



**OREGON
STATE
TREASURY**

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Owner:	<i>Bryan González: Policy & Strategy Manager</i>
Policy Area:	<i>Finance</i>
References:	

FIN 214: Third Party Vendor Requirements

INTRODUCTION & OVERVIEW

Summary Policy Statement

Pursuant to its designation as the sole banking and cash management officer for the State of Oregon, the Oregon State Treasury ("Treasury") has broad authority to review, establish, and modify policies and procedures for the efficient handling of cash and cash equivalents under the control of all Agencies. Agencies are directed to employ the principles, standards, and related requirements for cash management prescribed by Treasury. This policy establishes how Agencies will seek qualification of Third Party Vendors with whom an Agency proposes to contract to collect, store, process, transmit, or otherwise provide certain Cash Management services on behalf of the Agency.

Purpose and Goals

The goal of this policy is to clarify the expectations of Agencies, as well as their respective Third Party Vendors, with regard to the use of Third Party Vendors and the provision of Cash Management services related to moneys deposited with Treasury.

Applicability

The provisions of this policy apply to Agencies as defined within, as well as any other entity, including a public university, that has funds held at Treasury by virtue of an intergovernmental or other agreement.

Authority

ORS 293.875 and ORS 352.135(3)

POLICY PROVISIONS

Definitions

Agency (Agencies): Every state officer, board, commission, department, institution, branch or agency of the state government, whose costs are paid wholly or in part from funds held at Treasury. While excluded, at times, in other legal contexts, includes Treasury, Secretary of State, Judicial Department, Legislative Assembly, and the Public Defense Services Commission. Agency also is used here to reference those other

entities, including public universities, that hold funds at Treasury by virtue of an intergovernmental or other agreement.

Cash Management: Generally includes, but is not limited to, the collection and deposit of, handling or management of, and payment, use, or transfer of moneys of an entity or organization.

Industry Standards or Regulations: Includes any applicable laws, rules, guidelines, policies, or interpretations adopted by a governmental, quasi- governmental entity, or private industry trade association addressing a payment network or channel or otherwise regulating or providing standards related to the movement of moneys between and amongst entities, including but not limited to public or governmental entities.

Oregon Public Funds Laws: The legal provisions outlined primarily in ORS chapters 293 and 295, setting out requirements for the collection, deposit, transfer, administration, and collateralization of Public Funds.

Public Funds: Those funds under the control or in the custody of a public official by virtue of office. The Oregon Department of Justice has concluded that this includes funds both directly and indirectly controlled or held by a public official.

Third Party Vendor: A vendor with whom an Agency contracts (or intends to contract) for provision of services, including Cash Management services, selected by the Agency, and who is unaffiliated with Treasury for purposes of providing such services.

Policy Statements

1. As the sole banking and Cash Management officer for the state, Treasury acts as the bank for all Agencies, contracting with private banks and financial services providers to deliver a variety of banking and Cash Management services to Agencies, including, but not limited to, primary depository services, electronic funds transfer services, lockbox services, and merchant card acceptance services. While Agencies may not have the underlying need to use all available Cash Management services, if they do elect to use such a service, it must be obtained through Treasury or through the provisions of this policy.
2. At times, Agencies may encounter circumstances that result in the desire to contract directly with a Third Party Vendor for provision of certain Cash Management services. These circumstances may include the following:
 - a. An Agency may have programmatic reasons to use a program-focused tool, service, or product that is well-known and accepted within the industry or program area within which it operates, but that also includes an ancillary banking or Cash Management element (e.g., certain industry-specific licensing or reservation tools, services, or products that also include an online funds collection component).
 - b. An Agency may have other program-focused procurement or contracting needs for which its finds an ancillary Cash Management element that may be beneficial to its program delivery needs.
 - c. An Agency also may have direct need for a Cash Management service for which Treasury does not have an existing tool, service, or product. Please note that in such cases, Treasury will work to directly procure a service, working closely with the Agency to identify and address its needs.
3. For the circumstances outlined in paragraphs 2a. and 2b. above, Treasury will oversee a qualification process for Third Party Vendors with which an Agency intends to contract for any Cash Management services, tools, or products. This may include, but is not limited to, services, tools, or products for the

purpose of the physical or electronic collection, storage, processing, or transmission of moneys on behalf of the Agency.

- a. Treasury's qualification process will include a detailed Third Party Vendor review that assesses compliance with Oregon Public Funds Law, relevant Industry Standards or Regulations, relevant Treasury operating policies, and any security, interface, or depository requirements for the Cash Management services that are being proposed.
 - b. Treasury's review will not address the suitability of a Third Party Vendor's services, tools, or products for Agency-specific applications. Each Agency is responsible for determining whether a Third Party Vendor's services, tools, or products meet its program needs.
4. An Agency that desires to contract with a Third Party Vendor for provision of certain Cash Management services should notify Treasury as soon as the Agency is aware of the need in order to provide for as timely review as possible. Furthermore, the Agency should direct the proposed Third Party Vendor to complete the *Third Party Vendor Qualification Application* form. The Agency and Third Party Vendor should respond timely to any additional questions or information requests from Treasury in order to ensure a timely and accurate assessment of the intended provision of Cash Management services, tools, or products.
- a. If the applicable compliance standards are met by the Third Party Vendor for the specified Cash Management services, tools, or products, the Agency will receive a Third Party Vendor qualification letter from Treasury outlining the specific provisions or contingencies relevant to the Third Party Vendor qualification.
 - b. If the applicable compliance standards are NOT met by the Third Party Vendor for the specified Cash Management services, tools, or products, the Agency will be instructed by Treasury to work with the Third Party Vendor to cure or mitigate the areas of non-compliance or to identify an alternate approach to address the need for Cash Management services, tools, or products.
5. Cash Management services provided through a Treasury contract with a vendor are considered prequalified with respect to Third Party Vendor requirements and are available for Agency use, typically via a tri-party agreement with Treasury, the Agency, and Treasury's vendor.

Exceptions

None.

If an Agency has contracted with a Third Party Vendor for Cash Management services, tools, or products without receiving determination from Treasury as to the qualified status of the Third Party Vendor, the Agency should contact Treasury to determine what steps are necessary to bring the Third Party Vendor service, tool, or product into qualified status. At a minimum, the Third Party Vendor will be asked to submit the *Third Party Vendor Qualification Application* form. If the Third Party Vendor is unable or unwilling to achieve qualification, the Agency is directed to work with Treasury to identify acceptable alternatives.

Failure to Comply

Failure to comply with these requirements may unnecessarily expose an Agency or Agency customers to losses due to insolvency, financial fraud, or negligence and may result in termination of an Agency's or Third

Party Vendor's ability to conduct such transactions.

PROCEDURES and FORMS

Third Party Vendor Qualification Application

ADMINISTRATION

Feedback

Your comments are extremely important to improving the effectiveness of this policy. If you would like to comment on the provisions of this policy, you may do so by e-mailing Treasury at CustomerSolutions@ost.state.or.us. To ensure your comments are received without delay, *please list the policy number and name in your e-mail's subject*. Your comments will be reviewed during the policy revisions process and may result in changes to the policy.

Attachments

[Third Party Vendor Qualification Application](#)

Approval Signatures

Step Description	Approver	Date
	Cora Parker: Director of Finance	03/2021
	Carmen Leiva: Operations Analyst	03/2021
	Bryan González: Policy & Strategy Manager	03/2021