

OREGON STATE TREASURY (OST)

OVERVIEW

The Oregon State Treasury (OST) serves as the bank for most state agencies. Under ORS 293.265, state agencies, with a few exceptions, may not have bank accounts. Some commercial banks have contracts with OST to accept deposits from agencies so agencies can more efficiently deposit money to their accounts at OST. When agencies write checks, draw warrants, or prepare direct deposits to pay a client, vendor, or employee, the payment draws from OST, not a bank.

RELATIONSHIP TO OSPA

PAYMENTS FROM OSPA

OSPA calculates the payroll related payments for employees and vendors during each payroll run. The application posts these vendor and employee payments to the check file.

In addition to the two regular payroll runs per month, Payroll System Support (PSS) makes entries that produce off-cycle or manual checks on a daily basis. (OSPA does not produce direct deposits in the off-cycle process.) OSPA also posts this information to the check file during each regular payroll run.

OSPA does not work with payments after they post to the check file. This posting process creates the following reports. See the Statewide Payroll Reference Manual, OSPA System Related Documents, Screen Guides for additional information.

- XREFRA ACH Direct Deposit Register
- XREFRB ACH Vendor Direct Deposit Register
- XREFRL Alpha Listing of Employee Checks
- XREF23 Vendor Check Summary

CHECK FILE MAINTENANCE

After OSPA has posted the payment to the check file, any additional maintenance occurs through a separate file maintenance process. This includes reversals, lost / stolen checks, replacement checks and check redemptions. Redeemed checks drop off the check file.

The file maintenance process produces a daily check register. The E469-05-1 Check Reconciliation File – in Agy/Micro Sequence report lists unredeemed checks. OSPS encourages agencies to follow-up on older

outstanding checks, before they become eligible for the escheatment process. See the Statewide Payroll Reference Manual, OSPA System Related Documents, Report Guides and Payroll Processes Using OSPA, Checks, Stale Dated.

DIRECT DEPOSIT

OSPA produces an electronic file for direct deposits twice monthly during each final payroll run. It does not make direct deposits from the daily off-cycle or manual check process. After the ACH Stops deadline, PSS transmits the direct deposit file to OST. The OST transmits it to the ACH Clearing House for posting to the designated financial institutions.

Until the ACH Stops deadline for each payroll run (see the OSPS Processing Calendar) PSS can stop a direct deposit. Agency payroll submits Form OSPS.99.07 ACH Stop / Reversal Request. PSS will delete the transaction from the direct deposit file. If needed, they can also restore a deleted deposit prior to the ACH deadline.

See the Statewide Payroll Reference Manual, OSPA System Related Documents, Screen Guides, PACH and Payroll Processes Using OSPA, Direct Deposit.

CHECK STOPS

PSS will request a check stop pay if the check is for $\geq \$50.00$ and < 90 days old. The process for a stop payment request includes:

- Agency submits the completed and signed C-27 Stop Payment Request to PSS
- PSS sends the request form to OST
- OST enters the request in a system they share with U.S. Bank
- U.S. Bank validates the stop payment
- OST notifies PSS
- PSS processes a replacement check

PSS will not process a replacement check until we have confirmation from U.S. Bank that the bank was able to stop the payment. If U.S. Bank cannot stop the payment, PSS will notify agency payroll.

As a reminder, if we re-issue a check to an employee or vendor without obtaining the original check first, the payee may cash both checks. If this occurs, the agency is responsible for reimbursing the Joint Payroll Account (JPA) and collecting the duplicate payment from the employee or vendor.

RELATIONSHIP TO R*STARS

After each final payroll run, OSPA interfaces a file to R*STARS that records the payroll expenses for most agencies. The file summarizes the transactions by agency, appropriation year, PCA, index, project and phase, grant and phase, and comptroller / agency object.

The OSPA interface to R*STARS creates balanced transactions that record payroll expense for the agencies and transfer cash from the agencies to the JPA at OST. See the Statewide Payroll Reference Manual, OSPA System Related Documents, Interfaces, R*STARS.

TREASURY

ACCOUNTS AT TREASURY

The transactions in OSPA affect two accounts at OST – the Joint Payroll Account (JPA) and the Mass Transit Assistance Account.

As directed by ORS 292.026, DAS pays employees and vendors for payroll related expenses from the JPA. The JPA is a revolving or zero-balance account. After each payroll run, R*STARS generates balanced transactions that transfer funds from state agency accounts to the JPA to fund the checks and electronic deposits issued on behalf of the agencies for that run.

ORS 291.407 directs DAS to assess state agencies for mass transit taxes, where applicable, and deposit them in the Mass Transit Assistance Account in the General Fund at OST. Except for Lottery, R*STARS calculates the mass transit tax and creates balanced transactions to transfer funds from state agency accounts to the Mass Transit Account after each payroll run. OSPA calculates the mass transit for Lottery and includes it in the file to R*STARS. The Department of Administrative Services (DAS) then makes the Mass Transit tax payments to the various transit districts.

BANKING ACTIVITY

Each day, Treasury receives files from banks that record checks presented for payment. It also receives a daily file from the ACH Clearing House for direct deposits that rejected. PSS has access to these files.

As the bank for the JPA, Treasury also produces monthly account statements. An accountant in Statewide Financial Management Services (SFMS), Financial Business Systems (FBS), Enterprise Goods and Services (EGS), DAS, reconciles the JPA monthly.

CHECKS VS WARRANTS

For payroll, DAS issues checks, rather than warrants, on the JPA at OST. Checks are demand drafts payable upon presentation. Warrants are the certification of the validity of a debt with authorization to pay the debt; they are payable when the funds are available. Both negotiable instruments draw on accounts at Treasury, rather than at a bank.

Currently, OST has a contract with U.S. Bank to process the JPA checks. When PSS requests a copy of a cashed check for an agency via OST, U.S. Bank provides a copy to PSS to send to the agency.

ACH RETURNS

If the designated financial institution cannot process the deposit, it rejects it. This information is transmitted back to OST via the ACH Clearing House. Through the check file maintenance program, PSS picks-up the reject information from OST and creates the J463-30-1 ACH Returns report. PSS faxes a copy of the report to any agency with an employee listed. Agency payroll is responsible for working with the employee to correct the account information on the P070 Payroll Deductions screen. The correct routing / transit and account number may be on the report. See the Statewide Payroll Reference Manual, OSPA System Related Documents, Report Guides.

RESOURCES

AUTHORITY / REFERENCES

ORS 291.407 Mass Transit Assistance Account

ORS 292.026 Issuing Payroll Checks

ORS 293.265 Money Collected to be Turned Over to State Treasurer....

FORMS

OSPS.99.07 ACH Stop / Reversal Request

C-27 Stop Payment Request

REPORTS

See the Statewide Payroll Reference Manual, OSPA System Related Documents, Report Guides for additional information.

- XREFRA ACH Direct Deposit Register
- J463-30-1 ACH Returns
- XREFRB ACH Vendor Direct Deposit Register
- XREFRL Alpha Listing of Employee Checks
- E469-05-1 Check Reconciliation File-in Agy/Mcr Sequence
- E701-030-A Outstanding Checks to be Purged from Check Recon
- E311-01 Vendor ACH Deductions
- XREF23 Vendor Check Summary

REVISION HISTORY

Date	Rev. No.	Modification
12/08/06	1.0	Original
07/20/09	1.1	Transition from ROSCOE, stop pay process, ACH Returns report number
12/11/12	1.2	WR#3820, P070 title change; OSPS.99.07 title change; reference manual and DAS re-org; periodic review
05/12/16	1.3	Corrected OSPS email address