



Maximization of Electronic Payment Methods

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| Policy Area: eCommerce | Effective Date: 08/16/2000 |
| Policy Sub Area: NA | Last Revision Date: 6/29/2015 |
| Authority: G.S. 143B-426.39(1) and (5); G.S. 147-86.11(a); and G.S. 147-86.22(b) | Policy Owner/Division: Statewide Accounting |

Policy

When developing agency cash management plans, each state agency shall consider utilizing electronic payments methods for both outbound and inbound payments. The following guidelines shall be adhered to:

Outbound Payments

- Each NCAS agency shall develop procedures to require the standard method of payment to all vendors and other payors to be by ACH direct deposit, utilizing either the E-Payment feature of NCAS or a stand-alone system approved by the State Controller. Exemptions for individual payees may be considered if a hardship case can be provided, or if the payments are non-recurring.
- Each non-NCAS agency and university shall develop payment methods that allow for the utilization of ACH direct deposit.
- As a supplement to the ACH direct deposit option, agencies and universities may utilize debit cards for the disbursement of funds. The agency or university must utilize a vendor that arranges for each recipient's funds to be held with a financial institution providing pass-through Federal Deposit Insurance Corporation (FDIC) insurance coverage to the recipient. The agency or university shall adhere to all applicable procurement rules when selecting a vendor for such services.
- Each payroll center shall utilize ACH direct deposit for all payroll payments to all full-time employees. Exemptions for individual employees may be considered if a hardship case can be provided. Each payroll center is encouraged to offer ACH direct deposit to all part-time and temporary employees. A payroll center may consider the utilization of payroll cards as an alternative payment method for those employees unable to qualify for direct deposit.
- Each state-administered retirement system shall utilize ACH direct deposit for all retirement benefit payments to all retirees. Exemptions for individual retirees may be considered if a hardship case can be provided.
- Each agency and university utilizing the Office of State Controller's (OSC) Cash Management Control System (CMCS) shall use the intra-governmental transfer feature when disbursing/transferring funds between accounts held with the State Treasurer, except that approved payments made to the Retirement Systems Division and to the Department of Revenue shall be made using the State Treasurer's Core Banking System (Funds Transfer Feature). Approved payments shall be those designated by the State Treasurer.

- Each agency and university having funds on deposit with the State Treasurer that remit payments meeting the time-sensitive criteria established by the State Treasurer shall use the Treasurer's Core Banking System (Funds Transfer Feature), for both external payments and intra-governmental payments.
- Each agency and university required to make COPS debt service payments shall use the NCAS E-Payment feature or some other ACH payment method approved by the Office of the State Controller.
- The Department of Health and Human Services (DHHS) shall utilize Electronic Benefits Transfer (EBT) method for the distribution of the USDA Food Stamps program. The DHHS shall adhere to all applicable procurement rules when selecting a vendor for such services.
- Unless granted an exemption, each agency and university shall utilize the electronic funds transfer services acquired through the State Controller's Master Services Agreement (MSA). Community Colleges, Local Education Agencies, and Clerks of Superior Court may use the MSA on a voluntary basis, taking into consideration the banking needs for their non-State funds.
- The utilization of any third-party services providing ACH origination services to facilitate outgoing payments should be utilized only if the State Controller's EFT services provider does not meet the agency's needs, as documented in a business case submitted to OSC for approval.

Inbound Payments

- Each agency and university shall consider the feasibility of accepting payments via ACH when appropriate, considering the volume and frequency of payments received. Both the ACH credit and ACH debit methods should be considered. The services of third-party data collection centers and gateway service providers may be utilized if the ACH debit option is offered.
- Each agency and university receiving federal funds shall provide the appropriate federal agency enrollment forms that allow for the funds to be received electronically.
- Each agency and university shall consider the feasibility of accepting payments via credit / debit card (merchant cards) when appropriate, considering the volume and frequency of payments received.
- Each agency shall consider the utilization of Internet applications to accept payments via the Internet. Both in-house and third-party options should be considered. Payment method options offered should include both credit/debit card and ACH debit (bank draft). All payment card industry rules and the National Automated Clearing House Association operating rules shall be followed in the processing of the transactions.
- Unless granted an exemption, merchant card services and electronic funds transfer services shall be acquired through the State Controller's Master Services Agreements (MSAs). Community Colleges, Local Education Agencies, and Clerks of Court may use the MSAs on a voluntary basis, taking into consideration the banking needs for their non-State funds.
- The utilization of one or more gateway service providers to capture and/or process Internet-initiated payments may be considered. The State Controller may pre-approve one or more third-party gateway service providers that may be better suited for specific agencies and universities. In designating approved gateway service providers, the State Controller shall consider each entity's technological interfacing requirements, the types of payment method options desired to be offered by the entity, the entity's need for web hosting, the service provider's compliance with applicable industry standards, the service provider's compatibility with the State's EFT and/or merchant card processing vendor, and the overall economic implications.
 - Any electronic payment programs implemented should not have any significant negative impact on the agency's current accounts receivable or cash management plans. The receiving of a payment electronically should not result in the availability of the funds being any longer than if the payment were to be received by check.

Procedures

NA

Accounting Guidance

The primary statutes pertaining to the utilization of electronic payments for State agencies include: G.S. 147-86.10; G.S. 147-86.11(h); G.S. 147-86.20; G.S. 147-86.22; and G.S. 143B-426.40G(a). The primary statutes pertaining to the utilization of electronic payments for local governmental entities include: G.S. 159-32.1 and G.S. 159-28(d).
“Electronic Commerce in Government” is covered under Chapter 66, Article 11A (G.S. 66-58.1 through 66-58.19). G.S. 66-58.12 encourages the utilization of electronic transactions, including those initiated through the Internet.

Related Documents (Memos/Forms)

NA

Revision History

| Date | Description |
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| 6/29/15 | Updated |
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