



Chapter 60 - E-Commerce Policies

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Topic 10 General Provisions

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60.10.100 Overview

This chapter contains policies and requirements for the acceptance and/or disbursement by state agencies of state funds/benefits via electronic means, also referred to as electronic commerce (e-commerce). This includes, but is not limited to, credit cards, debit cards, purchase cards, automated clearing house transfers, and electronic benefit transfers.

The policies and procedures in this section are the minimum requirements that all state agencies must meet. An agency may establish additional policies and requirements, as long as the agency meets the required minimum standards.

This chapter is applicable to all agencies of the State of Washington, unless otherwise exempted by statute or rule. The Budget and Accounting Act ([RCW 43.88.020](#)) defines the term 'Agency' to mean and include "...every state office, officer, each institution, whether educational, correctional or other, and every department, division, board and commission, except as otherwise provided...".

Agencies may request a waiver from complying with specific requirement of this chapter. Refer to [Section ~~10.10.200~~10.10.110 - Waivers and Alternative Policies](#) for information on how to request a waiver.

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[10.110](#) Privacy Policies and Responsibilities



Agencies should develop policies and procedures to implement state and federal laws governing privacy protections. These laws pertain to both internet and non-internet applications.

Privacy Notice: Safeguarding and disposition of personal information must be consistent with [Executive Order 16-01, January 5, 2016](#); [WTS Policy SEC-01](#); and [RCW 42.56.210](#).

State agencies accepting credit cards and/or debit cards must comply with Payment Card Industry – Data Security Standards to safeguard cardholder data. Additional guidance is available on OFM's [E-Commerce Resources](#) website.

The Office of Financial Management and the Office of the State Treasurer set the policies and procedures for e-commerce. The following sections specify those responsibilities.

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Office of Financial Management Responsibilities

Pursuant to [RCW 43.41.110\(13\)](#), the Office of Financial Management (OFM) is the official state agency to estimate and manage the cash flow of all public funds and shall adopt such rules as are necessary to manage the cash flow of public funds. [RCW 43.41.180](#) authorizes OFM to approve the electronic transfer of funds. No state agency may use electronic or other technological means, including credit cards, without specific continuing authorization from the OFM.

The OFM has the following responsibilities related to [e-commerce](#) activities by state agencies:

- Develop administrative and accounting policies and procedures for acceptance and/or disbursement of state funds/benefits via electronic means.
- Approve, prior to implementation, the project, and its expansions if appropriate, for acceptance and/or disbursement of state funds/benefits via electronic means when [economically feasible](#). Approval is required for both pilot and permanent projects.
- Provide assistance to agencies in preparing an [Economic Feasibility Study](#) for e-commerce activities. Agencies are encouraged to work closely with their assigned OFM Statewide Accountant and the OFM E-Government Statewide Accountant. Additional resources are available on OFM's [E-Commerce Resources](#) website.
- Work with the Office of the State Treasurer to respond to requests for fiscal information, as needed, on the electronic receipt and/or disbursement of funds/benefits by state agencies.



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Office of the State Treasurer Responsibilities

As defined in [RCW 43.08.015](#) the state treasurer shall take such actions as are necessary to ensure the effective cash management of public funds. This cash management shall include the authority to represent the state in all contractual relationships with financial institutions. The state treasurer may delegate cash management responsibilities to the affected agencies with the concurrence of Office of Financial Management (OFM).

Under [RCW 43.88.160\(5d\)](#) the Office of the State Treasurer (OST) shall coordinate agencies' acceptance and use of credit cards and other payment methods, if the agencies have received authorization under [RCW 43.41.180](#).

The OST has the following responsibilities related to the electronic receipt and/or disbursement of funds/benefits by state agencies:

- Negotiate master contracts or other contracts for receipts and disbursements by [credit cards](#), [debit cards](#), [Automated Clearing House \(ACH\)](#) transfers, or other electronic or technological means. Master contracts negotiated include, but are not limited to, depository and banking services, credit card and debit card acceptance, [lockbox services](#), and [ACH](#) file processing. This responsibility may be delegated to agencies with OFM's concurrence. An agency delegated this responsibility should use its best efforts to minimize the financial impact of electronic transfers on the state agency, taxpayers, and the public who use its services. Refer to [Chapter 10 - Introduction](#).
- Work with OFM and state agencies in implementing new technologies for acceptance and/or disbursement of state funds/benefits via electronic means which include, but are not limited, to the following:
 - ACH transfers for both acceptance and disbursement of funds.
 - Credit cards and/or debit cards for acceptance of funds.
 - [Remote deposit services](#) for the deposit of checks to the state treasury or local bank accounts.
 - [Prepaid debit cards](#) for disbursement of funds.
- Advise agencies of new cash management techniques, practices, procedures, and other efficient methods of collecting and disbursing state monies to ensure maximum return on state investments.



