

**SOP PREPARING NACHA CREDIT
AND DEBIT PAYMENT**

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The National American Clearing House Association provides a format recognised by all banks across the US for placing digital instructions to banks to make credit payments or to collect standing orders (debit payments).

The functionality in this document refers only to transactions within the US.

AIMS

- To prepare vendor payments based on purchase invoices and create a NACHA-compatible file to make credit payments via bank transfer.
- To prepare customer receipts based on invoices and create a NACHA-compatible file for collection of standing order payments.

WORKING ASSUMPTION

For credit payments: The system contains purchase invoices with a status allowing for payment.

SETUPS

1. For credit payments: Enter the Bank Accounts form and retrieve the bank account from which you make vendor payments via NACHA. Flag the NACHA Interface column. In the Additional Information sub-level form, record the immediate origin number for NACHA payments in the Immed Origin #-Pay column, as well as the Immediate Dest. No. and the Immediate Dest. Name.
2. For credit payments: Enter the Financial Parameters for Vendors form and retrieve the vendor whose payments will be made using NACHA. In the Bank Account Details sub-level form, specify the vendor's Bank Account, and Routing Number.
3. For debit payments: Enter the Bank Accounts form and retrieve the relevant bank account in which payments via NACHA are deposited. In the Additional Information sub-level form, record the immediate origin number for receipts of payment via NACHA in the Immed Origin #- Recv column.
4. For debit payments: Enter the Payment Means form and record a Payment Code to be used for receiving payment via NACHA; flag it in the Payment via NACHA column. In the sub-level form, Set Text for Invoice Payment, record any text you wish to appear in the invoices for which payment will be made via this means of payment.
5. For credit payments: Enter the Financial Constants form and make sure that the value of the ITPAmountLimit constant reflects the maximum amount that you are permitted to transfer in a single payment via NACHA.

CREDIT PAYMENTS

PROCEDURE

STAGE 1: PREPARING PAYMENTS VIA BANK TRANSFER

1. Enter the Payments by Bank Transfer form and specify the Vendor's Account and Paying Bank Account.
2. Make sure the values appearing in the Payment Date and Currency columns are correct. Note: The Currency column appears in the Payment Data tab.
3. Make sure the data appearing in the Vendor's Bank tab (e.g., Vendor's Bank Account, Vendor's Routing No.) are correct.
4. If the payment is being made against a purchase invoice, enter the Flag Invoices for Payment sub-level form and flag the Pay column for every relevant invoice.
5. Move to the adjacent Payment Details sub-level form and make sure the payment amounts are correct. Tip: In order to make a partial payment against an invoice, manually revise the amount in the Sum column.

STAGE 2: FINALISING PAYMENTS VIA BANK TRANSFER

To finalise a batch of payments:

1. Run the Finalize Bank Transfers program.
2. In the form that opens, retrieve all the payments (by bank transfer) that you wish to finalize. Remove unnecessary lines by using F7.
3. Exit the form to continue running the program.

To finalize a single payment:

1. Enter the Payments by Bank Transfer form and retrieve the payment in question.
2. Run the Finalize Bank Transfer Payment program from the list of Direct Activations.

STAGE III: CREATING THE NACHA FILE

1. Enter the Flag Bank Transfers for NACHA form and retrieve the bank transfers to be executed via NACHA.
2. Flag the Upload to NACHA column for each bank transfer to be executed via NACHA.
3. Before upload, make sure that the desired transfers appear in the Bank Transfers to be Uploaded report. If not all desired transfers appear in the report, return to step 1.
4. Run the Run NACHA Interface-Payables program.
5. In the Bank Account input column, specify the account from which payment will be made.
Tip: In the program input screen, you can restrict the payments to be uploaded to a range of transfer dates, range of payment dates or payments assigned to a particular user.
6. Specify the location in which to save the output file.
7. If errors were encountered during program processing, an error message will be displayed. To see the content of the errors, run the NACHA Payables - Errors report.

RESULTS

- Invoices for which payments have been prepared are automatically reconciled with their respective payments.
- If a partial payment was made against an invoice, the Prior Payments on Invoice sub-level of the Flag Invoices for Payment form displays the current payment.
- A journal entry is automatically created for the payment.
- A NACHA-compatible file is created, which can be sent to the bank to execute the transfer. Debit Payments Procedure Stage I: Recording NACHA Definitions for Customers

DEBIT PAYMENTS

PROCEDURE

STAGE I: RECORDING NACHA DEFINITIONS FOR CUSTOMERS

1. Enter the Financ. Parameters for Customers form and retrieve the customers whose accounts will be debited by NACHA.
2. For each customer, record the following information in the Account/Credit Card to Charge sublevel form:
 - Payment Code – use the code defined for NACHA (see Setups, above).
 - Credit Card Number - the customer bank account from which payment will be made.
3. Routing Number – the routing number of the customer's bank from which payment will be made.

Result: The customer has been defined as making payment via NACHA. Any invoices opened for the customer will be automatically assigned the designated NACHA definitions in the Account/Credit Card to Charge sub-level form, so that this customer's invoices will be paid via NACHA.

STAGE II: PREPARING CUSTOMER INVOICES

1. Prepare invoices based on sales orders or shipping documents. NACHA definitions will be automatically recorded in the Account/Credit Card to Charge sub-level form.
2. Finalize the invoices.

STAGE III: PREPARING RECEIPTS

Aim: To prepare receipts for the invoices.

1. Run the Prep Receipts for Standing Order program. In the input screens:
 1. Select the Range of Dates option.
 2. Designate the desired date range.
 3. Specify the desired Receipt Date.
 4. Choose a Payment Means that has been defined for NACHA.
2. If receipts could not be prepared, an error message will be displayed. To view details, run the Prepare Receipts – Errors report.
3. Retrieve all prepared receipts, check their details and finalize them.

Result: Receipts have been prepared based on the invoices whose payment means (as defined in the Account/Credit Card to Charge sub-level form) matches the one designated when running the program. The bank details defined in that form are automatically copied to each receipt's Other Forms of Payment (Details) sub-level form.

STAGE IV: CREATING THE NACHA FILE

1. Run the Transfers for Upload-Receipts report and make sure all desired receipts appear there.
2. Enter the Revise NACHA Details-Receipts form.
3. Retrieve any receipts you do not wish to include in the NACHA file. Flag those receipts in the Checking column.
4. Run the Run NACHA Interface-Receipts program.
5. In the Bank Account input column, specify the account to which payment will be made. Tip: In the program input screen, you can restrict the receipts to be uploaded to a range of document dates or a range of payment dates.
6. Choose a Payment Means that has been defined for NACHA
7. Specify the location in which to save the output file.
8. If errors were encountered during program processing, an error message will be displayed. To see the content of the errors, run the NACHA Receipts - Errors report.

RESULT

A NACHA-compatible file is created, which can be sent to the bank to collect standing order payments