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OUTREACH

Cash Management Newsletter

January 2009

INTEREST RATES

The average annualized yield for December was 2.2968%. The rates for December were as follows:

December 1st – 30th	2.30%
December 31st – 31st	2.20%

UPCOMING BANK HOLIDAY

Due to the Martin Luther King Jr. holiday, the Office of the State Treasurer (OST), Federal Reserve, and Oregon banks will be closed on Monday, January 19th. Customer statements and files will not be produced for January 19th, due to the holiday. In addition, ACH files sent to OST after the deadline on Friday, January 16th, will be sent to the bank on Tuesday, January 20th, and must have an effective date of January 21st, or later.

FAXED ACCOUNT TRANSFER REQUEST CUTOFF TIME

Due to processing time constraints, OST must receive all faxed (Manual) Account Transfer requests (formally known as suspense transfer requests) no later than 1:30 p.m. for same day processing. The 1:30 p.m. deadline is required so that OST can meet daily system processing times. Account Transfer requests received after 1:30 p.m. will be processed the next business day.

SIGNATURE AUTHORIZATION FORMS

OST policy requires that a new signature authorization form be submitted for **every** Treasury (formally suspense) account annually each January. OST sent out a letter to all agency Finance Directors reminding them of this requirement in December. The Signature Authorization Form can also be found on our website at: http://www.ost.state.or.us/divisions/finance/cashmanagement/affidavit/C-2%20Signature%20Authorization.doc

Failure to submit updated signature authorization forms by January 31, 2009, could result in revocation of Treasury account disbursement authority.

If you have any questions, please contact Heidi Rawe at (503) 378-4552 or email at Heidi.Rawe@ost.state.or.us.

ACH REVERSALS

On occasion, a STAN agency (Originator) may discover that they have sent an Automated Clearing House (ACH) transaction erroneously. Once sent to the ACH network, an ACH transaction cannot be cancelled; although, a reversing entry may be initiated.

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Per the National Automated Clearing House Association (NACHA), an erroneous ACH entry is defined by one of the following characteristics:

- Is a duplicate of an entry previously initiated by the Originator.
- Orders payment to, or from, a Receiver not intended to be credited or debited by the Originator.
- Orders payment in a dollar amount different than was intended by the Originator.

Sending a reversing entry is **not** a guaranteed solution to an erroneous ACH entry issue. In the case of an ACH Credit, it is possible that the Receiver could withdraw the erroneously sent funds prior to the reversing entry posting to the account. If this happens and there is not enough money in the Receiver's account to cover the reversal, then the reversal will be returned back to the Originator. It is important to note that the Receiving Depository Financial Institution (RDFI) has two banking days following the Settlement Date of the reversing entry to return the reversing entry. Since the Settlement Date of the reversing entry will most likely be the day after the STAN agency sends in a request for reversal, agencies have a window of three banking days after the reversal request is sent when the reversal could be returned by the RDFI.

According to OST policy 02.18.05, the STAN agency assumes all liability for errors, irregularities, or loss of funds arising from their use of ACH. The best protection against an error is to ensure that procedures are in place to reduce or eliminate the possibility of erroneous entries.

In the event that a STAN agency originates an erroneous ACH entry or file, the following steps should be taken:

- Immediately contact an OST Customer Service Representative for instructions on how to proceed with the reversal request.
- Contact the Receiver of the erroneous entry to make them aware of the error and that a reversal is being processed.
- Inform appropriate agency personnel that an error has occurred and that a reversal is being processed.
- Establish procedures to reduce the possibility that the same error will occur again in the future.

If you have questions concerning the reversal process, please contact Brady Coy at (503) 378-2457.

BUSINESS CONTINUITY REMINDER

The Office of the State Treasurer (OST) is continually evaluating processes to ensure that critical needs are met in the event normal business is disrupted. During the unexpected inclement weather that we experienced around the entire state in late December, many agencies found that they were less than adequately staffed to carry out financial business.

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If your organization has not already done so, it would be prudent to discuss your current business contingency plans to ensure that your agency is well prepared in the future. Some questions you may want to consider when discussing your plan may include the following:

- Does your agency have an updated Electronic Funds Transfer (EFT) authorized signers list on file at OST?
- What if your authorized signers are unable to make it into the office and you have transactions that must be generated?
- How will you get transactions authorized without necessary individuals in the office?
- Is there a way for your staff to conduct business from a remote location, if necessary?
- Are your desk procedures up-to-date and well-defined in case individuals are required to provide coverage in areas of business that are unfamiliar to them?
- What are the most critical functions that absolutely have to be performed on a daily or weekly basis and, what functions may be delayed for a period of time?

If you have any questions, please feel free to contact Brady Coy, OST Banking Manager at 503-378-2457.

The State Treasurer's Office is always interested in hearing feedback from our customers regarding ways we can improve the service we provide. Please send any comments or suggestions you may have regarding this newsletter to brady.t.coy@state.or.us or fax to (503) 373-1179.