



Chapter 40

E-Commerce: Electronic

Acceptance and

Disbursements of State

Funds/Benefits



40.10 General Provisions

Section	Title	Effective Date	Page Number
40.10.10	Policies in this chapter are minimum standards	July 1, 2010	283
40.10.20	Authority for these policies	Oct. 1, 2016	283
40.10.30	Applicability	July 1, 2010	284
40.10.40	Responsibilities of the Office of Financial Management	July 1, 2010	285
40.10.50	Responsibilities of the Office of State Treasurer	July 1, 2010	285

40.10.10 Policies in this chapter are minimum standards

July 1, 2010

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](#) and [debit cards](#), [purchase cards](#), [automated clearing house \(ACH\)](#) transfers, and [electronic benefit transfers \(EBTs\)](#).

The policies and procedures in this chapter 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.

40.10.20 Authority for these policies

Oct. 1, 2016

40.10.20.a

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.

40.10.20.b

[RCW 43.41.180](#) authorizes the Office of Financial Management 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 Office of Financial Management.



State Administrative and Accounting Manual

40.10.20.c

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 the Office of Financial Management.

40.10.20.d

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](#).

40.10.20.e

Under [RCW 39.26.090](#) the Department of Enterprise Services (DES) is to establish overall state policies, standards, and procedures regarding the procurement of goods and services by all state agencies, and develop policies and standards for the use of credit cards or similar methods to make purchases.

40.10.20.f

[RCW 28B.10.029](#) authorizes institutions of higher education to independently exercise certain powers otherwise granted to the director of DES.

40.10.20.g

The Budget and Accounting Act, [RCW 43.88.160\(4\)\(a\)](#) requires that the director of the Office of Financial Management (OFM), as an agent of the governor, develop and maintain a system of internal controls. Refer to [Chapter 20](#).

40.10.20.h

Additionally, refer to [Chapter 65](#) for information related to banking services, and [RCW 39.58.080](#) for deposit of public funds.

40.10.30 Applicability

July 1, 2010

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..."



State Administrative and Accounting Manual

Agencies may request a waiver from complying with specific requirements of this chapter. Refer to [Subsection 1.10.40](#) for information on how to request a waiver.

40.10.40 Responsibilities of the Office of Financial Management

July 1, 2010

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

1. Develop administrative and accounting policies and procedures for acceptance and/or disbursement of state funds/benefits via electronic means.
2. 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.
3. Provide assistance to agencies in preparing an [economic feasibility study \(EFS\)](#) for e-commerce activities. Agencies are encouraged to work closely with their assigned OFM Accounting Consultant and the OFM E-Government Accounting Consultant. Additional resources are available on OFM's E-Commerce Resources website at: <http://www.ofm.wa.gov/resources/ecommerce.asp>.
4. Work with OST to respond to requests for fiscal information, as needed, on the electronic receipt and/or disbursement of funds/benefits by state agencies.

40.10.50 Responsibilities of the Office of State Treasurer

July 1, 2010

The Office of the State Treasurer (OST) has the following responsibilities related to the electronic receipt and/or disbursement of funds/benefits by state agencies.

1. Negotiate master contracts or other contracts for receipts and disbursements by [credit cards](#), [debit cards](#), [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 65](#).

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.



State Administrative and Accounting Manual

- [Remote deposit services](#) for the deposit of checks to the state treasury or local bank accounts.
 - [Prepaid debit cards](#) for disbursement of funds.
2. Advise agencies of new cash management techniques, practices, procedures, and other efficient methods of collecting and disbursing state money to ensure maximum return on state investments.



40.20 Acceptance of Electronic Funds by State Agencies

Section	Title	Effective Date	Page Number
40.20.10	Methods of electronic funds acceptance	July 1, 2010	287
40.20.15	Automated clearing house transfers	July 1, 2011	287
40.20.20	Credit cards and debit cards	July 1, 2019	288
40.20.30	Wire transfers, lockbox services, remote deposit services, and other electronic technologies	Oct. 1, 2011	289

40.20.10 Methods of electronic funds acceptance

July 1, 2010

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](#) transfers
- [Credit cards](#)
- [Debit cards](#)
- [Wire transfers](#)
- [Lockbox services](#)
- [Remote deposit services](#)

40.20.15 Automated clearing house transfers

July 1, 2011

The preferred method for agencies accepting funds electronically is [automated clearing house \(ACH\)](#) transfers. 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 (OFM) 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.



