

OUTREACH

Cash Management Newsletter

September 2009

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INTEREST RATES

The average annualized yield for August was 0.8306%. The rates for August were as follows:

August 1 st – 19 th	0.85%
August 20 th – 31 st	0.80%

UPCOMING BANK HOLIDAY

Monday, October 12th, is Columbus Day. The Office of the State Treasurer (OST) will be open; however, the Federal Reserve and Oregon banks will be closed. Due to the closures, no Incoming ACH or redeemed check information will be distributed on October 12th.

In addition, any ACH files sent to OST by STAN agencies for processing on Friday, October 9th, must have an effective date of Tuesday, October 13th, or later. STAN Online will be unavailable from 1:00 PM Friday, October 9th, to 1:00 PM Monday, October 12th. ACH files sent to OST via FTP between 10:00 AM Friday, October 9th, and 10:00 AM Tuesday, October 13th, must have an effective date of Wednesday, October 14th, or later.

Mark Your Calendars for OST's Wholesale Lockbox Forum

A lockbox is a collection system in which a bank processes and deposits an agency's mail receipts. Mail is delivered to a specific post office box that the bank checks multiple times daily. The mail is sorted, opened and processed in a highly secure environment. Some advantages of a lockbox include: quicker deposit of mail receipts, improves internal controls, reduces staffing cost of processing mail receipts, responds quickly to mail volume peaks and provides options for agencies to receive remittance data in several different forms.

The Office of the State Treasurer will be hosting a Wholesale Lockbox Forum on Tuesday, September 29th from 2-4 PM in the Labor and Industries Building Room 260. This forum is designed for both agencies currently using lockbox and those who are not, but are interested in learning more about them. US Bank Lockbox staff will lead the presentation and provide an opportunity for Q & A.

Agenda Items include:

- Wholesale Lockbox Overview
- Review current process
- Best Practices
- Leverage new technology
- Increase efficiencies
- Compatible services

Register on-line at Oregon iLearn. <https://ilearn.oregon.gov>.
Email adele.honeyman@ost.state.or.us for help with registration.

NEW REGULATORY REQUIREMENTS FOR ACH

On September 18, 2009, an amendment to the NACHA Operating Rules will become effective that has the potential to impact most U.S. businesses that send or receive ACH payments. This amendment will require all payments funded internationally or sent to another country via the ACH Network to be identified as International ACH Transactions using a new Standard Entry Class (SEC) Code—IAT. The new Rule will also require that IAT payments include specific data elements defined by the Bank Secrecy Act's (BSA) "Travel Rule."

Currently, there are internationally funded payments that are originated into the U.S. ACH as PPD or CCD transactions that cannot be identified as international transactions. The Office of Foreign Assets Control (OFAC) has requested NACHA to align the NACHA Operating Rules with OFAC obligations to enable all parties to the transactions to easily identify transactions that are funded internationally or being sent to other countries via the ACH Network.

The new Rule will identify International ACH Transactions by focusing on where the financial agency that handles the payment transaction is located. Thus, certain transactions currently formatted as domestic transactions, but are funded internationally, will need to be sent as IATs.

While the identification of these payments as international transactions and the inclusion of the "Travel Rule" information (i.e., Originator name, address, account number; Originator's depository institution name and payment amount; Receiver name, address, account number; and the Receiver's financial institution) will make it easier for RDFIs to comply with OFAC-sanctioned guidance, corporations also have OFAC obligations. U.S. Corporations are bound by U.S. law to comply with OFAC requirements and should be reviewing all business relationships, employees and payment instructions against the current Specially Designated Nationals (SDN) list available from OFAC.

The Office of the State Treasurer recently sent out general guidelines intended to assist your agency in determining if there are customers you are currently doing business with that will fall into IAT requirements after September 18, 2009. It is recommended that you use the updated sample ACH Credit and/or Debit Authorizations found on our website via the links below in place of your current ACH Authorizations for all new customers, and that you have existing customers certify if the funds for your current domestic ACH transactions are flowing into or out of the United States.

Sample Direct Deposit Authorization Form (ACH Credits):

http://www.ost.state.or.us/divisions/finance/cashmanagement/affidavit/fc22aform_05102001.doc

Sample Direct Deposit Authorization Form (ACH Debits):

<http://www.ost.state.or.us/divisions/finance/cashmanagement/affidavit/C-22b%20ACH%20%20Authorization%20Agreement-Debit.doc>

Recommended Action:

1. Update your current ACH Credit Authorization with the language included in the OST Sample ACH Credit Authorization to ensure determination for International ACH is made with all new customers.
2. Communicate with existing ACH customers to determine if funds are transferred in their entirety to a foreign Financial Institution. OST can assist agencies in determining how best to communicate this with current customers.

If you are interested in originating International ACH transactions, or have any questions related to IAT, please contact Rhonda Bachmann at Rhonda.Bachmann@ost.state.or.us or (503) 378-8256.

The Office of the State Treasurer 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.