



## **ELECTRONIC WARRANT FEATURE**

### **Frequently Asked Questions**

September 1, 2004

#### **GENERAL**

##### **What is an Electronic Warrant?**

Since 1996, all agencies having access to the State Controller's Cash Management Control System (CMCS) have been eligible to access a feature that allows for the initiation of electronic warrants against either a disbursing or STIF account. The feature is actually maintained on the RSB System at ITS, which is separate from CMCS. The initiation is performed on-line, eliminating the necessity of having to write a paper warrant. An agency can submit an electronic warrant to the State Treasurer's Office, with a current or future "effective date." On the effective date, the State Treasurer acts upon the warrant, effecting the payment according to a preauthorized set of payment instructions. Most of the payments initiated are wire transfers. Annually, over 6,500 electronic warrants totaling \$24 billion are initiated.

##### **What types of payments are eligible to be made by Electronic Warrant?**

Electronic warrants are limited to certain types of payments. The payments are generally characterized as those that are repetitive in nature, are time sensitive, are to be remitted in "same day funds," and are of sizable amounts. Examples include:

- Wire transfers to fund direct deposit of payroll -- to the ACH originator bank;
- Wire transfers to fund federal tax withholding payments -- initiated through EFTPS;
- Wire transfers for debt service payments
- Wire transfers for payroll deduction related payments (401-K, Deferred Comp., etc.);
- Wire transfers for withdrawals from STIF (LEAs, Community Colleges, Boards)
- Funding of investment subscriptions -- in the Treasurer's Long-term Investment Fund.

##### **Is the current Electronic Warrant System (RSB) being replaced?**

Yes. The Core Banking System (CB\$) has been enhanced to allow electronic warrants to be initiated through CB\$. The old system will be phased out over a period of time.

##### **When will the old system be replaced?**

The CB\$ electronic warrant system will initially be offered to only a small group of pilot agencies, beginning in September 2004. The new and the old systems will both be operational for a period of time, likely for approximately 3-4 months. This parallel period of time will serve to be a transition time, allowing agencies to begin converting to the new system.

##### **Will all DST customers have access to the new CB\$ Electronic Warrant feature?**

Yes. The old system was only available to customers that had access to CMCS/RSB. The new system will be available to all agencies that have access to CB\$ through the Internet. The new sets of customers that will benefit will be community colleges, local school systems, and boards, allowing them to make withdrawals from their STIF accounts. Those customers not having access to the old system had to initiate wire transfers by submitting a faxed paper warrant to DST.

##### **Will the new system benefit DST's operation?**

Yes. It will also allow for the discontinuance of DST having to manually re-key all electronic warrants into DST's Flexcube system. It will also eliminate DST's manual processing of faxed paper warrants submitted by the customers not having access to CMCS/RSB, which involved scanning of the warrants. Additionally, DST will not have to receive and process an interface RSB file from ITS.

## **USER ACCESS**

### **Is there a change in the user security administration?**

Yes. Under the old RSB system, the Office of State Controller (OSC) administered a security table for authorized users. Under the new system, this function becomes a part of the standard role assignment performed by each agency's CB\$ Admin. OSC will not be involved in the security administration under the new system.

### **Will the current users under the old RSB System be converted to the new CB\$ System?**

No. As agencies convert to the new system, unless the individual is already a CB\$ user, he/she will have to be set up on CB\$, and then be granted the new role, "Funds Transfer." If an individual is already a CB\$ user, he/she may be granted the new role of *Funds Transfer*, by the Agency CB\$ Admin.

### **Will a user have the same capabilities under CB\$ as he/she did under the old RSB System?**

No. The old RSB System allowed a "level 3" user to both initiate and submit an electronic warrant. Under CB\$, which is a standard bank online system, the same user cannot perform both functions, for the same transaction. While a CB\$ user having the Funds Transfer role can act as both an "initiator" and an "authorizer," the user cannot authorize his/her own initiated transaction. For example, User A can authorize a transaction initiated by User B, and User B can authorize a transaction initiated by User A, but cannot authorize his/her own initiated transaction. This provides an added degree of control appropriate for the wiring of funds through via the Internet. Therefore, it will be necessary to have at least two users assigned the role of Funds Transfer.

