



E-COMMERCE & IT

Remote authorization of payments: How will Canadian accountants be affected?

By W.H. (BILL) LOEWEN

Although they may be slow to confess, the signing officers of many organizations have found themselves signing blank cheques to leave with the accounts payable department, so business payments could still be issued, while the signing officer is out of town on business.

The alternatives to this high-risk practice are missed discounts, courier costs or bringing payables to a halt whenever the signing officer is out of the office for extended periods of time.

TelPay e-Payment Services has now alleviated these problems with a technology application which provides signing officers with the ability to authorize business payments, while they are travelling anywhere on the globe.

TelPay's BusinessConnect 6.1 enables organizations to send "e-payments," including government remittances to any person, supplier, or organization in Canada. Payment details are sent along with each payment.

The payment software includes direct deposit capability for in-house payroll solutions and the latest upgrade includes remote authorization capability. This means if you are travelling in Singapore (or working on the other side of the city) you as a signing officer still have the ability to authorize business payments, as long as you have access to e-mail.

Remote authorization works by first e-mailing details of the payments that need to be made to the signing officer. Sent along with the e-mail is a one-time-use password, unique to that payment session.

By transmitting the authorization password back to their office via phone, fax, or e-mail—the signing officer has provided the equivalent of their signature. All passwords are retained by the system in encrypted form so that no one other than the recipient of the e-mail will know the password.

The system takes into account the potential need for two signing officers and will generate a unique



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password for each officer. If a change must be made to the payment file a new authorization is required.

Brian Denysuik, TelPay's president and chief executive, provides a working example of the remote authorization capability. "Many non-profit organizations require that board members sign-off on each payment. Instead of wasting the signing officers' travel time or courier costs every time that a cheque needs to be issued, officers can now authorize payments from wherever they are, anytime of day or night."

Denysuik goes on to say,

"remote authorization will work extremely well for organizations that are decentralized—where their accounts payable department may be in one location, while their signing authorities in another."

This evolution in business payments impacts Canadian financial and accounting practitioners in a number of ways. The obvious gain in time-savings, convenience to the signing officer, and elimination of the need to provide blank approvals creates new opportunities as well as the need to understand the controls associated with such a system.

With time delays and courier costs related to obtaining written approval eliminated, accounting firms providing bookkeeping services for their clients can now comfortably include complete payment processing in their services without the inconvenience of trying to get physical authorization for the payments being made. This opens up a new service opportunity for a closer relationship with the client—one that generates year round revenues. Remote authorizations are easy to attain, secure, and are permanently recorded in a his-

tory file that is recorded by payment session number.

Audit firms will find full documentation of all transaction and approvals easily accessible both in the history file and the hard copy records. Remote authorization capability is a perfect example of technology enabling increases in efficiency and cost effectiveness. It aids in decreasing risk associated with blank approvals and all with no loss of the controls over expenditures customarily required by organizations.

Financial and accounting practitioners would benefit by becoming acquainted with this technology because e-payment systems will become more and more prevalent in the very near future. All this comes on top of the inherent savings in making payments electronically rather than by cheque through the mail.

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