



Office of the STATE TREASURER

Banking Update

Mission

Work with state agencies and public institution partners to provide efficient, accurate, secure and timely banking services.



Fraud Prevention

Update and/or implement appropriate account verification procedures for ACH and wire transfer disbursements

- Only use independently obtained phone numbers when conducting call back verifications
- do not use phone numbers from emails or forms received from the payee
- Utilize account verification services

Implement debit authorizations with appropriate maximum dollar limits

Dual approval must be used for all out-going payments and appropriate maximum dollar limits for all out-going ACH and wire transfer payments must be established.

Fraud prevention services (ACH Blocks/filters and Check Positive Pay) must be established on all bank accounts.

Fraud Prevention

All instances of fraud involving State funds must be reported immediately to the State Treasurer's Office and to the SC Law Enforcement Division.

You can contact the State Treasurer's Office at STOBankingOperations@sto.sc.gov and a SLED contact will be provided.

Electronic Disbursements

Traditional disbursement programs such as prepaid debit cards are being phased out by financial institutions in favor of alternative electronic disbursement options, including:

- Zelle
- Push to Card
- Real Time Payments
- FedNow (coming in July 2023)
- Participant Select Portals
- Social Payments (Venmo/Paypal)/Digital Wallet

Electronic Receivables

State entities are encouraged to evaluate alternatives to receiving or depositing paper checks. This includes:

- When possible, require payors to make payment via ACH or Wire Transfer. This includes implementing ACH debit origination services.
- Evaluating bill pay consolidation services to reduce the receipt of bill pay checks.
- Implementing remote deposit and/or Image Cash Letter services

Same Day ACH

Same Day ACH - when a payor originates ACH transactions to be received and posted on the same day at the payees financial institution.

- The limit for Same Day ACH is 1 million per transaction
- ODFI's can send Same Day ACH payments up until 4:45 PM EST with settlement at the RDFI by 6:00 PM EST.

Merchant Card Update

The transition from SunTrust Merchant Services, LLC (STMS) to First Data Merchant Services, LLC (FDMS) was completed on February 2, 2023.

- Contractual change only. No change in MIDs or processing services for participating state entities.
- Invoices for merchant card fees will now arrive from First Data Merchant Services, LLC

NEW - PCI DSS version 4.0

- Current PCI DSS version 3.2.1 will be replaced on March 31, 2024 with PCI DSS version 4.0. Organizations will have an additional year—until March 31, 2025—to verify that they are compliant with PCI DSS 4.0.
- More information can be found at www.pcisecuritystandards.org



Banking Requirements

The State Treasurer's Office has very specific requirements related to establishing bank accounts, payment services, and fraud prevention for state funds, as referenced in your entity's signed Delegation of Authority agreement.



Opening New Bank Accounts

ALL requests for new bank accounts must be submitted to the State Treasurer's Office for approval. This includes depository sub/sweep accounts, composite reservoir accounts, and specific purpose stand-alone accounts.

If you need to make changes to existing accounts, we can assist you with that as well to ensure you remain in compliance with the South Carolina Code of Law, relevant banking regulations and monetary thresholds.

Payment Services

A new request for Payment Services or a change in existing Payment Services must be submitted to the State Treasurer's Office for approval. Payment Services include Merchant Card, Prepaid Debit Card, ACH Origination, Wire Transfers, and all other electronic disbursements which involve state funds.

This includes all procurement solicitations which contain a request for banking or payment services.

Payment Services

Before entering into an agreement or procuring services from a third-party service provider in which payment processing will be a part of the service, you must obtain approval from the State Treasurer's Office.

The third-party service provider must be able to process merchant card transactions through the State's Merchant Card contract with First Data Merchant Services, LLC. Not all third-party service providers are certified to process through First Data Merchant Services, LLC.

Banking and Merchant Card services that are established without the State Treasurer's Office approval and outside of these requirements may be subject to suspension or termination.

A cityscape featuring several multi-story buildings, including a prominent brick building with many windows and a modern glass-fronted building. The sky is blue with scattered white clouds. A large blue triangular overlay covers the right side of the image, containing white text.

Next Steps

You may submit your requests for the previously mentioned transactions by email to STOBankingOperations@sto.sc.gov.

