

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 is not drawn on a bank; instead, the item is drawn on OST.

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, OSPS 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.

OSPA does not work with payments after they post to the check file. This posting process creates the following reports:

- 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 Report Guides and Recommended Practice, Checks, Stale Dated.

DIRECT DEPOSIT

OSPA produces an electronic file for direct deposit 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, the direct deposit file is transmitted 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, which is on the OSPS Processing Calendar, the OSPS Accountant can stop a direct deposit. Agency payroll submits Form OSPS.99.07 ACH/EFT Stop Requests. The Accountant will delete the transaction from the direct deposit file. If needed, the Accountant can also restore a deleted deposit prior to the ACH deadline.

See Screen Descriptions, PACH and Entry Guides, Direct Deposit.

CHECK STOPS

The OSPS Accountant 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 OSPS
- OSPS 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 OSPS
- OSPS processes a replacement check

OSPS 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, OSPS 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 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. 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. The OSPS Accountant 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), State Controller's Division (SCD), 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 are drawn on accounts at Treasury, rather than at a bank.

Currently, OST has a contract with U.S. Bank to process the JPA checks. When we request a copy of a cashed check via OST, U.S. Bank provides a copy to the OSPS Accountant who sends it 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, the OSPS Accountant picks-up the reject information from OST and creates the J463-30-1 ACH Returns report. The Accountant 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 Deductions and Deduction Adjustments. The correct routing / transit and account number may be on the report. See Report Descriptions.

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 Treasury....

FORMS

OSPS.99.07 ACH/EFT Stop Requests
C-27 Stop Payment Request

REPORTS

XREFRA ACH Direct Deposit Register

OSPA Reference Manual

Interfaces

Oregon State Treasury

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
E701-30-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