

STATEWIDE ELECTRONIC COMMERCE PROGRAM

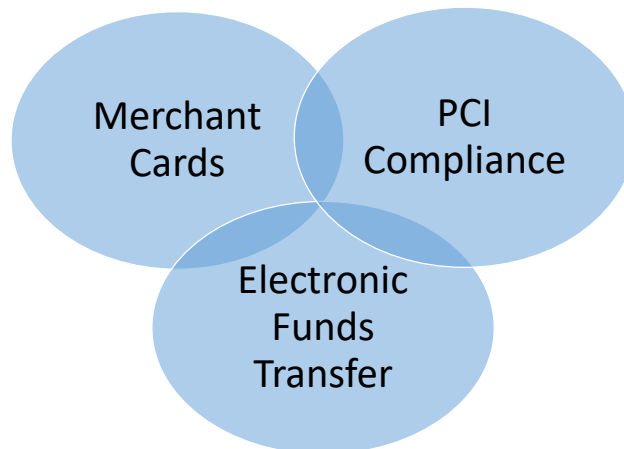
INFO & UPDATES

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STATEWIDE CONTRACTS



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MERCHANT CARD CONTRACT

SunTrust Merchant Services → Acquirer

First Data → Processor

Current contract expires February 2022

RFP for new contract will go out early 2021

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MERCHANT CARD CONTRACT

Amendment 1

Dec 2015

- Quarterly Admin Fee
- \$.0035 x Number of transactions
- Helps fund cost of PCI Compliance services

Amendment 2

Nov 2016

- EBT (Electronic Benefits Transfer) Addendum
- Updated Fee Schedule
- Updated contract language per Legislation

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MERCHANT CARD CONTRACT

Amendment 3 – In Process

- Convenience Fee Services
- CardConnect Services
- Clover Devices



MERCHANT CARD CONTRACT

Capture Methods:

- Point of Sale Terminals
 - Wired – FD130, Clover Systems
 - Wireless – FD410, Clover Go
- Online Gateways
 - Payeezy
 - PayPoint
 - 3rd party gateways with First Data integration



MERCHANT CARD CONTRACT

New Account Setup

- All forms completed electronically through DocuSign
- OSC review and turnaround within 2 business days
- First Data setup time is 10-15 business days

Clientline Setup or Changes to Existing Account

- All forms completed electronically through DocuSign
- OSC review and turnaround within 2 business days
- First Data completion time is 5-10 business days



PCI SERVICES CONTRACT

Coalfire → Vulnerability
Scanning

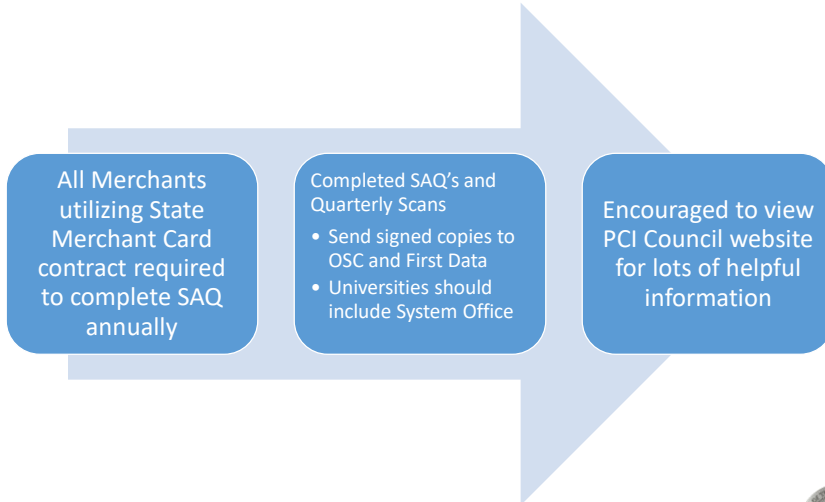
VigiTrust → Self-Assessment
Questionnaire

Current contract expires Dec
2019

RFP for new contract in
development now



PCI SERVICES CONTRACT



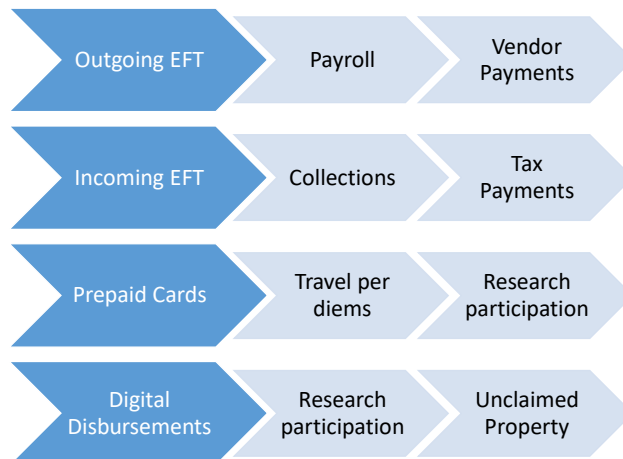
ELECTRONIC FUNDS TRANSFER CONTRACT



ELECTRONIC FUNDS TRANSFER CONTRACT

Amendment 1 Nov 2014	Amendment 2 Jan 2015	Amendment 3 Jun 2018
<ul style="list-style-type: none"> • Returns account overdraft fees • UPIC service • Electronic Data Interchange service 	<ul style="list-style-type: none"> • Prepaid card service 	<ul style="list-style-type: none"> • 1 year contract extension • Update to State's contract terms & conditions

