

School Board Meeting/Workshop:

October 11, 2010

Subject:

Control Pay Advance through Commerce Bank

Presenter:

Gary Kawlewski

SUGGESTED SCHOOL BOARD ACTION:

Review only at this time

DESCRIPTION: Commerce Bank offers a program called Control Pay Advance that allows us to make online payments through their Visa network at no charge to us. This program would complement our current procurement card process. All of the current processes for payment will remain the same with the exception of the actual payment method. We currently pay with a check for nearly all transactions. This program will allow us to make payments electronically similar to what you might see with a personal online bill payment process through your local bank. We control when the payments are made, who they are made to, and what amounts are paid. The program also has a cash back component to it that varies from 60 basis points up to 100 basis points dependent on the volume of transactions that run through the program.

Commerce bank has a list of our vendors and goes through the process of contacting our vendors and getting them set up on the program on our behalf. The school district sees a cost savings in reducing the amount of checks that we process, the amount of envelopes and postage needed to send out checks, and, eventually, our processing time should be similar or less as well.

Since the transactions are paid through the Visa network, our vendor pays a transaction fee to Commerce Bank to get their money paid to them through this process. Vendors do so to get their money faster and to make sure the check doesn't get lost in the mail. Commerce Bank facilitates the process. They contact the vendor when the file is received by the bank from the school. The vendor then submits a payment request to Commerce Bank to receive their funds. At a set collection point determined with Commerce Bank during our setup, Commerce Bank then submits an ACH wire pull from our bank within 3 business days. This process allows the school district staff ample time to assure that the appropriate funds are in our bank account to cover the payments.

This process ties into our goal of looking to implement more paperless processes in our office.

ATTACHMENT(S): None