State Administrative and Accounting Manual

- 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. This may include outsourcing the ACH file creation process to a third party vendor or assisting the agencies in developing systems to create their own ACH file and processing it through the state treasury, and if so, an **EFS is required**. Refer to [Section 40.40](#) 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 65](#) for information related to banking services.

40.20.20 Credit cards and debit cards

July 1, 2019

Unless specifically authorized by law, all new projects to accept [credit cards](#) and/or [debit 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. Refer to [Section 40.40](#) for information related to preparing an EFS.

If a project is limited to the acceptance of credit cards and/or debit cards, and does not include automated clearing house (ACH) transfers, the Business Case of the EFS is **required** to explain why ACH would not be a viable option for the agency's project.

Credit cards and/or debit cards may be processed either by retail methods or over the internet. Retail methods are also called [point of sale](#) and 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 Accounting Consultant 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 (PCI-DSS) to safeguard cardholder data. Additional guidance is available on OFM's E-Commerce Resources website at: <http://www.ofm.wa.gov/resources/ecommerce.asp>.



State Administrative and Accounting Manual

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 based on the requirements in [Subsection 40.40.10](#).
- 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! prepaid and pay-as-you go toll 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.

40.20.30 Wire transfers, lockbox services, remote deposit services, and other electronic technologies

Oct. 1, 2011

40.20.30.a

In general, in addition to [credit cards](#) and/or [debit cards](#), 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 EFS to be submitted to OFM. Refer to [Section 40.40](#) for information related to preparing an EFS.

Expansions of existing processes may also require approval by OFM. Agencies planning an expansion should contact their assigned OFM Accounting Consultant 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 of the EFS is required to explain why ACH would not be a viable option for their project.

40.20.30.b

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.



State Administrative and Accounting Manual

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.** The use of imaging software to capture and transfer an image of a paper check to the bank for deposit. May also be referred to as Check 21 deposits. Contact OST's Cash Management Section regarding available contracts.

40.20.30.c

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

- **Wire transfers:**
 - Acceptance of wire transfers 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 65](#) for information related to banking services.
- **Inter-agency payments (IAP).** IAP is the preferred method to pay other state agencies or to allocate or transfer costs between accounts, programs, etc., within an agency when both the paying and receiving accounts are either treasury or treasury trust accounts.
- **Interfund transfers (IFT).** IFT is the preferred method in AFRS for transferring cash between treasury and/or treasury trust accounts within the same agency. IFT transactions are used during the fiscal year to allocate or transfer costs between accounts, within an agency when both the paying and receiving accounts are either treasury or treasury trust accounts. IFT transactions are not valid in the adjustment months of 99 and 25.



40.30 Disbursement of Electronic Funds/Benefits by State Agencies

Section	Title	Effective Date	Page Number
40.30.10	Methods of electronic funds disbursement	Oct. 1, 2016	291
40.30.15	Automated clearing house transfers	July 1, 2011	291
40.30.20	Wire transfers	July 1, 2010	292
40.30.30	Electronic benefit transfers, payroll cards, stored value cards, and other electronic technologies	Oct. 1, 2016	292
40.30.40	Purchase cards	Oct. 1, 2016	294
40.30.50	State travel cards	Jan. 1, 2012	295
40.30.60	Fuel cards	Jan. 1, 2012	295

40.30.10 Methods of electronic funds disbursement

Oct. 1, 2016

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](#)
- State [Purchase Card](#)
- State Travel Card
- Fuel Cards

40.30.15 Automated clearing house transfers

July 1, 2011

The preferred method for agencies disbursing funds electronically is [automated clearing house \(ACH\)](#) transfers. This method is generally the least expensive method for disbursing funds electronically.



State Administrative and Accounting Manual

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 [Subsection 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 (NACHA) 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 [Subsection 85.36.20](#) for additional information related to ACH disbursements. Refer to [Chapter 65](#) for further information related to banking services.

40.30.20 Wire transfers

July 1, 2010

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 [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.

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](#).

40.30.30 Electronic benefit transfers, payroll cards, stored value cards, and other electronic technologies

Oct. 1, 2016

40.30.30.a

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



State Administrative and Accounting Manual

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

40.30.30.b

Electronic payment types where an economic feasibility study (EFS) is **required** include, but are not limited to:

- **Electronic benefit transfers (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 OST's Cash Management Section regarding available contracts.