Topic 20 Acceptance of Electronic Funds by State Agencies

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Methods of Accepting Electronic Funds

The acceptance of electronic funds includes all forms of receiving monies and/or payment information through electronic means. These vehicles include, but are not limited to:

- [Automated Clearing House \(ACH\) transfers](#)
- [Debit Cards](#)
- [Credit Cards](#)
- [Wire Transfers](#)
- [Lockbox Services](#)
- [Remote Deposits](#)

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ACH Transfers

Automated Clearing House (ACH) transfers are the preferred method for agencies accepting funds electronically. This method is generally the least expensive method for accepting funds electronically, and works well for internet applications, recurring transactions, and one-time transactions. Agencies are required to evaluate ACH as the primary option for accepting funds electronically.



ACH transfers through the Office of the State Treasurer (OST) do not require an economic feasibility study (EFS) to be submitted to the Office of Financial Management for approval.

However, agencies are required to contact OST prior to implementing acceptance of ACH transfers:

- Prior approval from OST is required for any ACH deposited to the state treasury.
- If an entity (government or private) wishes to make payment to a state agency by ACH, the agency must provide its bank account information to the entity. Usually, the entity has a form that must be completed and returned before ACH payments can begin.
- For deposits to the state treasury, the agency should complete the agency-related information on the form and forward it to OST's Cash Management Section to complete the banking information.
- The form will then be returned to the agency to forward to the paying entity. This is necessary to ensure the funds are identified properly upon receipt and that the volume of receipts can be managed appropriately.
- Agencies planning to collect funds via ACH from a large number of customers (i.e., tax payments, license fees, etc.) must work with OST to determine the most appropriate and cost-effective method for collection. **An EFS is required** when working with OST to outsource the ACH file creation process to a third-party vendor or when OST assists agencies in developing systems to create their own ACH file and process it through the state treasury. Refer to [Topic 40 - Economic Feasibility Study](#) below for information related to preparing an EFS. This process requires coordination and testing between the agency and OST.
- Acceptance of ACH into [local accounts](#) must be on the list of services in the master contract that has been negotiated by OST with the local bank. If it is not, contact OST to amend the contract. Refer to [Chapter 180 - Banking and Settlement](#) for information related to banking services.

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Debit and Credit Cards

Unless specifically authorized by law, all new projects to accept debit cards and/or credit cards must be approved by the Office of Financial Management (OFM) prior to implementation. This requires an Economic Feasibility Study (EFS) to be submitted to OFM.

If a project is limited to the acceptance of debit cards and/or credit cards and does not include Automated Clearing House transfers, the Business Case section of the EFS is required to explain why ACH would not be a viable option for the agency's project.



Debit cards and/or credit cards may be processed either by retail methods or over the internet. Retail methods, also called point of sale, include transactions over the counter, through an interactive voice response system, over the phone, by fax, or by mail.

Expansions of existing processes may require approval by OFM as well. Agencies planning an expansion should contact their assigned OFM Statewide Accountant to determine if an EFS is needed.

State agencies accepting credit cards and/or debit cards must comply with Payment Card Industry – Data Security Standards to safeguard cardholder data. Additional guidance is available on OFM's [E-Commerce Resources](#) website.

Each agency accepting credit cards and/or debit cards must reconcile its card activity daily.

Generally, agencies may not accept credit cards, commonly referred to as purchase cards.

Exceptions to this are as follows:

- When prior written approval is received from OFM.
- When the paying and/or receiving account is a local account, and the receiving agency has agreed to accept the inter-agency purchase card payments.
- The Department of Transportation's Good To Go! accounts.
- The Department of Labor and Industries electrical permits.
- Individual transactions less than \$50.00.

Refer to [Subsection 85.36.20](#) for further information on methods of payment available for inter-agency payments.