If you require additional banking services, we are happy to schedule a meeting with you to review next steps and procedures as well as address any changes in operations or staff and future requests you may be contemplating as it relates to new bank accounts, payment services and fraud protection.



Office of the STATE TREASURER

Treasury Management Update

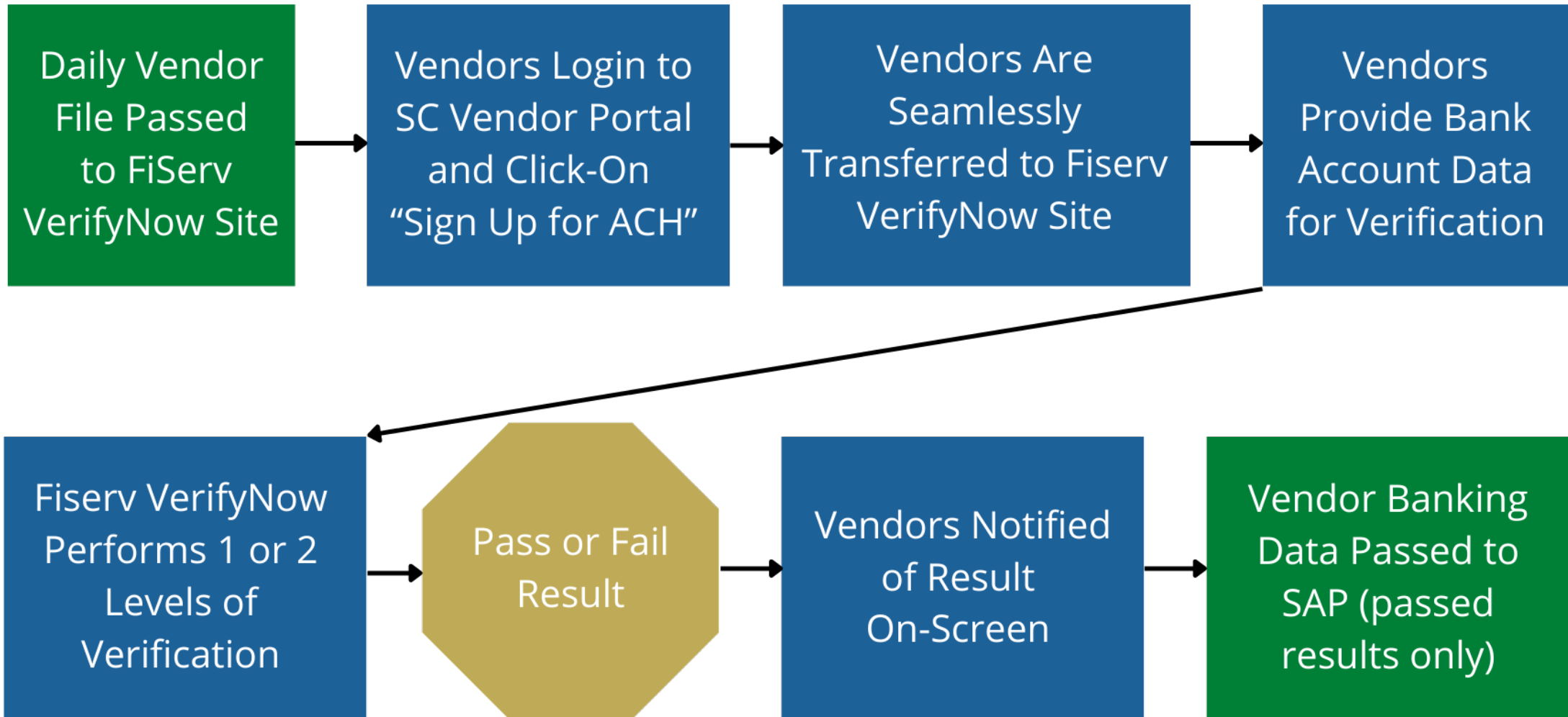
ACH Enrollment



Operation Check Reduction

- The State launched Operation Check Reduction, reducing the use of paper checks and allowing vendors to receive funds faster, save money and be more secure.
- SAP ERP System (Account Payable use-case)
- Fiserv Hosted Custom Web Landing Page

The Fiserv logo is displayed in a bold, orange, lowercase sans-serif font. The word "fiserv." is written in a single line, with a registered trademark symbol (®) positioned to the upper right of the letter "v". The period at the end of the word is also present.



