Instead of mailing paper checks, two new electronic payment services will provide our vendors faster payments, increased payment security, fraud protection, and simplify Accounts Payable reconciliation. This initiative will also provide cost savings to the State by reducing check processing, postage costs, and improving cash management.

The project team is working toward implementing electronic payments to vendors at the start of next fiscal year (Summer 2021).

The first service which will be offered to selected vendors is a **Commercial One Payment Card**. This single-use virtual card will reduce or eliminate a vendor's manual payment processes and associated costs. The payment card process has the capability to electronically update their Accounts Receivable systems and allows the ability to expedite deposits and payments through mobile devices like phones.

The second service is the **ACH payment process**. Instead of waiting for paper check payments to be mailed, paper checks are removed from the payment process. Vendors will instead receive direct deposits into their bank account, which reduces manual processing and increases security and fraud protection. Vendors can be provided accompanying payment information using an email-driven payment notification process. Most of the vendor payments will be utilizing this method, although there are certain types of payments that cannot be converted to ACH.

DAGS does not expect the current Summary Warrant Voucher (SWV) process at the department level to be impacted. That means your department staff should not have to

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make significant changes to work processes. The conversion of payments to electronic means will be handled at DAGS, ETS, and B&F.

DAGS project staff may be contacting your departmental staff to clarify vendor information as they work on refining the FAMIS vendor tables. WFB on-boarding implementation staff may be contacting your vendors to set them up for these services. We will be sending letters to vendors in the next month informing them of this and alerting them to this change in State payments. We will update you with implementation dates and details as we move forward.

If you have any questions or concerns, please contact us at soh-achpayment@hawaii.gov.