



Inside the Vault

Cash Management News

MAY 2016

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Gary Halvorson, Oregon State Archives

BANK HOLIDAY

**Memorial Day
May 30**

Treasury Closed
Banks Closed

See article for more information

MAY IS DIRECT DEPOSIT/DIRECT PAYMENT VIA ACH MONTH

NACHA—The Electronic Payments Association designates May as National Direct Deposit and Direct Payment via ACH Month. Treasury recognizes the importance of ACH as an easy, safe, convenient, cost-effective, and environmentally friendly way to make and receive payments. This month of observance is a good time to remind agencies about the potential savings associated with the use of ACH transactions. It also provides a good opportunity to revisit the rules, security issues, and other important business considerations that must be addressed when using the ACH network. Treasury Management Services can assist your agency in learning more about the benefits and requirements of ACH and help determine whether ACH would be a good fit for your agency. For more information about ACH, visit www.nacha.org or contact Treasury Management Services at tms@ost.state.or.us.

CMIRP CORNER

The Cash Management Improvement & Renewal Program (CMIRP) is a continuous improvement program focused on the renewal, replacement, and refinement of processes and technology supporting Treasury cash management services.

Treasury has selected a treasury cash management consultant to assist with the comprehensive reevaluation of our primary banking and cash management service delivery model and partnerships. One of the consultant's first tasks will be to help Treasury validate an appropriate service delivery model, and then assist with designing and staging a vendor solicitation effort. Our aim in performing the reevaluation is to mitigate operational and other risks, and better support contingency planning and readiness, while continuing to deliver quality services at reasonable costs to you, our customers.

If you have questions or comments about CMIRP efforts, please contact program staff at cmirp@ost.state.or.us.

INTEREST RATES

The average
annualized yield for
April was
0.75 percent

The rate for April
was as follows:

April 1–30
0.75 percent

ONLINE USER VALIDATION

It is time once again to complete annual online user validation. This validation is part of Treasury's security plan to assure only authorized access to cash management systems. User reports will be sent later this month, by e-mail, to designated Password Administrators and will contain a listing of authorized agency users set up to access Online Reporting and U.S. Bank SinglePoint (for those agencies using SinglePoint services).

In addition, we will send a separate, more detailed user report for each agency using STAN Online. Agencies are asked to review the reports and verify that the authorized users are appropriate for agency business purposes. We strongly encourage agencies to review users who have not accessed these systems within the past six months to determine whether access is still appropriate. If changes are needed, users easily can be deregistered using Treasury's [C-26 Registration/Deregistration form](#). The form should be submitted by a Password Administrator via e-mail to ost.banking@ost.state.or.us.

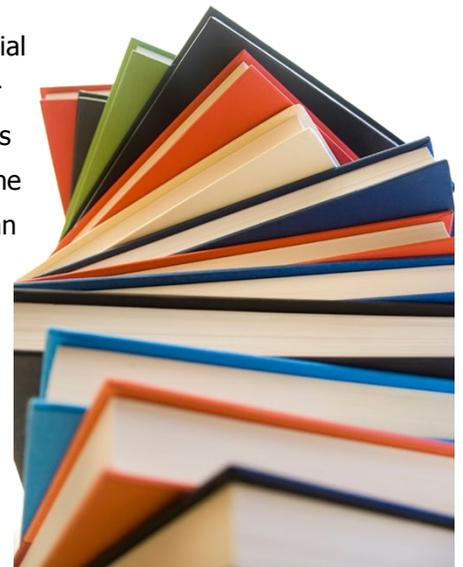
Treasury also would like to remind users that user IDs and passwords for Treasury applications must not be shared. A process is in place for resetting passwords and for registration/deregistration of individual users. If you have questions regarding that process, please work with your agency Password Administrator. Protecting the security and integrity of the state's banking and cash management systems is a task that is shared by all users. Treasury thanks you for your diligence in this important effort.

NACHA RULES UPDATE

NACHA—The Electronic Payments Association manages the development, administration, and governance of the ACH network, which is the backbone of the electronic movement of money and data. Facilitating billions of ACH transactions annually, the network is used by all types of financial institutions and is governed by NACHA Operating Rules. NACHA updates the Rules on a regular basis, and there is a rule change coming that could have an impact on our state agency customers.

Unauthorized Entry Fee (Effective October 3, 2016)

An Unauthorized Entry Fee is a fee paid by an Originating Depository Financial Institution (ODFI) to the Receiving Depository Financial Institution (RDFI) for certain returns of ACH debit transactions due to a problem with the Receiver's authorization. This rule is intended to improve network quality by reducing the incidence of ACH debits that are returned as unauthorized. Under this rule, an ODFI would pay a fee to the RDFI for each ACH debit that is returned as unauthorized under return reason codes R05, R07, R10, R29, and R51. Treasury will be working with our ACH services provider to determine how this fee will impact agencies. If you have questions about this or other Rules, please contact Treasury Management Services at tms@ost.state.or.us. More information about this rule change can be found online at www.nacha.org/rules/improving-ach-network-quality-unauthorized-entry-fee.



RETENTION AND PROOF OF ACH AUTHORIZATIONS

Treasury currently is experiencing an increase in the number of requests by receiving banks for proof of authorization related to Direct Debit via ACH (where an agency originates an ACH debit to a customer's bank account in order to collect payment). In these cases, the customer has reported to their bank that they did not authorize the debit to their account.