40.30.30.c

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 25.70](#) for more information regarding employee payment options.
- **Expansions of existing processes**. Agencies planning an expansion should contact their assigned OFM Accounting Consultant to determine if an EFS is needed. Contact OST's Cash Management Section regarding available master contracts.

40.30.30.d

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

- **Inter-agency payments (IAP)**. IAP is the preferred method to pay other state agencies or to allocate or transfer costs between accounts, programs, etc., within an agency or when both the paying and receiving accounts are either treasury or treasury trust accounts.
- **Interfund transfers (IFT)**. IFT is the preferred method in AFRS for transferring cash between treasury and/or treasury trust accounts within the same agency. IFT transactions are used during the fiscal year to allocate or transfer costs between accounts, within an agency when both the paying and receiving accounts are either treasury or treasury trust accounts. IFT transactions are not valid in the adjustment months of 99 and 25.
- **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. The agency must ensure adequate internal controls are in place to safeguard the assets. Refer to [Chapter 20](#) for more information on internal controls.



40.30.40 Purchase cards

Oct. 1, 2016

40.30.40.a Requirements

Agencies may only use [credit](#) and/or [debit cards](#) issued through the state charge card system and the fuel card program authorized by the Department of Enterprise Services (DES), unless there is specific authority which authorized an agency to independently contract for purchase card services.

Agencies must follow the DES policies and procedures on the use of purchase cards.

Purchase cards are to be used within the same statutes, rules, policies, and procedures as purchases by any other means of payment.

Agencies must develop internal policies and procedures in line with the purchase card policies and procedures set by DES. Internal policy should include, but not limited to:

- Internal control requirements in line with SAAM [Chapter 20](#) and DES's policies and procedures.
- The agency established purchase card reporting structure/hierarchy for the agency and ensuring proper separation of duties. For example, a card user may not be the reviewer or [approving official](#) for their own transactions.
- Consideration of the State ethics laws.
- Disciplinary procedures related to unauthorized use of cards and card renewal procedures.

40.30.40.b Restrictions

Agencies may not use the purchase card to pay other state agencies or to make payments between internal departments within an agency.

Exceptions to this are as follows:

- When prior written approval is received from the Office of Financial Management based on the requirements in [Subsection 40.40.10](#), or
- 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, or
- The Department of Transportation's *Good To Go!* prepaid and pay-as-you-go toll accounts. Agencies should actively manage/monitor their *Good To Go!* account. Agencies may not auto-replenish accounts. When replenishing the account, agencies should not exceed one month's estimated usage.

40.30.40.c Rebate/incentive programs

Each agency should establish a policy for accounting for any rebates/incentives received from any merchants or the issuing bank. The policy should address the individual business needs of the agency and



State Administrative and Accounting Manual

should cover how the rebates are to be recorded. Note that all merchant losses on agency accounts may be deducted by the issuing bank when determining agency rebate amounts. Therefore an agency should make a reasonable effort to ensure that unauthorized or disputed transactions are promptly reported.

Rebates should be recorded as either a recovery of expenditures or miscellaneous revenue depending on the timing of the receipt of the rebate and/or the source of funds expended for the purchase card transactions.

For further information on the state charge card system, refer to [Subsection 10.10.45](#) or contact DES at (360) 902-7400.

For additional information related to disbursement mechanisms, refer to [Subsection 85.36.20](#).

40.30.50 State travel cards

Jan. 1, 2012

Agencies must follow the policies and procedures in [Subsections 10.10.45](#), [10.30.60](#), and [10.50.40](#) on the use of state travel cards. No type of [credit card](#) and/or [debit card](#) other than the state charge card system and the fuel card program authorized by the Department of Enterprise Services (DES) may be used by agencies.

For further information on state travel cards, contact DES at (360) 902-7400.

40.30.60 Fuel cards

Jan. 1, 2012

Agencies must follow the policies and procedures in [Subsection 85.36.20](#) on the use of fuel cards. No type of [credit card](#) and/or [debit card](#) (including specific gas station credit cards) other than the state charge card system and the fuel card program authorized by the Department of Enterprise Services (DES) may be used by agencies.

