

SUPPLIER PAYMENT PROCESS CHECKLIST

Paying a supplier in today's global, digital economy involves many hazards. More often than not, you may not have actually met a supplier in person, which opens your company up to risk when it comes time to pay them. How well do you know the payee? Are they on a "do not pay" blacklist? There are also data collection complexities to consider to effectively execute payments.

Because the process for paying out is literally one that involves money leaving the company, it is important to do it correctly.

This checklist identifies the most critical best practices that global accounts payable departments should institute to safeguard payments to a supplier or partner.

Payee Contact Information

FIRST NAME, LAST NAME, and/or COMPANY NAME are captured

The country that payment will be sent is identified

Email address (or other contact data) is collected to notify payee of payment status/issues

Any mailing address or contact data on file is updated with latest information from payee (either via an inbound invoice, manually by the payer, or through a secure supplier portal)

Banking / Account Payment and Routing Data

Payment method preference is captured (ACH, paper check, wire transfer, e-wallet, etc.)

Determine whether payer is able to process funds to payee country

Available payment methods for payee's country are determined by payer

Determine whether payment must be made in payee's local currency

Required payment information is requested from payee based on their country and your payment method available

Mailing address format is verified (for paper checks)

Bank routing and account information is captured and syntax is verified for unique country/jurisdictions (for wire transfers, ACH, or local bank transfer)

Other banking codes are provided (SWIFT, IFSC, etc.) and information is verified according to local bank requirements (if applicable)

Username or email address is captured for e-wallet payments (if applicable)

Verify that payee's bank account (routing code) exists and can accept funds (if applicable)

Foreign exchange fees are accounted for (if applicable)

Bank routing and account information is securely transmitted and stored (email is not secure)

Tax Information

W-9 (for US domestic payees), W-8 Series (for international entities), VAT ID (EU, etc.) are accurately collected from payee

Per FATCA requirements, payer verifies that payee provided the correct tax form, from 7 primary W-9 and W-8 Series tax form options.

Social Security Number or Employer Identification Number is validated (if applicable)

Treaty declarations are collected (if applicable)

Proof of residency is collected (if applicable)

Withholding requirement is established (if applicable)

Withholding requirements per payee are deducted from future payments to payee and accounted for in 1099 and 1042-S tax reporting

Mailing address or email is provided for sending of 1099 or 1042-S forms to payee (ideally based on payee contact information above)

Amount paid to each payee is recorded for completion of 1099 or 1042-S tax forms

Anti-Money-Laundering Compliance / Fraud Prevention

Verify that payee is not in country that is embargoed or sanctioned by federal or international authorities

Individual payee is not on designated on a "do not pay" list (e.g. US OFAC SDN, etc.)

Company has not blocked or suspended payee from receiving payments

Individual payee is not posing as another payee

Individual payee is not attempting to set up multiple accounts

Suspected payees are queued for a case review

Payee has been authenticated via text message

Payee is not known to be blocked or suspended by other companies for reasons related to fraud

Payment Reconciliation

Payment results are reconciled to GL / ERP

Outstanding payments are noted in GL / ERP

Failed payments are identified, diagnosed, and payments are re-sent with corrections

Fees associated with various payment methods are accounted for

Fees associated with payment errors and bank investigations are accounted for

Detailed payment remittance reporting is established for each payment method utilized for audit purposes

Operational Controls

Only employees with proper signatory rights can approve and execute a payment

Only employees with proper rights can view payee account information

Only employees with proper rights can view account balances

Only employees with proper rights have access to bank portals, checks, etc.

For payments over \$, a higher level officer is required to approve a payment

Payment amount matches invoice or other payment instruction (debiting any associated transaction fees)

Payments are scheduled according to when funds are available

Payment status is sent or communicated to payee

Any remittance issues are sent or communicated to the payee with corrective actions to take

Payment is not being made to someone where the previous attempt failed or is on hold

Payee inquiries are responded to within hours

Process is in place to allow payee to update contact and payment information

Need help automating your supplier payment operations?

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