OREGON STATE TREASURY

Inside the Vault

State Agency Edition

Recognizing Public Service

Each May, we take the time to observe Public Service Recognition Week and to honor the thousands of public employees who are committed to serving Oregonians. While you will be reading this after the official recognition week, I wanted to thank you for the work you do to make Oregon such a great place to live.

Public service is a responsibility and a privilege. Challenges over the last year have asked a lot of public servants. Many of you had to quickly transition to working from home, or to pressing on in work environments that looked very different. Parents had to adapt to virtual schools while juggling work responsibilities. Both professionally and as neighbors and friends, you stepped up to care for fellow Oregonians who evacuated their homes during the devastating wildfire season; to support community members affected by the ice storm and power outages; and to help people in search of assistance, information, and vaccines. In large ways and small, despite uncertainty and change, you have all done your part to help Oregon meet the demands of a very demanding year while keeping the wheels of government turning. Your commitment to lifting up Oregonians through all of this is remarkable and very much appreciated. Thanks for serving the place we all love.

Tobias Read
State Treasurer

Upcoming Holiday

Due to Memorial Day, Treasury, the Federal Reserve, and financial institutions will be closed Monday, May 31. Customer statements and files will not be produced for May 31 due to the closures. In addition, ACH files sent to Treasury after the deadline on Friday, May 28, will be sent to the bank on Tuesday, June 1, and must have an effective date of June 2 or later.

Interest Rates

Average Annualized Yield

April	0.60%

Interest Rates

April 1–30	0.60%

EFT BSR: Phase 2 Cleared for Take Off

In Phase 1 of the Electronic Funds Transfer (EFT) Business Systems Renewal (BSR) project, Treasury transitioned domestic wire origination services in Phase 1 of the project. In Phase 2, Treasury will transition both received wire transfers and ACH services for small groups of customers.

To ensure that Phase 2 progresses smoothly, we will first transition a small pilot group of customers. The pilot group's experiences and feedback will enable us to adjust things for subsequent customer groups. Pilot group customers include:

- Treasury (including trust property activities moving from State Lands)
- DAS Shared Financial Services Client Agencies
- Portland State University
- Veterans' Affairs
- SAIF

Treasury will be the first agency to fully transition, with a transition date of July 1, 2021. We are working with the other pilot group customers to identify specific dates for their transitions but expect most of those to occur throughout the summer and early fall.

Following the pilot group, other small groups of customers will transition on a rolling basis starting this fall and continuing into the summer of 2022. We will work with those customers to determine groupings and transition dates that best accommodate customer priorities and resources.

We will work with individual customers to identify detailed and unique impacts, but here are the broad impacts to expect from Phase 2:

Service Spotlight

Automated Clearing House (ACH) is an electronic method of sending or receiving money and payment-related information. ACH transactions flow through the ACH Network, which is overseen by Nacha and governed by the Nacha Operating Rules.

ACH can be used for credit transfers (such as direct deposit and vendor payments) and debit transfers (such as bill collection and loan payments). ACH also can be used for specialized transactions such as converting paper checks to electronic transactions and international transactions. Transactions require pre-authorization from the recipient and can be set up as one-time or recurring.

Agencies can originate ACH transactions through Treasury-provided systems, agency-provided systems, or via third party providers. There are many factors to consider when adopting electronic payment methods like ACH, but generally a shift to such methods has the potential to result in significant savings and efficiencies. If you are interested in evaluating your business needs and available options, or have questions regarding electronic payment methods generally, contact Customer Solutions at customer.solutions@ost.state.or.us.

(Continued from page 2)

- ▲ ACH origination files will be sent to KeyBank instead of Treasury
- ▲ KeyBank's online application, KeyNavigator, will replace the use of Treasury's STAN Online for ACH origination
- ▲ KeyNavigator will replace the use of Treasury's Online Banking Portal for access to ACH reporting
- ▲ KeyNavigator also will provide access to wire transfer reporting

While there has been less to share and communicate over the past year, increasing activity means our engagement with agency KeyHolders will be ramping up. And since we will work with KeyHolders to prepare each customer for its own transition, it is critical to keep your list of KeyHolders up-to-date. To that end, we will soon reach out to Executive Keyholders to validate the full list of identified KeyHolders.

The EFT BSR project will transform both how Treasury internally operates ACH, wire transfer, and book transfer services and how we deliver those services to our customers. Treasury is partnering with KeyBank to deliver ACH and wire transfer services while exploring other solutions to deliver book transfer services. The new service delivery model will streamline processing while reducing risk and enhancing service to our customers.

Contact project staff at EFT.BSR@ost.state.or.us with any questions about the project and look for more information in future issues.

New Employee

Sarah Kingsbury recently joined the Finance Division as our future Banking Operations Manager. Sarah will transition into the role over the next several months in preparation for Edie Kessel's retirement in December. Sarah has joined us from the Oregon Department of Revenue where she spent six years managing various financial functions. Prior to her state service, Sarah worked in the banking industry for 17 years—most recently as a district manager of retail banking at Chase Bank.

ACH Network Growth Accelerates Due to Pandemic

Earlier this year, Nacha announced that the ACH Network experienced record growth in 2020 as the pandemic accelerated the shift to electronic payments. Volume increased by a record of more than 2 billion transactions, hitting a new high of 26.8 billion transactions worth more than $61.9 trillion. The volume translates to more than 81 transactions per person in the U.S. and reflects an annual increase of more than one billion transactions for each of the last six years. Business-to-business payments increased almost 11% to 4.4 billion transactions, and direct deposit payments grew 12% to more than 8 billion transactions. Person-to -person payments again saw the greatest increase, growing 42% to 218 million transactions. "Today's ACH Network is truly industrial strength, handling large volumes of Direct Deposits for Economic Impact Payments, unemployment benefits, and assistance payments for other organizations and institutions in the U.S.," said Nacha President and CEO Jane Larimer.