Agencies and third party vendors set up to originate ACH through Treasury must comply with all applicable NACHA Operating Rules, including obtaining an authorization from a customer prior to debiting the customer's bank account. The Rules also require that

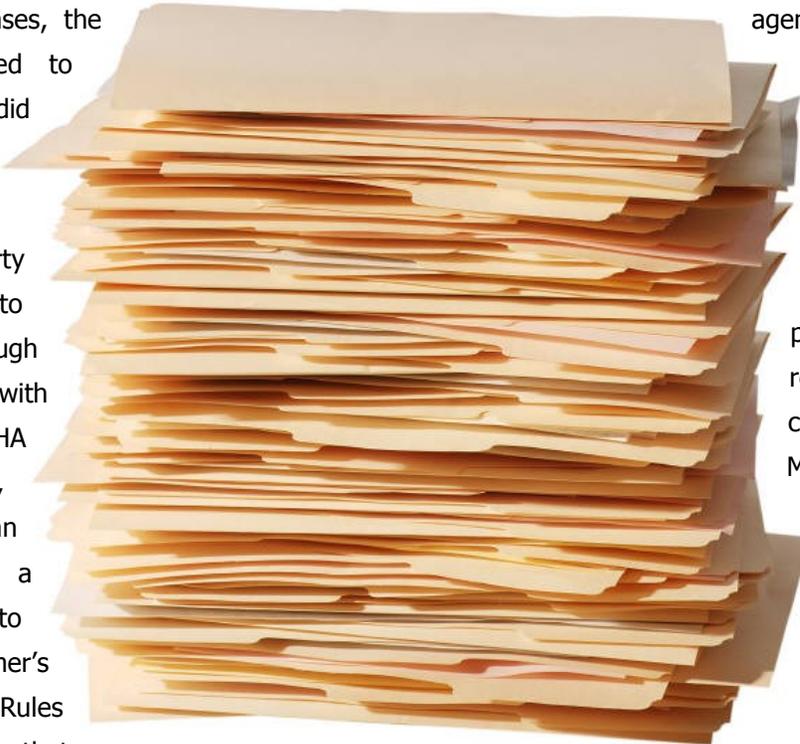
authorizations be retained for specific time periods and that proof of authorization be provided within tight timelines upon request. Agencies are responsible for ensuring that third party vendors understand their responsibilities under the Rules, including those related to obtaining, retaining, and providing proof of

authorizations. Treasury recommends that agencies specifically address Rules compliance requirements in third party vendor contracts. As a reminder, Treasury policy [FIN 214: Third Party Vendor Requirements](#) aims

to clarify expectations of agencies' third party vendors, including with respect to compliance with the Rules. If you have questions about compliance with the Rules, or about third party vendor requirements, please contact Treasury Management Services at tms@ost.state.or.us.

If you are interested in learning more about ACH authorizations, additional information can be found in Article 2,

Section 2.3 of the 2016 NACHA Operating Rules. Additionally, Treasury has developed sample authorization forms for agency use or reference. See form [C-22a ACH Authorization Agreement - Credit](#) and form [C-22b ACH Authorization Agreement - Debit](#).



UPCOMING BANK HOLIDAY

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



ACH QUESTIONS & ANSWERS

In anticipation of upcoming summer vacations, below is information that agencies should find useful for staff who may provide coverage for ACH processes. Agencies should have access to the current Treasury ACH Communication Plan for the ACH notification and error resolution process. Please contact tms@ost.state.or.us if you do not. We also have included a few frequently asked questions related to ACH processing for your benefit. Please make this information available to the staff that will have any responsibility for ACH processing within your agency at any point in time. This information also may be a good reminder for current staff or good training for new hires into ACH-related positions.

What do I need to do with ACH Confirmations?

An ACH Confirmation is notice to the agency that Treasury picked up the agency's ACH file. At least one person should be designated to verify that the item count and dollar amount on the ACH Confirmation match the item count and total dollar amount of the file sent. Contact Treasury at ach.exception.notify@ost.state.or.us to inquire about any discrepancies on ACH Confirmations.

What if I don't receive an ACH Confirmation?

If an agency sent an ACH file to Treasury but did not receive an ACH Confirmation by 11:00 a.m., Treasury likely did NOT pick up the file. Contact Treasury at ach.exception.notify@ost.state.or.us to inquire about the missing ACH Confirmation.

What if I need to increase the dollar limit for ACH?

Agencies should plan for cash needs in advance. Review possible transactions prior to leaving for vacation and request limit increases in advance to avoid Treasury not being able to process transactions. If dollar limits are exceeded, Treasury will require proper authorization prior to increasing an agency's limits.

What is the cutoff time for sending ACH files?

The daily cutoff time for sending ACH files to Treasury via FTP is 10:00 a.m. The daily cutoff time for STAN online transactions is 1:00 p.m.

Note: Treasury will not correct errors in ACH files. It is important for agency ACH contacts to be available between 10:00 a.m. and 2:00 p.m. for error resolution.

Limited exceptions can be made to the FTP cutoff time, though agencies must contact Treasury at ach.exception.notify@ost.state.or.us prior to 10:00 a.m. with any processing issues or requests for a late pickup.

Who should I contact if I have issues with ACH?

All ACH issues should be reported to ach.exception.notify@ost.state.or.us. Contacts made directly to individual Treasury staff will not guarantee that your needs are met in a timely manner.



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ACH File Issues

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Password Resets

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