## **ROLE ASSIGNMENT**

### **How is a user assigned the role of initiating electronic warrants?**

A new role has been established on CB\$, called "Funds Transfer," similar to the role of "Stop Payments." As agencies become eligible to begin using the new feature, DST will grant the "FTADMIN" role to the agency's CB\$ Admin. The agency's admin can then assign either of the two roles associated with Funds Transfer to an agency user he/she determines appropriate. The two roles are: *Funds Transfer* and *Funds Transfer View Only*. Only one of these roles should be assigned to a user, not both. After assignment of either one of the roles, the agency admin must map the user to the applicable accounts as described below.

### **What are the functions associated with the role of Funds Transfer?**

A user having the "Funds Transfer Role" can perform the following four functions:

- 1) Initiate; 2) Modify; 3) Authorize; and 4) View.

A user can also be set up with "Funds Transfer View Only" role. A user should be assigned only one of these two roles, not both.

### **How is the new role displayed to a user?**

Upon log-in, only the functions available to the user are displayed in the left-hand menu column. Once the new role has been assigned to a user, the role will be displayed as the menu item labeled "Funds Transfer."

### **What is involved in mapping a user?**

After the assignment of the Funds Transfer role to a user, the agency admin must map the user. This involves several steps: The user must be:

1. Mapped to the accounts he/she will be have access to (associated with templates)
2. Set transaction limits (maximum amounts that can be initiated or authorized) (limit for each)
3. Mapped to authorizers / initiators

### **Why are accounts mapped?**

After a user is granted the *Funds Transfer* role, he/she must be mapped to the accounts for which he/she can initiate/authorize electronic warrants. Although CB\$ displays all of an agency's accounts during the mapping process (i.e., disbursing accounts, STIF accounts, budget codes, CIT accounts), the user should only map disbursing and/or STIF accounts, as these are the only two types of accounts that are associated with electronic warrants. Even though a user is mapped to an account, if DST has not set up a template associated with that particular account, the user will not be able to initiate an electronic warrant against the account. If a template has been set up for an account, but the user has not been mapped to the account, the user will not be able to access the template.

### **Why are transaction limits set?**

After a user is granted the role of *Funds Transfer*, the agency Admin must determine the maximum amount of a transaction he/she can, both initiate and authorize. If desired, the maximum amounts for initiating and authorizing can be different. While the maximum limit that can be set is \$999 million, it is recommended that each user be assigned a limit that is appropriate for the type of transaction he/she will be initiating and/or authorizing. The maximum transaction limit is assigned to the user, not to a specific template.

### **Why does a user have to be mapped to other users?**

Since a user cannot authorize his/her own initiated transaction, there must be at least two user IDs to complete a transaction. CB\$ requires the mapping of which users can authorize the transactions for a particular initiator, and vice-versa.

### **Is there an order in which users should be set up and mapped?**

It is best to first create all users that will be involved in Funds Transfer, grant them that role, and map them to their accounts. It is best to not map users to their authorizers until all users have been created. This will more readily allow for a pick list of "unmapped authorizers" to be displayed.

## **TEMPLATE NUMBERS**

### **Will Payment Preauthorization Forms still be utilized?**

Yes. For each repetitive payment an agency desires to be set up, the agency must complete a "Payment Preauthorization Form." If the payment meets the eligibility criteria, DST will assign the payment a unique template number. The template number will be set up on CB\$, providing the agency the ability to retrieve a blank template and initiate payments. All forms are to be signed by the agency's chief fiscal officer. The Payment Preauthorization Form has been revised to accommodate CB\$.

### **Will the new system utilize template numbers the same as the old RSB System?**

Yes. For each repetitive payment made via electronic warrant, a template number must be assigned by DST. A template number has the following elements associated with it:

- Agency ID (7-character on CB\$, while RSB had a two-character alpha ID)
- Source Account (Disbursing or STIF account to debit)
- Beneficiary Bank / Agency (Name of bank in case of wire transfer; Agency name in case of an account transfer)
- Bank's 9-digit transit-routing number in case of wire transfer; or Designation account number in case of agency transfer.
- Payment Details – Brief description of the payment
- Originator Beneficiary Information (OBI)

On the RSB System, the transit-routing number and the OBI (Originator to Beneficiary Information) were not displayed. On CB\$, the transit-routing number will be displayed, while the OBI will continue to not

be displayed. The OBI is included with each wire, as specified on the Payment Preauthorization Form submitted by the agency.