60.20.30360.20.130 **Wire Transfers, Lockbox Services, Remote Deposit Services, and Other Electronic Technologies**

In general, unless specifically authorized by law, all other forms of acceptance or electronic transfer of funds and/or payment information by state agencies must be approved by the Office of Financial Management (OFM) **prior to** implementation. This **requires** an Economic Feasibility Study (EFS) to be submitted to OFM.

Expansions of existing processes may also require approval by OFM. Agencies planning an expansion should contact their assigned OFM Statewide Accountant to determine if an EFS is needed.



If a project is limited to these other electronic technologies, and does not include Automated Clearing House (ACH), the Business Case section of the EFS is required to explain why ACH would not be a viable option for their project.

Electronic payment types where an EFS is required include, but are not limited to:

- **ACH transfers not performed directly through the Office of the State Treasurer (OST).** Any ACH transfer where the processing and settlement occur outside the state treasury.
- **Lockbox services.** Contact OST's Cash Management Section for information on services available through the Master Lockbox and Automated Remittance Advice Services Contract. A contract amendment is required to add a new agency or to change existing agency specific requirements. Lockboxes often have an electronic component. Contact OST and OFM to determine if an EFS approval is needed for the specific project.
- **Remote deposit services not arranged directly through the OST.** Remote deposit services are defined as the use of imaging software to capture and transfer an image of a paper check to the bank for deposit. Remote deposit may also be referred to as Check 21 deposits. Contact OST's Cash Management Section regarding available contracts.

Electronic payment types where an EFS is **NOT required** include, but are not limited to:

- **Wire transfers, which** can be expensive and therefore should not be used routinely. Wire transfers can be processed into [treasury](#) and [treasury trust accounts](#) under special circumstances. Wires which are needed immediately and singular in nature do not require an EFS.

However, agencies considering a recurring or routine wire transfer must complete an EFS, and the agency must work with OST to ensure that there is not a less expensive alternative available.

Acceptance of wire transfers into local accounts must be on the list of services in the master contract that has been negotiated by OST with the local bank. If it is not, contact OST to amend the contract. Refer to [Chapter 180 - Banking and Services](#) for information related to banking services.



Topic 30 Disbursement of Electronic Funds by State Agencies

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Methods of Disbursing Electronic Funds

The disbursement of electronic funds includes all forms of disbursing monies and/or payment information through electronic means. These vehicles include, but are not limited to:

- Automated Clearing House transfers
- Wire Transfers
- Electronic Benefit Transfers
- Payroll Cards
- Prepaid Debit Cards

Electronic Funds may also be distributed from local accounts, state purchase cards, state travel cards, and fuel cards. Refer to [Chapter 130 - Procurement](#) for more information about these types of disbursements.

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ACH transfers



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Automated Clearing House (ACH) transfers are the preferred method for agencies disbursing funds electronically. This method is generally the least expensive method for disbursing funds electronically. Agencies are required to evaluate ACH as the primary option for disbursing funds electronically.

An [economic feasibility study \(EFS\)](#) **is not required** to be submitted to the Office of Financial Management for approval for the following:

- Disbursement of funds by ACH through the Office of the State Treasurer (OST)
- Direct deposit (ACH) of employee's earnings. Refer to [Section 25.70.20](#).

However, agencies are required to contact OST prior to implementing disbursement of ACH transfers:

- Agencies must coordinate with OST to ensure compliance with National Automated Clearing House Association rules.
- Agencies must ensure that all contract amendments needed on the Agreement for Concentration Account Services for treasury and treasury trust accounts have been made, or, if a local account is being utilized, ensure that disbursement by ACH is included in the list of services on the master contract negotiated by OST with the local bank.
- Coordination with OST for testing of the ACH file and other necessary procedures must also be undertaken.

Refer to [Section 85.36.20](#) for additional information related to ACH disbursements. Refer to [Chapter 180 - Banking and Settlement](#) for further information related to banking services.

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Wire Transfers

Disbursement by [wire transfer](#) can be expensive and therefore should not be used routinely. Wire transfers can be processed from [treasury](#) and [treasury trust accounts](#) under special circumstances. Wires which are needed immediately and singular in nature do not require an Economic Feasibility Study ([EFS](#)).

However, agencies considering a recurring or routine wire transfer **must complete** an EFS, and the agency must work with Office of the State Treasurer (OST) to ensure that there is not a less expensive alternative available.