ELECTRONIC FUNDS TRANSFER CONTRACT



EXEMPTION PROCESS

Exemption from State Contracts

- Required for State Agencies & Universities
- Business case
- Compliance due diligence
- Cost Analysis
- Submitted to OSC



EXEMPTION PROCESS

Exemption from Daily Deposit Act

- §147-77. Daily deposit of funds to credit of Treasurer
- §116-40.22(e). Management Flexibility – UNC System
- Required for State Agencies & Universities
- Business case
- Submitted to Dept of State Treasurer



COMMON ERRORS

Neglecting to fund the ACH file

- Impacts cash flow calculations
- Could result in ACH file being held by the bank
- Could cause accounts to go into the negative

Sending a duplicate ACH file

- Can be difficult to retrieve duplicate payments
- Duplicate debits could cause fees and harm reputation

Sending an ACH file with a same day effective date

- Higher cost for same day transmission

Missing a daily deadline

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COMMON ERRORS – FUNDING ERROR



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COMMON ERRORS – DUPLICATE FILE

- Establish proper internal controls to avoid and detect this type of error prior to file submission
- If file hasn't been distributed, it can be deleted
- Reversal request must be submitted within 5 days
- Can reverse individual items or the whole file
- All reversals are best efforts basis



COMMON ERRORS – DAILY DEADLINES

10:00 a.m.	10:30 a.m.	11:30 a.m.
<ul style="list-style-type: none"> • All funds transfer requests due to DST. 	<ul style="list-style-type: none"> • Requisitions submitted in CMCS 	<ul style="list-style-type: none"> • Last day of month deadline to submit requisitions in CMCS



EFTS & THIRD PARTY PROVIDERS

Involve OSC and/or DST as early on in the process as possible.

- Allow 3 weeks for account opening
- Confirm compliance with State statutes and policies
- Will review wording for RFP's

Ultimate Payee - §147-86.11(f)(1)

- "Moneys deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee."



EFTS & THIRD PARTY PROVIDERS

Two Ultimate Payee Compliant Models

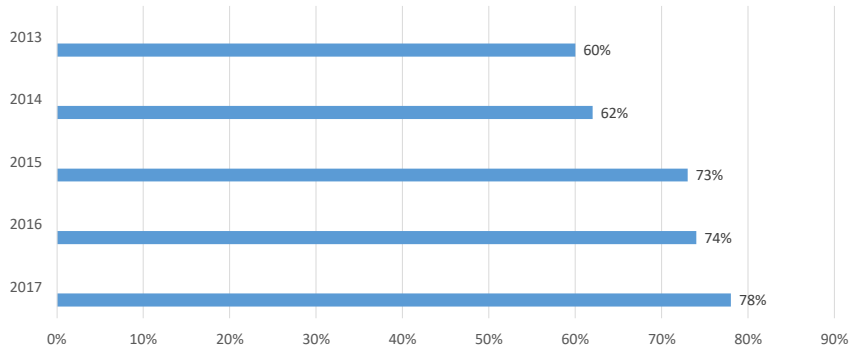
Third party creates the ACH file and transmits to the bank. Also submits a funding request to the agency to fund the file if needed. The funds flow out of or into a State Treasurer account.

Third party creates the ACH file and transmits the file to its bank. The third party uses its funds for ACH payments and seeks reimbursement from the agency.



PAYMENTS FRAUD

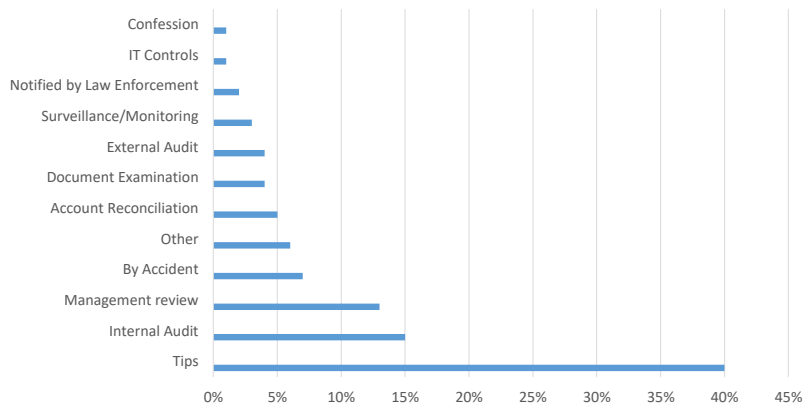
Organizations Impacted by Payments Fraud