### **Will existing template numbers be converted from the old RSB System to CB\$?**

Yes. At conversion in September, all agencies' templates will be transferred to the new system. Therefore, the current template numbers used in the RSB System will carry forward to CB\$. However, when each agency begins to use CB\$, the agency should view each template to ensure that all templates were converted, and are associated with the correct source (debit) account and payment details.

## **INITIATING TRANSACTIONS**

### **What are the mandatory elements to be keyed when initiating an electronic warrant?**

The following elements are mandatory:

- Template Number (Select from drop down list) (User must be mapped to account)
- Effective Date (mm/dd/yyyy) (Must be current or future)
- Transfer Amount (Must be within initiator's maximum limit)

### **What are the optional elements to be keyed when initiating an electronic warrant?**

The following elements are optional:

- User Reference Number (Defaults to CB\$ Number if nothing keyed) (Cannot be repeated.)
- Memo (For agency use. Limited to 35 characters)
- Supplemental Information (Lower section for future enhancement – DOR and Retirement)
  - Remitting Agency Account No
  - Payment Type Code
  - Payment Period Date
  - Employee Amount

### **What are the supplemental Information fields on the lower section of an initiation screen?**

These four fields will accommodate a future enhancement to CB\$ Funds Transfer. These fields should not be keyed when initiating a transfer pertaining to a wire transfer.

### **What elements of an electronic warrant can be modified after it has been initiated?**

The following variable elements can be modified: *user reference number*, *effective date*, and *transfer amount*. None of the preset elements can be modified (i.e., source account, beneficiary, etc.)

### **What is the User Reference Number?**

This is an alpha/numeric field for the agency to use as it desires (example: NCAS journal entry reference number or other sequential #). If it is left blank, the system will cause the default to be the same as the CB\$ reference number. Reference numbers must be unique for each transaction (i.e., cannot be repeated) The transaction can later be viewed by doing a search on the User Reference Number.

### **What are the rules for effective date?**

A transaction cannot be initiated or authorized if it has an effective date prior to the current date. Only current and future-dated transactions can be initiated and authorized. The effective date cannot be more than 30 days in the future.

### **Can a weekend or holiday date be entered as an effective date?**

At the time of initiation, there is no validation if the effective date keyed is a weekend or holiday. Therefore, the initiator and the authorizer should be careful not to enter an effective date that is a weekend or holiday. Should this occur, the type of transaction will determine the result. If it is a wire transfer (Hold), DST will reject the item, but not likely until the day after the weekend or holiday. If it is an

agency transfer (STP), the item may be accepted, but post on the first business day after the weekend or holiday.

### **What are the various status levels of an electronic warrant?**

An electronic warrant will display one of the following status levels:

- *Initiated* - After initiated by agency user, but not yet authorized by another agency user.
- *Sent to DST (Hold)* - After authorized by second agency user. Applies to wire transfers.
- *Accepted by DST (STP)* - After authorized by second agency user. Applies to future-dated agency transfers, not wire transfers.
- *Liquidated* - After acted upon by DST, on effective date.
- *Rejected by Authorizer* – Second agency user rejects – not sent to DST.
- *Rejected by DST* – Sent to DST, but rejected by DST.

Until an electronic warrant displays the status of *Liquidated*, the transaction has not been completed.

### **Do all electronic warrants go through the Hold status?**

No. There are some templates that will be set up by DST as *Straight Through Posting* (STPs). These transactions will not require action on behalf of DST (i.e., transfers to a STIF or CIT account). Once a STP transaction is authorized by the agency, and the effective date is entered as the current date, the posting takes place immediately, with the status becoming *Liquidated*. STP transactions with a future effective date will remain in the *Accepted by DST* status until the effective date arrives, at which time the status will then change to *Liquidated*. All electronic warrants that involve wire transfers will go through the *Sent to DST (Hold)* status, requiring action by DST to liquidate the transaction.