Vendor Selection



Vendor FEIN: XXXXX4571

Please select the appropriate Vendor Number(s) that you would like to associate with your bank account. Only one bank account may be validated at a time. Please select the fields under Contact Name, Email Address, and Phone Number to add or edit your information. The contact information obtained on this page does not update your South Carolina SCEIS vendor record.

When you are paid electronically, you can receive a remittance advice that outlines payment information. Please enter the email address that should receive this information in the Email for Remittance Advice field below.

Vendor No.	Vendor Name	Mailing Address	Contact Name	Contact Phone Number	Contact Email	Email for Remittance Advice
<input checked="" type="checkbox"/> 7000300423 <input checked="" type="checkbox"/>	PRISMA HEALTH MEDICAL GRO...	PO Box 602284, CHARLOTTE NC 28260-2...	<input type="text" value="perry"/>	<input type="text" value="555-555-5555"/>	<input type="text" value="perry@test.com"/>	<input type="text" value="taracia.williamson@prismahealth.org"/>

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- Verified
- Inconclusive

Cancel

Submit

Vendor Banking Information

Below are the Vendor Numbers you have selected.

Vendor Number	Vendor Name	Mailing Address
7000300423	PRISMA HEALTH MEDICAL...	PO Box 602284, CHARLOTTE NC 28260-2284

IMPORTANT: In order to verify your bank account, the information you provide must match what is shown on your bank statement. For a business account, please enter your Business Name, as well as the first and last name of an authorized signer. Enter the address your bank has on file for your business.

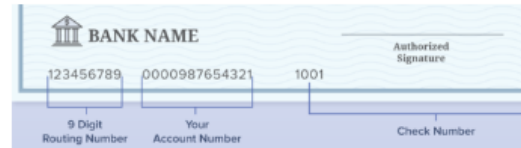
* Denotes required field

* Business Name

* First Name of Authorized Signer

* Last Name of Authorized Signer

* Select Account Type



* Banking Routing Number

* Account Number

* Re-Enter Account Number

* Address 1

Address 2

* City

* State

* Zip Code

Back

Submit

Early Warning™ runs and VerifyNow Rules Determine a Score

Account Characteristics	Outcome
No ownership or status information available	Inconclusive Bank does not Participate Invalid Routing Number Eligible for Real-Time Login
Negative status: closed, pending closed, non-DDA, deceased, etc.	Deny Account: End Process
No ownership data; open valid status	Inconclusive Eligible for Real-Time Login
Data mismatch: leveraging FEIN or SSN, Business Name or First and Last Name, and Address data Validation	Deny Account: End Process
Data match: high certainty	Approve Account
Key data elements unknown or unable to provide clear match	Inconclusive Move to credential-based verification

- Configurable Risk Tolerances
- A rigorous verification rule may require Company and FEIN value to always match
- Or a verification rule may ignore FEIN but look for full match on Address fields
- Implementation planning and live results are used to adjust the system setup to achieve the client’s risk tolerance vs. friction on the user if they need to perform retries

Vendor Verification



✔ Your checking/saving account xxxx9346 has been verified

Please allow seven (7) days for the enrollment to be effective.

If you have additional vendor numbers that you would like to enroll with a different bank account or to update previously entered bank account information, please select the [Add / Update Account](#) button below.


If you have no additional vendors you would like to approve, it is safe to close this tab.

[Add / Update Account](#)



Vendor Verification



 Unfortunately, we are unable to verify your account information.


Please contact the South Carolina State Treasurer's Office Vendor Enrollment Hotline at (877) 370-5631, for additional assistance.

To verify using a different account use the [Other Bank Account](#) button. If you do not want to verify with a different account, this tab is safe to close.

[Other Bank Account](#)

Vendor Verification



 Unfortunately, your bank does not participate in our account verification service at this time


- Your payment method will default to check unless you have previously signed up for direct deposit.
- If you have previously signed up for direct deposit, your banking details will remain the same.
- If you would like to remove your current ACH direct deposit account, please contact the SC State Treasurer's Office at 803-734-2101. Please note, this phone number cannot be used to add or update current banking details, only to REMOVE current banking details.