Disbursement by wire transfers out of [local accounts](#) must be on the list of services on the master contract negotiated by OST with the local bank. If it is not, contact OST to amend the contract. Refer to [Chapter 65](#).



~~60.30.303~~60.30.130 **Electronic Benefit Transfers, Payroll Cards, Stored Value Cards, and Other Electronic Technologies**

In general, unless specifically authorized by law, agencies wishing to disburse funds/benefits via Electronic Benefit Transfers (EBT), [stored value cards](#), or any other electronic technology **must receive approval** by the Office of Financial Management (OFM) **prior to** implementation.

Payroll cards and expansions of existing processes **may also require** approval by OFM.

Electronic payment types where an Economic Feasibility Study (EFS) is **required** include, but are not limited to:

- **[EBTs](#)**. EBTs are a method for making disbursements to benefit recipients. EBT is similar in nature to a debit card. The recipient's benefits are encoded on a magnetic stripe card.
- **[Prepaid debit cards](#)**. A card for which the prefunded value is associated with a bank account, which must be accessed for payment authorization. These cards can be reloadable or disposable, and include cards such as flexible spending account cards, government benefit cards, etc. Contact the Office of the State Treasurer's (OST's) Cash Management Section regarding available contracts.

Electronic payment types where an **EFS may be required** include, but are not limited to:

- **[Payroll cards](#)**. A card for which employee's net pay is loaded and made accessible to an employee. Payroll cards are a form of a prepaid debit card. Contact OST's Cash Management Section regarding available contracts. Refer to [Section/Topic 25.70](#) for more information regarding employee payment options.
- **Expansions of existing processes**. Agencies planning an expansion should contact their assigned OFM Statewide Accountant to determine if an EFS is needed. Contact OST's Cash Management Section regarding available master contracts.

Electronic payment types where an EFS is **NOT required** include, but are not limited to:

- **Gift cards**. Gift cards may be used by agencies as a convenient means for incentives. An agency may also use gift cards for administering special programs as long as there are no fees attached or the fees are one-time and nominal. The agency must ensure adequate internal controls are in place to safeguard the assets. Refer to [Chapter 40 - Internal Control](#) for more information on internal controls.



Topic 40 Economic Feasibility Study

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60.40.100 Purpose, Components, and Elements

The purpose of an [economic feasibility study \(EFS\)](#) is to demonstrate the net benefit of a proposed project for accepting or disbursing electronic funds/benefits, taking into consideration the benefits and costs to the agency, other state agencies, and the general public as a whole.

The EFS is composed of **two required forms**, available on the Office of Financial Management's (OFM's) [E-Commerce Resources](#) website.

- [Business Case](#)
- [Cost Benefit Analysis](#)

The agency **must submit** its EFS and request for approval to OFM **prior to** accepting or disbursing electronic funds/benefits, except where noted in this section above. Approval from OFM is required for pilot and permanent projects, and both internet and retail projects. When completing the EFS, the agency should consider only those portions of the proposed project that are related to electronic payment processing.

If the project includes acceptance of [credit cards](#) and/or [debit cards](#), the EFS must specify how funds/ benefits will be accepted (such as over the counter, via the internet, etc.). The EFS must also specify which card brands will be accepted (such as VISA, MasterCard, Discover, American Express, etc.).



In addition, supporting documentation can provide additional detail on the elements and may be submitted with the EFS if necessary.

EFS Business Case elements include, but are not limited to:

- Increased agency revenue,
- Decreased agency revenue,
- Increased agency costs,
- Decreased agency costs,
- Increased revenue to other agencies and/or the general public,
- Decreased revenue to other agencies and/or the general public,
- Increased costs to other agencies and/or the general public,
- Decreased costs to other agencies and/or the general public, and,
- Other public benefits.

These items are to be described in detail in the Business Case, and the associated dollar amounts for these items included in the Cost Benefit Analysis. The elements for the agency should be separated from those of other state agencies and the general public so that the potential funding requirements can be discerned.

Additional guidance on economic feasibility elements is available on the OFM's [E-Commerce Resources](#) website.

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Business Case

The Business Case is to be submitted on the Business Case form. The [Business Case form](#) is available on the Office of Financial Management's (OFM's) [E-Commerce Resources](#) website.

The Business Case provides an analysis of the business environment including, but not limited to, a description of who the expected customers are, the nature of the business, how the payment is currently being processed, if applicable, and the current and expected volume and timing of transactions. The Business Case also presents the benefits of the proposed project.