### **How does a user authorize a transaction?**

Under the “Authorize Funds Transfer” menu item, the user can do a search on all unauthorized transactions. The user will only be displayed *unauthorized* transactions initiated by users for which he/she has been mapped to as an authorizer. Upon viewing an item, which will be in the “*Initiated*” status, he/she can authorize it, resulting in the status changing. Unless it is a STP transaction, the status will change to “*Sent to DST.*” The authorizer should verify the transaction is correct before authorizing it, including verifying the correct template number, correct amount, and correct effective date. An authorizer cannot authorize transactions with amounts in excess of the “authorized limit” assigned to the authorizer.

### **How does an authorizer know for whom he/she can authorize transactions?**

Under the *Authorize Funds Transfer* menu item, the search criteria has a drop down listing all “initiators” the authorizer is mapped to. Additionally, the agency Admin can view the mapped initiators/authorizers.

### **What happens if an agency user does not authorize a transaction?**

The authorizer can “reject” a transaction, resulting in the status becoming “*Rejected by Authorizer.*” When rejecting an item, the user (authorizer) must key the reason for the rejection. Otherwise, the transaction will remain in the *Initiated* status, until later authorized or purged. A rejected item can be modified for subsequent authorization. All items having a status other than “liquidated,” and having an effective date 30 days prior to the current date are automatically purged.

### **What will happen if an authorized transaction is rejected by DST?**

The status will appear as “Rejected by DST.” The agency should contact DST for resolution, at (919) 508-5971. In some cases, the transaction can be modified and authorized again, resulting in the transaction being re-sent to DST.

### **How can an electronic warrant be corrected?**

The manner of correcting the transaction will depend upon the status of the transaction:

- *Initiated* – The transaction can be modified by the agency user that initiated it. Once created, a transaction cannot be deleted, only modified. Only the user who initiated the transaction can modify the transaction. If not authorized within 30 days, it will be purged.
- *Authorized* – The agency must contact DST to have it “rejected by DST.”
- *Sent to DST (Hold)* – The agency must contact DST to have it “rejected by DST.”
- *Accepted by DST (STP)* – The agency must contact DST to have it “rejected by DST.”
- *Rejected by Authorizer* – The initiator must modify the transaction.
- *Rejected by DST* – The initiator must modify the transaction.
- *Liquidated* – The agency must contact DST for determination of resolution.

(CB\$ will not allow a negative electronic warrant transaction to be initiated.)

### **How does a user know that DST has acted on an electronic warrant?**

When DST has acted on a transaction successfully, the status displayed will be *Liquidated*. On the effective date, agencies should always verify that the status of an initiated transaction changes to *Liquidated*. The *View Funds Transfer* menu item can be used for this purpose.

### **What do the different reference numbers mean?**

- *User Reference No.* – For agency use. Optional. Defaults to CB\$ Reference Number if not keyed. When using the *View Funds Transfer* menu item, this number can be used in the search criteria.
- *CB\$ Reference Number* – Assigned by system when initiated (12-digits with first 4 digits being year).
- *DST Reference Number* – Assigned by DST (FT Contract No.) and viewable on effective date. May or may not yet be in liquidated status. Number is displayed on transaction statement.

### **Can the elements (i.e., wiring instructions) of a previously established template be modified?**

Yes, but only by DST. The agency must complete a “Payment Preauthorization Form,” just as it did under the old RSB system.

### **Can free-form wires be initiated?**

No. A user can only initiate an electronic warrant to effect a wire transfer to a payee for which a “Prepayment Authorization Form” containing the payee and wire instructions has previously been submitted to NCDST by the agency’s chief fiscal officer.

### **During what hours can CB\$ be accessed?**

The site is generally available from 7:00 a.m. until 5:00 p.m., Monday through Friday, for most functions.