source: 2018 AFP Payments Fraud and Control Survey Report

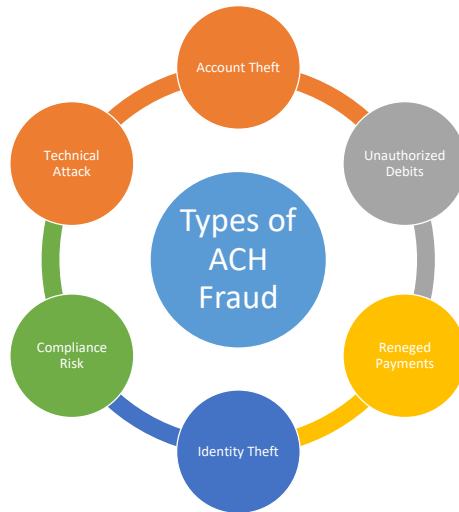
PAYMENTS FRAUD - DETECTION

Initial Detection of Fraud

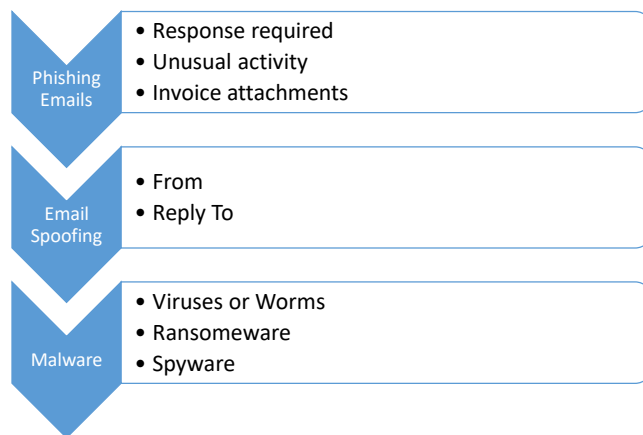


source: 2018 Report to the Nations-Global study on Occupational Fraud and Abuse

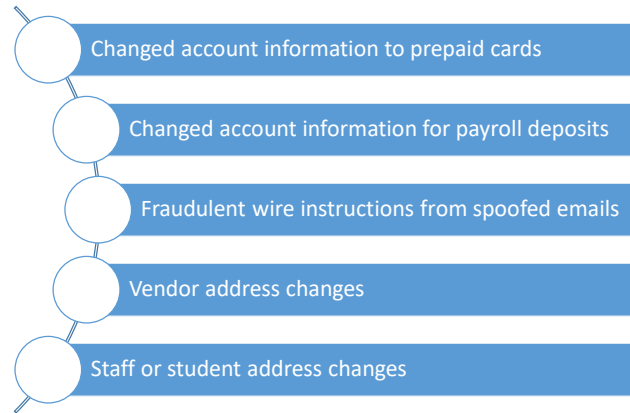
PAYMENTS FRAUD



PAYMENTS FRAUD



PAYMENTS FRAUD



ACH FRAUD PREVENTION

Internal Controls

- How do you handle changes to bank account information?
- Verifying change requests
- Removing accounting policies from the internet

Education

- Staff onboarding
- Student orientation
- Ongoing training



ACH FRAUD PREVENTION

Tools

- ACH Debit Blocks
- ACH Debit Filters
- Account Validation Service
 - Provides access to a database of U.S. bank accounts
 - Can be used to verify bank account information
 - Banks must be part of the network
 - Cost can be prohibitive



ACH FRAUD – THE AFTERMATH

Gather Information

- Where/when/how was the fraud detected
- Number of items in the file
- Total \$ amount impacted by fraud
- Total \$ amount of the file
- File effective date
- Date file was sent to the bank
- New prepaid cards present in the file



ACH FRAUD – THE AFTERMATH

Calls to make

- Department of State Treasurer
- Office of the State Controller
- Bank
 - Initiate an ACH file reversal
 - Be wary of signing any type of indemnity agreement
- Local Law Enforcement
- State Bureau of Investigation
- Your Legal Staff



SUBMITTED QUESTIONS

Question:

State agencies work with First Data to acquire new point of sale equipment and deactivate old equipment. Can you go over the process, start to finish?



SUBMITTED QUESTIONS

Question:

The payment solutions field is constantly changing. Does the State or OSC have a preferred vendor for electronic P2P transactions? We have requests to use Zelle or Venmo for payments to student athletes, study subject payments for research and even vendor payments.

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SUBMITTED QUESTIONS

Question:

Is there a Master Service Agreement with DocuSign for eSignature?

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SUBMITTED QUESTIONS

Question:

Can we create a UNC System PCI/eCommerce listserv to be able to ask questions and get additional information?

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SUBMITTED QUESTIONS

Question:

There are lots of benefits to a 3rd party service provider acting as the MOR (Merchant of Record) because it takes a lot of the PCI responsibility off the agency or school. But most 3rd parties don't settle within 24 hours which goes against the Daily Deposit Act. Can a 3rd party remit once they hit the \$5,000 threshold? When would an exemption be required?

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SUBMITTED QUESTIONS

Question:

Does each entity need to request an exemption from the Daily Deposit Act or is there a list of service providers who have been granted exemption from the Daily Deposit Act that can be shared?

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SUBMITTED QUESTIONS

Question:

Can we revive the Quarterly PCI/eCommerce conference calls that used to be run by OSC?

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CONTACT INFORMATION

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