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OUTREACH

Cash Management Newsletter

May 2011

INTEREST RATES

The average annualized yield for April was 0.50 percent. The rate for April was as follows:

April 1st – 30th

0.50 percent

IMPACT OF STATEWIDE FURLOUGH DAY MAY 20th

Most state agencies will be taking a mandatory furlough day on May 20th. Because Treasury staff is taking floating/rotating furlough days, Treasury will be open for business as usual on May 20th.

Many agencies send files to, or receive files from, Treasury on a daily basis. Agencies that shut down for mandatory furlough days should note the following impacts to their file transfer processes.

Agencies **sending** Site to Site ACH origination files to Treasury on furlough days:

- Treasury will observe our normal daily cutoff time for Site to Site origination activity of 10 AM on each furlough day.
- Agencies sending Site to Site ACH origination files to Treasury should provide a point of contact that can be reached if there is a problem with one of your Site to Site ACH files received on a furlough day. **If there is an issue with an agency's Site to Site ACH origination file on a furlough day and Treasury is unable to contact the agency to have a corrected file resent, Treasury will be unable to send the file to the bank.**

Agencies **receiving** files from Treasury on furlough days (redeemed check file, post file, ACH returned item file or ACH incoming file):

- Treasury will prepare and make available all output files at normal times on all furlough days.
- Agencies that are unable to pull in their Treasury files on a furlough day can contact Treasury's Operations Help Desk on the business day following the furlough day and request that the missed files be placed in your agency's FTP directory to be picked up. Treasury's Operations Help Desk can be reached at 971-208-2558.
- Incoming ACH reports and ACH returned item reports will be available on our web portal as normal on the morning of each furlough day. Redeemed check reports and agency account statements will be available on our web portal as normal on the afternoon of each furlough day. Historical information going back three years is always available on our web portal.

Please contact Rhonda Bachmann at 503-378-8256 or Brady Coy at 503-378-2457 if you have any questions about furlough day impacts on file transfers between your agency and Treasury. Agency contacts for Site to Site ACH origination on furlough days can be provided via e-mail to either Rhonda Bachmann (rhonda.bachmann@ost.state.or.us) or Brady Coy (brady.coy@ost.state.or.us).

UPCOMING HOLIDAY MAY 30th

Because of the Memorial Day holiday, the Oregon State Treasury (OST), the Federal Reserve, and Oregon banks will be closed on Monday, May 30th. Customer statements and files will not be produced for May 30th, due to the closures. In addition, ACH files sent to OST after the deadline on Friday, May 27th, will be sent to the bank on Tuesday, May 31st and must have an effective date of June 1st or later.

DIRECT DEPOSITS AND DIRECT PAYMENTS

The Electronic Payments Association, NACHA, has designated the month of May as Direct Deposit and Direct Payment month. The designation is intended to emphasize the benefits of these options to both organizations and consumers. The Oregon State Treasury would like to take this opportunity to highlight a number of related topics that agencies should be aware of.

Cash Management Manual

As you are all keenly aware, one of the primary functions of many government agencies is disbursement of funds to its customers, clients, or vendors. There are two basic ways to disburse funds to those clients: by paper (check or warrant) or by electronic funds transfer. Sections V, VI, and XIV of the Treasury Cash Management Manual describe these processes in more detail. You can link to the Cash Management Manual at: <http://www.ost.state.or.us/Services/CashMgmt/Manual.asp>. As a reminder, this is a good resource outlining a number of policies and practices concerning the movement of funds for State of Oregon agencies. While Treasury plans to update the manual in the near future, its current form provides valuable information regarding a myriad of cash management topics.

Promotion of Direct Deposit and Direct Payment

In recent years, calls to gain efficiencies, streamline processes, increase security measures, and cut costs, both to the state and to customers, have resulted in several agencies making decisions to move towards electronic disbursement methods. Treasury has recently had the opportunity to work with a few agencies on the promotion of direct deposit and direct payment opportunities. By focusing on the lessons we've learned in these partnerships, we plan to make additional resources available for use by state agencies for this purpose. Importantly, we have partnered with NACHA to use materials from both their Direct Deposit and PayItGreen campaigns. You can find examples of these materials at <http://www.electronicpayments.org/?hp=ind> and <http://www.payitgreen.org/index.aspx>, respectively. More importantly Treasury will soon provide additional information on its website about how State of Oregon agencies can use these materials and/or take advantage of Treasury's partnerships to customize materials. Our goal is to ultimately have a fairly uniform message for state agencies to take advantage of when promoting the benefits of these electronic payment methods.