Banking information for your vendor account can ONLY be added or updated through this online verification service.

If you would like to attempt verification with a different financial institution use the Other Bank Account button. If you do not want to verify with a different financial institution, this tab is safe to close.

Other Bank Account

Vendor Verification

 You have entered an invalid Routing Number

You have entered an invalid routing number. Please confirm your banking information and try again. Select the button below to return to the Banking Information page.

[Return to Banking](#)

Vendor Verification




In order for us to complete verification, please enter your banking credentials below. This will allow us to verify your account ownership. If you no longer wish to proceed, it is safe to close this tab.

Verify instantly

Enter your bank account login information to verify ownership of this account.

Bank of America

 Safely log into your online banking to add your account. Your credentials are sent to your bank using the highest encryption standards and are never read or saved.

Online ID for Bank of America

Passcode

[Verify](#)

Operation Check Reduction Lessons Learned

- Complexity/ New Customization
- Data cleansing
- Requirements Gathering and Assumptions
- Security
 - Integration
 - Vendor validation Security Rules
- Non-participating banks
- Critical Resources:
 - Deep Bench
 - State STO Project Manager
 - Business & IT SME's

Cash Management Improvement Act (CMIA)



CMIA Background/Authority

- The Cash Management Improvement Act of 1990 was passed to improve the transfer of federal funds between the federal government and the States, Territories, and the District of Columbia
- Specifically, two recurrent intergovernmental problems needed attention:
 - States were drawing federal funds in advance of need
 - The Federal government was providing late grant awards to states

CMIA Objectives

- Efficiency -- To minimize the time between the transfer of funds to the States and the payout for program purposes.
- Effectiveness -- To ensure that federal funds are available when requested.
- Equity -- To assess an interest liability to the federal government and/or the States to compensate for the lost value of funds.

CMIA Principles

- Sound Cash Management Is Good for Everyone
- CMIA Applies to ALL Federal Financial Assistance programs to the 56 States and Territories
- Both Federal Program Agencies (FPA) & States Have The Primary Responsibility to Ensure Good Cash Management
- Federal Agencies Have An Obligation to Disburse Funds Timely
- States Have An Obligation to Request Funds Timely
- Fiscal Service is a Neutral Third Party Between States & FPAs to Facilitate Improved Cash Management Practices

Major Federal Grants

- Medicaid
- SNAP
- Highway Planning & Construction
- Unemployment Insurance
- WIC
- School Lunch Program
- Title I – Education Grants
- Special Education
- TANF
- Child Support Enforcement
- Child Care Development
- Foster Care
- Social Services Block Grants

CMIA General Information

- All federal funds transfers to the States are covered. However, only major assistance programs (large-dollar programs) are included in a TSA, which specifies how the federal funds transfers will take place.
- In FY 1994, the first year of CMIA, 20 major programs were covered under TSAs. Today, more than 100 different Federal programs are included in TSAs with an average of approximately 20-25 programs per State.
- Interest rates have risen and fallen over the years.
 - 1994 – 3.50%
 - 2000 – 5.42%
 - 2016 – 0.19%
 - 2022 – 0.39%

Key Requirements/Dates

- Treasury-State Agreement
 - Must be amended within 30-days of a change
 - Updated annually after receipt of Single Audit Report
- CMIA Annual Report
 - Due December 31
- Interest Exchange
 - March 31

Funding Techniques

- Standard Funding Techniques
 - Actual Clearance
 - Estimated Clearance
 - Average Clearance
 - Composite Clearance
 - Payment Schedules
 - Cash Advance (Pre/Post Issuance)
 - Reimbursement
- Funding Techniques for Administrative Costs
- Miscellaneous Funding Techniques
- Unique Funding Techniques

Annual Report: Major Features

- Federal Program Agencies
 - Review claims > \$5,000
 - FPAs may need clarification from States
 - Provide recommendations to Fiscal Service
 - January 2 to February 15
- Fiscal Service reviews States' claims and FPAs' recommendations to make decisions
- Interest is exchanged on or before March 31
- Fiscal Service reports outcomes, discusses possible improvements

Questions?





Thank You

We appreciate the opportunity to serve your agency or institution and look forward to assisting your team in the near future.



Treasurer.sc.gov



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Curtis Loftis