

CASE STUDY

PaymentWorks

Community College

COMMUNITY COLLEGE'S CHALLENGE WITH Vendor Fraud and Inefficiency

The increasing complexity of vendor fraud posed a significant challenge for one community college, especially during high-stress financial periods. The institution is the largest singly accredited college in the U.S. and manages more than \$200 million in annual spending, exposing it to substantial fraud risks. Their traditional vendor onboarding process relied heavily on manual verification. It became a gateway for sophisticated fraud attempts, including a close call involving a fraudulent change to a construction vendor's banking information that nearly cost the college a "substantial amount" of money.

AT A GLANCE

About:

Midwestern
Community College
with 19 campuses

Campus:

19

Students:

164,000

AP Spend:

\$200 million

The Difference Automation Makes — The Highlights

Before PaymentWorks:

- **Manual Verification Woes:** The college's team manually verified vendor information by contacting companies directly, which is a time-consuming and error-prone process.
- **Complex, Decentralized Project Challenges:** Large, high-dollar projects involving multiple campuses and external teams increased the risk of fraud due to complex communication and transaction channels.
- **Fraud Vulnerability:** The college's public-facing requests for proposals exposed them to significant fraud risks, particularly with high-value construction and software bids.
- **Communication Inefficiencies:** Reliance on traditional communication methods like email and phone increased the risk of fraud, as fraudsters could easily mimic these methods.

After PaymentWorks:

- **Enhanced Security Measures:** With PaymentWorks, vendor banking and additional data are verified through a secure platform, significantly reducing the risk of fraud.
- **Control Over Vendor Data:** The system allowed for better control and management of vendor information, ensuring that data was current and reducing the chances of fraud.
- **Automated and Efficient Processes:** Automating data verification and entry minimized human errors and expedited the vendor onboarding process.
- **Secure and Reliable Communication Channels:** PaymentWorks internal messaging system reduced dependency on less secure communication methods, thus safeguarding against fraud.
- **Financial Optimization:** By transitioning vendors to Automated Clearing House (ACH) payments, the college minimized the risks associated with physical checks and improved financial operation.

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We really had to look for a solution that was more cost-effective. And with indemnification with PaymentWorks, we were getting that insurance aspect also, so it was like bundling all of the controls together... controls that we couldn't create outside of the [PaymentWorks] software solution in an effective way.

– AVP, Controller,
Community College

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A Community College's Transformation in Vendor Management

Identifying and Addressing the Problem

This community college faced escalating threats from sophisticated fraud schemes targeting their vendor payment processes. This was particularly perilous during busy times such as fiscal year-end and the start of the school year when the sheer volume of transactions made it easier for fraudulent activities to blend in. The near-miss incident involving a fraudulent attempt to reroute a high-value payment highlighted the urgent need for a more secure system.

Implementing Automated Vendor Onboarding with PaymentWorks

The transition to PaymentWorks marked a pivotal change in how the college managed its vendor relationships and payments. The platform provided a secure and structured environment for vendor data management, significantly reducing the college's exposure to fraud.

PaymentWorks' capabilities in automating and securing vendor onboarding and payment processes meant that the college could now handle vendor data with greater efficiency and less risk. Furthermore, the integration of PaymentWorks with the college's ERP streamlined the data flow, reducing the onboarding time from weeks to days, enhancing overall operational efficiency.

This strategic shift safeguarded the college against potential financial losses and fortified trust in its vendor management processes. This community college's example demonstrates the critical importance of adapting to modern technological solutions to address complex challenges in vendor management effectively.