Electronic Payment Mandates

Oregon Revised Statutes 293.525 authorizes agencies, upon consultation with Treasury, to adopt rules that require payments made to or by the agency to be done through electronic funds transfer. Please note that by statute any such rules must be created in consultation with the Treasury. This coordination is to ensure that such rules follow any ACH and other relevant cash management standards. If you are considering adopting such a rule, please contact Treasury using the contact information below. If you have previously adopted such a rule and are not certain that it was completed in consultation with Treasury, please contact us so that we can confirm the existing rule is adequately constructed.

Prepaid Card Program

Finally, it is also important to note that when an agency adopts an electronic funds mandate, the agency cannot require that a recipient open a bank account as a condition of receiving the payment. In these cases where a recipient is unable or unwilling to provide their own direct deposit alternative, the state aims to meet the needs of unbanked or underbanked citizens of Oregon by offering a prepaid card program as an electronic deposit alternative. The program is also available to agencies that, while not mandating electronic payments, would like to promote it as a means of providing savings to both the state and its customers. More information about this program is outlined in Section XIX of the Cash Management manual.

Summary

Finally, if your agency is interested in pursuing an electronic mandate, considering use of the prepaid card program, or would like more information about promoting electronic payments, please let us know by responding to the survey at the following location: <http://www.surveymonkey.com/s/W6FJVVC>

If you have any questions about the above information, please feel free to contact any one of the following individuals:

Rhonda Bachmann – Treasury Management Services, Sr. Consultant at 503-378-8256

Eddie Kessel – Treasury Management Services, Manager at 503-373-1897

Cora Parker – Finance Director at 503-378-4633

CASH MANAGEMENT AGENCY PROFILES

In order to better inform our cash management efforts in support of state agencies, Treasury plans to develop and maintain customer profiles for each agency, including descriptive information about each agency such as primary programs, revenue sources, whether the agency is a debt issuing and/or investing agency, current lines of business with Treasury or our financial services partners, etc. We may be contacting your agency in the next several months to help inform this project, including asking you to validate any information that we have compiled. Please contact Cora Parker at 503-378-4633 if you have any questions or concerns. In the meantime, thank you in advance for your participation in this important endeavor.

ANNUAL ONLINE SERVICES USER VALIDATION

Annual Online User Validation reports will be e-mailed out later this month to all agencies that currently access Online Services or STAN Online applications. The validation e-mail will be directed to those designated as Password Administrators and will contain a listing of all users within that agency that are currently setup to access online services. In addition, we will also provide detail user validation reports for those agencies using the STAN Online application.

Agencies are asked to review the validation report they receive and respond back to OST regarding its accuracy. In addition, we strongly encourage agencies to take a look at those individuals that have not accessed our systems within the last six months. If changes are needed, users can be easily deregistered with the OST C-26 Registration/Deregistration form. As a reminder, all agencies are required to send OST a C-26 deregistration request form when they have any turnover in user's setup in Online Services or STAN Online. The deregistration form should be sent by a Password Administrator for your agency via e-mail to ost.banking@ost.state.or.us.

Along with the validation, we are taking this opportunity to remind all users that User IDs and Passwords for OST applications should not be shared. A process is in place for resetting passwords and for registration/deregistration of individual users. If you have questions regarding this process, please work with your agency Password Administrator. The Password Administrator and OST will work together to ensure your needs are addressed.

NEW STAFF MEMBER

Rhonda Kutzer has recently been hired as our new Electronic Funds Transfer Coordinator. Rhonda comes to us from the Oregon Department of Revenue, where she has worked most recently as an Accountant in their Financial Services section. Rhonda has over five years experience working in state government finance and we are excited about her joining our team!

Rhonda is assuming the duties Debbe Myers had previously filled, which include Federal and International wire coordination, Local Government pool coordination, manual deposit release requests, and Key and Sterling Savings Bank reconciliations. Rhonda may be reached at 503-378-5043 or at rhonda.kutzer@ost.state.or.us

RETIREMENT OPEN HOUSE

As a reminder, there will be a retirement open house for Debbe Myers on Thursday, May 26th from 1-3 PM at Oregon State Treasury, 350 Winter St, NE, Suite 100 in Salem. Please stop by and wish Debbe a happy retirement!

Oregon State Treasury is always interested in receiving 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 kari.mccaw@ost.state.or.us or fax to (503) 373-1179.