### **Will the deadlines remain the same?**

Yes. All warrants must be submitted prior to **10:00 a.m.** of the *effective date* the payment is to be made. Warrants may be submitted one or more days prior to the *effective date*. Warrants submitted in advance will not be acted on until the *effective date*.

### **Will there be an audit trail of the users who acted on the electronic warrants?**

For each transaction viewed, the user IDs of both the initiator and the authorizer will be displayed, along with the respective date of action. The date of action will also be shown for DST’s liquidation action.

## **QUERY TRANSACTIONS**

### **Can Electronic Warrant transactions be viewed?**

Yes, by both the initiator and the authorizer. Transactions can be viewed according to the search criteria entered. The search criteria can be by status, effective date range, user, or user reference number. Additionally, transactions that have been posted (liquidated by DST) can be viewed along with all other transactions using the Account Data role. Electronic warrants will not be reflected on the Paid Warrant file, as paper warrants are.

### **How are electronic warrant transactions identified?**

Each transaction on CB\$ has a “trans code description,” providing a description of the posting (e.g., Wire Transfer Payroll, Wire Transfer Fed Taxes, Wire Transfer Debt Service, Wire Transfer Other, Investment Subscription, etc). Electronic warrants submitted under the new system will have a similar description.

### **How long will electronic warrants be available for querying?**

It is anticipated that transactions will be purged three years after the effective date.

## **NEW FEATURES**

### **Will the system accommodate payments between accounts?**

DST has a few customers having multiple STIF accounts. For the STIF accounts not accounted for on NCAS, templates can be established that will allow for the transfer between STIF accounts. These transfers will be “straight through payments” (STP), resulting in a debit to the source account and a credit to the designation account. STPs do not require any authorization action to be taken by DST. No account transfers can be made that affect a budget code. After an electronic warrant involving an account transfer has been posted (liquidated) by DST, the agency can view the transaction under the Account Data role, under the Transaction Activity menu item.

### **Will the system accommodate CMCS Offsets?**

There are a few agencies that utilize the RSB Electronic Warrant System to transfer funds from a disbursing account to a CIT account, against which the receiving agency can then certify the funds to either a budget code or STIF account. This transfer requires a combination of an electronic warrant (debit to the disbursing account and a credit to a CIT account) and a CMCS certification to a budget code or STIF account (two separate transactions). The CB\$ Electronic Warrant feature will continue to support these types of transaction. However, if the designation account is a STIF account, the transfer can be performed as a single transaction, resulting in a debit to the source account and a credit to the designation account, without the agency having to do a CMCS certification. These transactions are STP transactions.

### **Are there future enhancements planned for the CB\$ Electronic Warrant feature?**

Yes. A future enhancement will allow agencies that remit tax withholding payments to the Department of Revenue, and monthly retirement contributions to the Retirement Systems Division, to remit those payments to those two agencies. The system will provide supplemental payment information (in a format similar to the standard TXP format) to be passed along with the payment, which the receiving agency (DOR or Retirement) will be able to utilize to apply the payment. The transfer will result in the payment being credited to the receiving agency’s CIT account. This destination CIT account will be a sweep account, resulting in the total of all payments received on a given day to be automatically swept that night into a second CIT account. The receiving agency will be able to view the transaction postings in both CIT accounts, allowing it certify the funds on CMCS, on the second day. (These internal CIT accounts would operate similar to accounts maintained at a commercial bank for accommodating EFT receipts.) Additionally, this feature could be used for by other agencies desiring to receive payments from agencies that are not eligible to make intra-governmental transfers, through either a CMCS transfer or NCAS funds transfer. This enhancement is expected sometime in 2005. The “supplemental payment information” on the lower portion of an initiation screen will be used to accommodate this enhancement.

### **What should I do if I have questions?**

The latest version of the FAQs is available for viewing and downloading from the CB\$ site address. Questions may be E-mailed to [CB\\$.help@treasurer.state.nc.us](mailto:CB$.help@treasurer.state.nc.us). Questions regarding utilization of CB\$ (role assignment, user setup, etc.) should be addressed to the CBS Help Desk at (919) 508-5914. Questions regarding specific electronic warrants initiated should be addressed to the Specialized Banking Unit at (919) 508-5971.