

How ACH Payments Will Affect and Benefit VENDORS, TRAVELERS, RECIPIENTS, CONTRACTORS, FINANCIAL INSTITUTIONS, and STATE AGENCIES

Payees

Payees who regularly conduct business with State agencies can receive their money more quickly by using the ACH process. To do this, they must authorize the service and supply SFMS with information about their financial institution and a single checking or savings account to be used.

Payees must work with their financial institutions to determine:

- ◆ If the financial institution is capable of receiving ACH payments, and if so,
- ◆ What remittance information they make available, how, and when.

The benefits of receiving electronic payments include:

- ✓ Eliminating mail and handling delays
- ✓ Allowing the immediate availability of funds
- ✓ Producing payments that are fully traceable
- ✓ Eliminating the possibility of lost, stolen, or misplaced checks
- ✓ Reducing the possibility of fraud
- ✓ Completing only one authorization form to receive payments from more than one state agency
- ✓ Reducing the cost of government operations
- ✓ Reducing the consumption of paper

Financial Institutions

Per NACHA rules, financial institutions must make payment-related information available, upon request, to their customers who receive payments through certain ACH formats. Additionally, they should work to ensure remittance information is passed along to their customers.

Financial institutions should determine:

- ◆ If they are a part of the ACH network
- ◆ How and when the information will be provided to their customers

The benefits of receiving these payments electronically include:

- ✓ Reducing manual operations associated with check handling and processing
- ✓ Meeting your customers' needs
- ✓ Reducing the possibility of fraud

State Agencies

As a State agency, you may convert payments of payees that are frequently paid from warrants to ACH payments by following the prescribed ACH process.

The benefits of making your payments electronically include:

- ✓ Reducing operating costs by reducing manual payment follow-up
- ✓ Streamlining financial operations and account reconciliations
- ✓ Decreasing indirect costs associated with printing and mailing checks
- ✓ Reducing the possibility of loss and fraud.



ACH services are authorized by 31 CFR Part 210
and ORS 74A.1010 et seq.

STATE OF OREGON

DEPARTMENT OF ADMINISTRATIVE SERVICES

STATE CONTROLLER'S DIVISION
(SCD)

STATEWIDE FINANCIAL
MANAGEMENT SERVICES
(SFMS)



AUTOMATED CLEARING HOUSE



ELECT
PAYM Before

STATE OF OREGON

STATE CONTROLLER'S DIVISION (SCD)

STATEWIDE FINANCIAL MANAGEMENT
SERVICES (SFMS)

ACH PAYMENT SERVICE

INTRODUCTION

Effective March 2003, payees that regularly receive payments from the State of Oregon may be eligible to receive payments through Electronic Funds Transfer (EFT) by way of the Automated Clearing House Services of the Federal Reserve Banking System

ACH payments are a secure, reliable, low-cost alternative to printing and mailing checks and warrants. The Federal Reserve Bank of San Francisco serves as the clearinghouse for the financial institutions in Oregon. The FRB of SF routes ACH payments to financial institutions in all 50 states. Virtually every bank and financial institution in the country is a qualified member of the ACH network. The ACH transactions within this network are governed and regulated by the National Automated Clearing House Association (NACHA). The members in West Coast states are further coordinated and supported by the Western Payments Alliance, in San Francisco.

The State of Oregon, through the Oregon State Treasury (OST), uses an authorized Servicing Bank to process ACH payments to contractors, merchants, and other business partners for a wide range of goods and services. ACH payments are also made to state employees who are regularly reimbursed for approved expenses incurred while traveling on state business.



ACH payments are convenient and secure. They reduce the risk of loss and fraud. The savings of time and money make good sense for State of Oregon and its business partners.

When agencies pay for the goods and services they have received, SFMS functions as the payment distributor. Upon receipt of a payment order from an agency, SFMS posts the accounting transactions and issues payment by warrant or through the ACH network.

To facilitate record keeping, simultaneous payments by an agency are combined into one payment. However, payments from multiple agencies are handled separately.

When SFMS sends a payment order to the State Treasury, an email notice is sent to the payee. The information normally sent with a warrant is posted on a secure web site on the Internet. This web site holds 90 days of data. Payees may access this web site 24 hours a day, seven days a week at no additional cost. The web site's location is:

<https://pmtinfo.das.state.or.us>

Those who desire to receive ACH payments must complete and return a Direct Deposit Authorization form (SFMS ACH-1). For this form or more information, please call: SFMS Operations at (503) 373-1044 ext. 247.

The State of Oregon complies with the Americans With Disabilities Act. Those needing an alternative format for this information may request it by TDD at (503) 378-4672

How it Works:

- ◆ *Once payment is approved, the Agency Office enters payment instructions into the Statewide Financial Management System (SFMA). SFMA sends payment instructions to the State Treasury, which send payment instructions to its bank. The State's bank forwards these instructions to the ACH operator (the Federal Reserve Bank in San Francisco), which coordinates the transfer of funds to your Financial Institution.*
- ◆ *On the settlement day a credit is posted to your account. Total transit time is two banking days.*
- ◆ *If your account is closed or incorrectly identified, the funds are returned through the ACH network to the Treasury's bank. If this should happen, payment will be mailed to you.*
- ◆ *The initial set up and routing verification takes nine banking days. In the meantime, any payments due will be made by warrant.*

This process is completely separate from the State's payroll system. Changes in one do not affect the other in any way.

To request an enrollment form, contact SFMS Operations at (503) 373-1044 ext 247, or visit our web site at:

http://egov.oregon.gov/DAS/SCD/SFMS/docs/ACH_enrollment_form.doc