Treasury also continues to see growth in state ACH volume, as agencies modernize systems and processes to leverage the efficiencies and cost-savings of electronic payments. In fact, Treasury's own Electronic Funds Transfer (EFT) Business Systems Renewal—currently underway—is expected to increase ACH volume as the project progresses and brings enhancements to wire transfer, book transfer, and ACH services.

# 2020 ACH NETWORK VOLUME AND VALUE

26.8B TRANSACTIONS TOTALING $61.9T
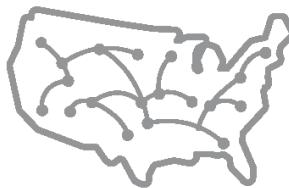
2020 VOLUME
26.8B
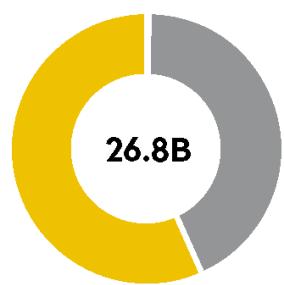
- 15.2 BILLION DEBITS
- 11.6 BILLION CREDITS

2020 VALUE
$61.9T
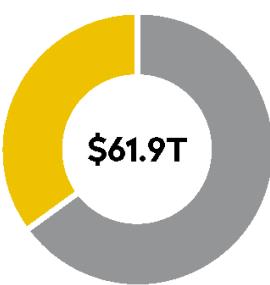
- $21.7 TRILLION DEBITS
- $40.2 TRILLION CREDITS

VOLUME
+8.2%
From 2019

VALUE
+10.8%
From 2019

Nacha™

ACH Questions & Answers

With many state employees working from home due to the COVID-19 pandemic, below is information that agencies should find useful for staff who 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 customersolutions@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.

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 soon, by e-mail, to designated Password Administrators and 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 (*note that the report does not reflect actual user access activity for SinglePoint*). 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.

Signing & Submitting Cash Management Forms

With many state employees working from home to support social distancing, Treasury recognizes that agencies may face challenges signing and submitting certain cash management forms. To assist agencies, we have revised our wire transfer and account transfer forms to accommodate electronic signatures. The revised forms, and instructions on how to complete them, are now available on our website.
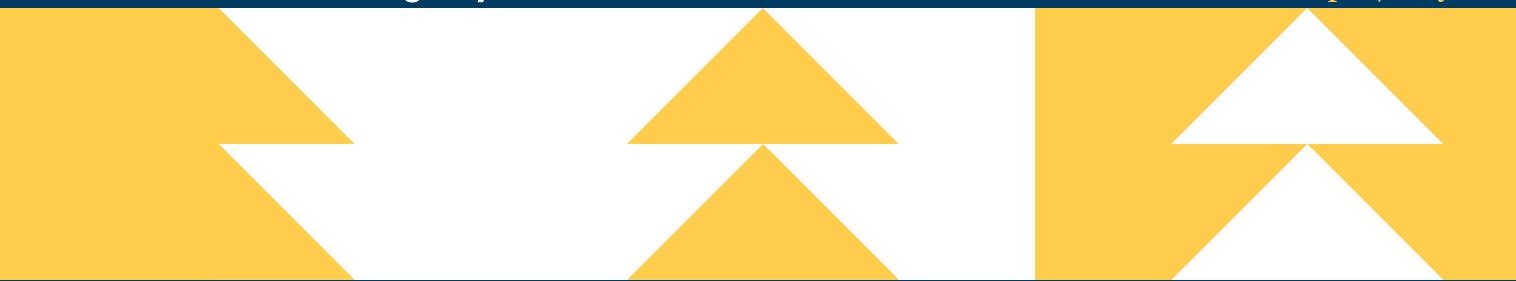
Director of Finance
Cora Parker
503.378.4633

Deputy Director of Finance
Mike Auman
503.378.2752

Policy & Strategy Manager
Bryan Cruz González
503.378.3496

Cash Management Analyst
Natalya Cudahey
503.378.8256

Policy Analyst
Ken Tennies
503.373.7453

Administrative Specialist
Kari McCaw
503.378.4633

Banking Fax
503.373.1179

Banking Operations Manager
Edie Kessel
503.373.1897

Banking Operations Coordinator
Jeremiah McClintock
503.378.4990

ACH File Issues
ach.exception.notify@ost.state.or.us

Check Fraud/Stop Payments
Check Image Requests
Check Stock Testing
Ashley Moya
503.373.1944

Fed Wires/ACH Origination
Shannon Higgins
503.378.5043

Local Government Investment Pool
Edie Kessel
503.373.1897

Merchant Card/U.S. Bank
Nikki Main
503.378.2409

Online User
Password Resets
ost.banking@ost.state.or.us

Safekeeping/Debt Service
Sherry Hayter
503.378.2895

Customer Solutions Team
customersolutions@ost.state.or.us
503.373.7312

Analysts/Consultants
Lyndsie DeOlus
Heidi Lancaster
Ellis Williams

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Cash Management
Improvement &
Renewal Program
cmirp@ost.state.or.us

Manager
Brady Coy
503.378.2457

Business Analyst
Angel Bringelson
503.378.5865

Contracted Project Manager
(TEK Systems)
David Riffle
503.373.7864