**Disbursing Funds (Making Payments)**

1. A disbursement is the release of cash to a Supplier in Quantum. All disbursements in Quantum are made from AP invoices and prepayment invoices that are approved and budget-checked. The disbursement is effected in two ways:
	* **Payment Process Request (PPR):** this is an automated batch process that creates a predefined set of payments. These can be either system cheques (CHK) where a batch of cheques are produced, or electronic fund transfers (EFTs), creating real-time online payments. Quantum creates the accounting entries and, in the case of EFTs, instructions to the bank to transfer cash;
	* **Electronic Funds Transfers (EFT):** When disbursing payments through the Electronic Funds Transfers (EFT), payment instructions are generated in electronic format using the batch process of the ‘PPR’ for using ‘TRF’ method.
	* **System Cheques (CHK):** These are series of cheques automatically produced by Quantum in the PPR batch process. Cheque numbers are assigned automatically. The starting number is increased by one unit each time a cheque is generated for a particular bank account. The user downloads the payment file generated during the PPR for cheque printing. Offices can use the cheque-writer software developed specifically for use with the System Check format to customize cheque formats and add special characters.
	* **Manual payment**: Manual payments are defined as payments made outside of Quantum and then subsequently recorded in Quantum. Offices may only make manual payments when (1) the office is unable to connect to, or complete, a transaction due to poor system performance or poor connectivity to Quantum and (2) the payment is needed immediately due to an unavoidable emergency situation. All manual payments must have supporting documents and must be recorded immediately thereafter in Quantum. Offices are authorized to issue up to five manual payments per month, and the circumstances for making such manual payments must be recorded in writing. If this maximum number is inadequate, the Head of Office must request prior authorization from the Comptroller to exceed this limit.
	* **Manual Cheques (MAN):** This format is chosen if the cheque number is to be assigned by the user, or if the payment is being made in cash. Manual cheques (MAN) are prepared and written/printed by the user. The PPR does not include and process manual cheques. This option should be used as infrequently as possible, as the manual nature of the process is prone to errors.
2. In Quantum, EFT’s are configured for two formats: Universal Flat File (UFF) and ISO20022 standard. An EFT instruction can be processed in one of three ways: UFF, ISO20222 and letter of transmittal.
	* **Positive Pay**: Positive pay is a process used to combat cheque fraud. With this service UNDP transmits a file of issued cheque information to the bank soon after its issuance to the payee. The bank matches cheque serial numbers and amounts of cheques presented for payments against the issue file and pays only those cheques that match. Exceptions are conveyed to UNDP for disposition. Some positive pay services match against the payee field as well as the serial number and amount, in an effort to detect altered payees. Positive pay services are used for Bank of America ZBA accounts.
	* **Universal Flat File (UFF)** is the generic payment file format generated by the PPR from Quantum. UFF files are used by offices that have developed a local banking interface or web e-banking solutions with their local banks with the approval from the Treasurer. Please refer to [Establishment and Use of Electronic Banking Systems](https://popp.undp.org/node/10731). If an office does not have a local interface, then a **letter of instruction** must be manually prepared and authorized to request the bank to execute a transfer for payment. PPR process is run using payment method ‘TRF’ for UFF file generation.
	* **EFT with full H2H using ISO20022 standard** applies if the disbursing bank account is part of the full Host-to-Host interface. These payment files are processed by the system as soon as a PPR is run and automatically transmitted to Banks through the Treasury Management System (TMS) payment hub. Banks, in turn, route these payment instructions to the disbursing banks, and also return through the same H2H channel the bank statements.

1. EFT is the preferred payment method for the following reasons:
	* Creation and approval of entries and transmission of cash are simultaneous;
	* H2H interface and positive pay contribute to creating a strong internal control environment (see the section on Banking Arrangements under Cash Banking and Investment, Financial Resources Management, in the present POPP); there is a reduced risk of inputting error and the process is fully automated.