The Business Case includes a description of the assumptions made in the economic feasibility analysis and the reasoning behind those assumptions. If a project includes electronic payment methods other than Automated Clearing House (ACH), the Business Case is required to explain why ACH would not be a viable option for the agency's project. Other alternative



processes considered should be noted and the consequences of not implementing the proposed project are to be explained.

A summary of the agency's economic feasibility elements and the potential need for funding are to be included in the Business Case. A summary of the economic impact on other state agencies and the general public is also presented in the Business Case.

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Cost Benefit Analysis

The Cost Benefit Analysis is presented on the [Cost Benefit Analysis form](#). The Cost Benefit Analysis form is available on the Office of Financial Management's [E-Commerce Resources](#) website.

The Cost Benefit Analysis summarizes the revenues and costs involved with the proposed project. The amounts in the Cost Benefit Analysis should reflect the amounts and assumptions in the Business Case. An analysis summarizing the impact to the agency, other state agencies, and the general public is also included, as applicable.

If necessary, additional supporting documentation may be included with the Economic Feasibility Study to support the Business Case and Cost Benefit Analysis.

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EFS Considerations and Recommendations

When preparing an Economic Feasibility Study (EFS), the Office of Financial Management (OFM) recommends the agency consider the following:

- Prepare an EFS in conjunction with the agency's assigned OFM Statewide Accountant, the OFM E-Government Accountant, the OFM Budget Analyst, and the Office of the State Treasurer (OST). It is strongly recommended that agencies prepare and submit a draft EFS to OFM and OST for review and comment prior to submitting the final EFS for approval. Additional guidance is available on OFM's E-Commerce Resources website at: [E-Commerce Resources](#).
- Ensure that any project is authorized under [RCW 43.88.160\(5\)](#). Refer to [Section 20.10.202](#)[20.10.170 - Office of the State Treasurer](#).
- It is strongly recommended that the agency work together with its internal information services, and program, accounting and fiscal staff, as well as the agency's assigned OFM Statewide Accountant and Budget Analyst to define the project, analyze its viability, and



receive assistance in preparing an EFS. Additional guidance is available on OFM's [E-Commerce Resources](#) website.

- Consider conducting a survey or some other form of evaluation to help determine the needs and usage of the project by potential customers.
- For new endeavors, consider undertaking a pilot project with limited scope, location, and complexity to help determine its overall feasibility. Approval from OFM is required for both pilot and permanent projects.
- If the electronic payment feature of the project can be separated from the entire project, the EFS should be prepared on the payment piece only.
- Contact the OST Cash Management Section to discuss contracts, merchant IDs, equipment, software, and banking fees. Other banking agreements and applicable cash management laws should also be addressed. Refer to [Chapter 180 - Banking and Settlement](#) for further information related to banking services.
- Contact the Public Deposit Protection Commission to discuss any potential out of state banking issues and any other depository concerns. Refer to [Section 20.10.2020.10.170 - Office of the State Treasurer](#).
- In addition to the EFS approval, agencies whose projects include investments in information technology may require additional approvals:
 - If an agency is proposing to invest in an agency financial or administrative system, a separate Systems Approval may be required. Refer to [Section 80.30.88](#).
 - An additional approval from the Washington Technology Solutions (WTS) and/or the Technology Services Board may also be required. Agencies should contact their assigned WTS Senior Technology Consultant to determine if this additional approval is required.
- Consult with the agency's Assistant Attorney General on any legal issues.

Subsequent to OFM approval:

- Contact OST's Cash Management Section.
- Set up procedures to account for the processing fees and other banking costs associated with the electronic receipt and/or disbursement of funds. Unless otherwise provided by law, electronic payment processing and/or transaction fees may not be netted from revenues. Agencies operating in appropriated accounts are to record costs associated with the electronic receipt and/or disbursement of funds as expenditures. Such information should be readily available when requested.
- Set up procedures to reconcile receipts with the amounts reported by outside entities.
- If the project involves the internet, create an application design, and test it prior to implementation.
- Train personnel and market the project as appropriate.



- Collect data on the actual usage, revenue, cost, etc., of the project. Such information is useful for determining ongoing economic feasibility.

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References and Links

[E-Commerce Resources](#)

[Business Case form](#)