For further information on the fuel card program, contact DES at (360) 902-7400.



40.40 Economic Feasibility Study

Section	Title	Effective Date	Page Number
40.40.10	Purpose and components of an economic feasibility study	Oct. 1, 2011	296
40.40.20	Economic feasibility elements	Oct. 1, 2011	297
40.40.30	Business Case	Oct. 1, 2011	297
40.40.40	Cost Benefit Analysis	Oct. 1, 2011	298
40.40.50	Supporting documentation	Oct. 1, 2011	298
40.40.60	Steps to request approval from the Office of Financial Management	Jan. 1, 2012	298
40.40.70	Steps after approval is obtained	July 1, 2010	299

40.40.10 Purpose and components of an economic feasibility study

Oct. 1, 2011

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**:

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

These forms are available on the Office of Financial Management's (OFM) E-Commerce Resources website at: <http://www.ofm.wa.gov/resources/ecommerce.asp>.

The agency **must submit** its EFS and request for approval to OFM **prior to** accepting or disbursing electronic funds/benefits, except where noted in [Sections 40.20](#) and [40.30](#). 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.).



State Administrative and Accounting Manual

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

40.40.20 Economic feasibility elements

Oct. 1, 2011

Economic feasibility 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 Office of Financial Management's E-Commerce Resources website at: <http://www.ofm.wa.gov/resources/ecommerce.asp>.

40.40.30 Business Case

Oct. 1, 2011

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 E-Commerce Resources website at: <http://www.ofm.wa.gov/resources/ecommerce.asp>.

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 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.



State Administrative and Accounting Manual

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.

40.40.40 Cost Benefit Analysis

Oct. 1, 2011

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 at: <http://www.ofm.wa.gov/resources/ecommerce.asp>.

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.

40.40.50 Supporting documentation

Oct. 1, 2011

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

40.40.60 Steps to request approval from the Office of Financial Management

Jan. 1, 2012

1. Ensure that any project is authorized under [RCW 43.88.160\(5\)](#). Refer to [Subsection 40.10.20.d](#).
2. It is strongly recommended that the agency work together with its internal information services, program and accounting/fiscal staff, as well as the agency's assigned Office of Financial Management (OFM) Accounting Consultant 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 at: <http://www.ofm.wa.gov/resources/ecommerce.asp>.
3. Consider conducting a survey or some other form of evaluation to help determine the needs and usage of the project by potential customers.
4. 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.
5. 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.



State Administrative and Accounting Manual

6. 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 65](#) for further information related to banking services.
7. Contact the Public Deposit Protection Commission to discuss any potential out of state banking issues and any other depository concerns. Refer to [Subsection 65.10.10.c](#).
8. 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 [Subsection 80.30.88](#).
 - An additional approval from the Office of the Chief Information Officer (OCIO) and/or the Technology Services Board may also be required. Agencies should contact their assigned OCIO Senior Technology Consultant to determine if this additional approval is required.
9. Consult with the agency's Assistant Attorney General on any legal issues.
10. Prepare an EFS in conjunction with the agency's assigned OFM Accounting Consultant, the OFM E-Government Consultant, the OFM Budget Analyst, and 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: <http://www.ofm.wa.gov/resources/ecommerce.asp>.

40.40.70 Steps after approval is obtained

July 1, 2010

1. For all projects, contact the Office of the State Treasurer, Cash Management Section.
2. 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.
3. Set up procedures to reconcile receipts with the amounts reported by outside entities.
4. If the project involves the internet, create an application design and test it prior to implementation.
5. Train personnel and market the project as appropriate.
6. Collect data on the actual usage, revenue, cost, etc., of the project. Such information is useful for determining ongoing economic feasibility.



40.50 Privacy Issues

Section	Title	Effective Date	Page Number
40.50.10	General provisions	June 1, 2014	300

40.50.10 General provisions

June 1, 2014

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

Privacy Notice: Safeguarding and disposition of personal information must be consistent with Executive Order 00-03, April 25, 2000; [OCIO Policy 141](#); and [RCW 42.56.210](#).

State agencies accepting [credit cards](#) and/or [debit cards](#) must comply with Payment Card Industry – Data Security Standards (PCI-DSS) to safeguard cardholder data. Additional guidance is available on OFM’s E-Commerce Resources website at: <http://www.ofm.wa.gov/resources/default.asp>.