INFORMATIONAL CIRCULAR NO. 99-A-008

DATE:	September 18, 1998
SUBJECT:	STARS Direct Deposit Payments
EFFECTIVE DATE:	September 18, 1998
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APPROVAL:	
SUMMARY:	Effective September 18, 1998, financial institutions are required to provide payment-related information associated with electronic deposit items to vendors.

Since the implementation of electronic deposit payment capabilities in STARS, we have used the "CTX" (Corporate Trade Exchange) format, and transmitted addenda records containing the same invoice and description information which agencies enter on the funding lines of payment vouchers. Although this information was transmitted through the banking channels, very little of this addenda information ever reached the vendor. This often meant that the agency had to continue to forward remittance information to the vendor to ensure that the payment was posted to the appropriate account or risk that the payment not be credited to the appropriate account(s).

Effective September 18, 1998, the National Automated Clearing House Association (NACHA) requires that all Automated Clearing House (ACH) receiving institutions (the financial institution receiving the electronic deposit) be capable of forwarding information contained in addenda records attached to the corporate ACH items (i.e., our "CTX" records) to receivers (your vendor), at the receivers' request, within two banking days of receipt. This means vendors receiving STARS ACH (electronic) payments can request from their financial institution the same information that is printed on a paper warrant and stub. This includes the agency number, voucher number, invoice number field, and invoice description field as keyed on the voucher.

In order to transmit payments by ACH, an "X" must be in the payment indicator field of the voucher and the vendor must already be shown as prenoted in the vendor file. Each funding line has a 14 character "invoice number" field, and a 30 character "invoice description field". These two fields can be used transmit whatever the vendor requires to identify the payment.

In conjunction with this NACHA rule change, we would like to encourage your agency to encourage your vendors (including employees) to take advantage of ACH payments whenever possible rather than continuing to use paper warrants. Vendors not currently established in the STARS Vendor File with the necessary banking information may become ACH capable by completing Form DA-130,Authorization for Electronic Deposit of Vendor Payment. This form may be found at our Internet site under General Accounting Services.