



**OREGON  
STATE  
TREASURY**



# Inside the Vault

**State Agency Edition**

## Cash Management Legislation

With the 2023 legislative session now in progress, we would like to remind agencies that Treasury is available for advice and consultation regarding legislation with cash management impacts. That would include legislation with references to funds, accounts, interest earnings, investment authorities, debt management and bonding mechanics, and more. If you have questions or concerns about such legislation, please touch base with your regular Treasury contacts or one of the following:

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## Upcoming Holiday

Due to Presidents Day, Treasury, the Federal Reserve, and financial institutions will be closed Monday, February 20. Customer statements and files will not be produced for February 20 due to the closures. In addition, ACH files sent to Treasury after the deadline on Friday, February 17, will be sent to the bank on Tuesday, February 21, and must have an effective date of February 22 or later.

## Interest Rates

Average Annualized Yield	
December	3.0435%
Interest Rates	
December 1–7	2.85%
December 8–31	3.10%

# 2023 Nacha

## Operating Rules & Guidelines

The Guide to the Rules  
Governing the ACH Network

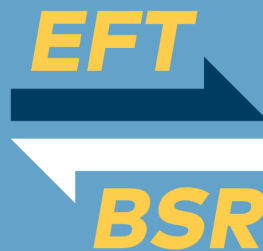


### Nacha Rule Books

The *Nacha Operating Rules & Guidelines* (Rules or Rule Book) is an annual publication produced by Nacha. The Rule Book serves as the definitive source of information governing the exchange and settlement of electronic funds transfers through the Automated Clearing House (ACH) Network and provides users with the legal framework for the ACH Network. While Treasury staff is available to assist agencies with resolution of ACH file issues and answer questions regarding the ACH Network and Rules compliance, Treasury has purchased access to the Rule Book as an additional resource for agencies originating ACH transactions. Treasury recently distributed online access codes to agency ACH contacts. If you have any questions, contact Customer Solutions at [customer.solutions@ost.state.or.us](mailto:customer.solutions@ost.state.or.us).

### EFT BSR Payment Instructions Reminder

Most agencies and universities have now completed their transitions from U.S. Bank to KeyBank under Phase 2 of Treasury’s Electronic Funds Transfer (EFT) Business Systems Renewal (BSR) project. While an agency’s/university’s *originated* ACH transactions begin processing through KeyBank upon transition, each agency/university must provide updated payment instructions to its customers and business partners to redirect *received* ACH and wire transfer transactions from U.S. Bank to KeyBank. Treasury continues to support received ACH and wire transfer transactions directed to U.S. Bank, but we will discontinue such support later this year (more information will be shared once detailed planning is complete).



*Agencies/universities should work now to communicate updated payment instructions (provided by Treasury) to avoid disruptions when support at U.S. Bank ends.*

Contact project staff at [EFT.BSR@ost.state.or.us](mailto:EFT.BSR@ost.state.or.us), or reach out to a project KeyHolder within your agency, with any questions about the project.



## Business Continuity Reminder

Treasury continually evaluates processes to ensure that critical statewide cash management needs are met in the event that normal business is disrupted by disaster or other incident. As we continue through the winter months, even inclement weather can limit the access and availability of staff at Treasury or within agencies. Weather-related closures of agency offices around the state can create havoc in the short term for agencies that move funds via either ACH or wire transfer. In addition to weather-related staffing issues, vacation plans, holiday plans, and flu season may impact staffing. While Treasury has plans in place to keep business moving in those scenarios, it is essential that adequate coverage exists at agencies for important cash management processes to continue.

On a broader scale, if a major disaster or other critical business interruption were to impact Treasury, please note that it could take 48 to 72 hours for us to restore systems and to begin to provide normal cash management services to agencies. Treasury would maintain limited outgoing wire capacity to support critical statewide disbursement needs. It is important for agencies to evaluate their business continuity plans and processes in the event that Treasury or other partners suffer such an interruption in service.

If your agency has not already done so, it would be prudent to discuss your business continuity plans to ensure that your agency is well prepared. Questions to consider when discussing your plan may include the following:

- ▲ Does your agency have an updated Electronic Funds Transfer (EFT) authorized signers list (Form C-9) on file at Treasury?
- ▲ How will you initiate and authorize transactions if necessary individuals are not in the office?
- ▲ Is your staff able to conduct business from a remote location, if necessary?
- ▲ Are your desk procedures up-to-date and well-defined in case individuals are required to provide coverage in areas of business that are unfamiliar to them?
- ▲ What are the most critical functions that absolutely have to be performed on a daily or weekly basis, and what functions may be delayed for a period of time?
- ▲ If your agency sends ACH Origination files via Secure FTP connection, are you able to re-create ACH files if needed?
- ▲ Does your agency have automated “jobs” to access external systems at predetermined times throughout the day? If this connection is not available, do you have the ability to manually connect at a later time?
- ▲ What would happen if you were unable to make timely ACH payments to third parties, whether they are customers, vendors, federal government, etc.? Would the delay in payment result in customer hardship, fines for past due payments, contract default, or other impacts?
- ▲ Do you have adequate staff available to cover daily operations or troubleshoot any issues that might arise?

Contact Customer Solutions at [customer.solutions@ost.state.or.us](mailto:customer.solutions@ost.state.or.us) if you have questions or concerns about your agency’s role as it relates to banking and cash management. We can help you identify the minimum staff required and help provide options for unexpected emergencies, as well as discuss payment and distribution criticality for potential broader continuity needs.

## Service Spotlight

**Checks** and **warrants** are paper-based methods to disburse funds. While there are important differences between the two types of instruments, one of the practical distinctions for agencies is that checks are drawn against Treasury accounts while warrants are drawn against Agency or General Fund accounts (accounts must be specifically granted check-writing or warrant-writing authority). Another distinction is that warrants are centrally requested through the Statewide Financial Management Application (SFMA) and printed by the Oregon Department of Administrative Services.

To deter fraud, Treasury has adopted a custom single state check design that utilizes a controlled paper stock with a variety of security features. Treasury also has implemented **Reverse Positive Pay**, a service where agency staff review checks presented for payment and can elect to pay, return, or adjust a check.

Agencies also can choose to use **Positive Pay**, a service where an agency provides a daily file containing a list of issued checks, which reduces the risk of fraud losses. Any check attempting to clear that does not match a check included in the file will be flagged for the agency to review and determine whether to pay, return, or adjust the check. Although Positive Pay is an optional service, agencies that choose *not* to use the service run the risk of incurring losses for any checks that are fraudulently presented and cashed at a U.S. Bank branch.

If you are interested in evaluating your business needs and available options, or have questions regarding check and warrant issuance generally, contact Customer Solutions at [customer.solutions@ost.state.or.us](mailto:customer.solutions@ost.state.or.us).

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**Check Fraud/Stop Payments**

**Check Image Requests**

**Check Stock Testing**

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