~~40.30~~	~~Disbursement of Electronic Funds/Benefits by State Agencies~~

40.30 Disbursement of Electronic Funds by State Agencies

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~~40.30.10~~	~~Methods of electronic funds disbursement~~
~~Jan. 1, 2024~~	

40.30.10 Methods of disbursing electronic funds

June 1, 2026

The disbursement of electronic funds includes all forms of disbursing ~~monie~~funds ~~and/or payment information~~ through electronic means.

These ~~vehicle~~methods include, but are not limited to:

- Automated clearing house (ACH) transfers
- Wire transfers

- Electronic benefit transfers (EBTs)
- ~~Electronic payments from a local account~~
- Payroll cards
- Prepaid ~~debit~~ cards
- Gift cards
- State ~~P~~purchase ~~C~~cards
- State ~~T~~travel ~~C~~cards
- ~~Fuel~~State vehicle fleet ~~C~~cards

~~40.30.15~~	~~Automated clearing house transfers~~
~~July 1, 2011~~	

40.30.15 Automated clearing house (ACH) transfers

June 1, 2026

~~T~~Automated Clearing House (ACH) transfers are the preferred method for agencies disbursing funds electronically ~~is automated clearing house (ACH) transfers. This method~~, since it 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) and AFRS.
- 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~~s by ACH transfers:

- Agencies must coordinate with OST to ensure compliance with National Automated Clearing House Association (NACHA) ~~(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 ~~statewide~~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~~	

40.30.20 Wire transfers

June 1, 2026

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. Wire transfers which are needed immediately and are singular in nature do not require an economic feasibility study (EFS).

However, agencies considering a recurring or routine wire transfer **must complete** an EFS to be submitted to the Office of Financial Management for approval, and the agency must work with the 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 ~~statewide~~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~~
~~Jan. 1, 2024~~	

40.30.30 Electronic benefit transfers, payroll cards, prepaid cards, gift cards, and other electronic technologies

June 1, 2026

40.30.30.a

In general, unless specifically authorized by law, agencies wishing to disburse funds~~/benefits~~ via electronic benefit transfers (EBTs), ~~stored value~~prepaid cards, or any other electronic technology **must receive approval** ~~by~~from 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.

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

Generally, state agencies should not use online payment processing services, such as PayPal, Google Pay, Venmo, Apple Pay, or other like services to make payments. Safeguarding state funds is essential. Using online payment processing services adds another level of complexity and risk to the payment process since the credit card information is held by a third party. When a payment can be sent directly to a vendor, using an online payment processor would be seen as an unnecessary risk to the state. Agencies should consult

with OST about alternatives to online payment processing services using the state merchant services agreement contract.

Exceptions to the EFS requirement for disbursement of funds via EBTs, payroll cards, prepaid cards, gift cards, and other electronic technologies are included below. Refer to Subsection 40.30.30.c and Subsection 40.30.30.d.

40.30.30.b

~~E~~Disbursement of electronic payment types where an ~~economic feasibility study (~~EFS~~)~~ is **required** include, but are not limited to:

- **Electronic benefit transfer~~s~~ (EBT~~s~~)**. EBT is ~~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~~loaded onto a ~~magnetic stripe~~card, much like a debit 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

~~E~~Disbursement of electronic payment types where an **EFS ~~may be~~MAY BE required** include, but are not limited to:

- **Gift cards**. Gift cards may be used by agencies as a convenient means for offering 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. If the fees are more than nominal, then an EFS is required. The agency must ensure adequate internal controls are in place to safeguard the assets. Refer to Chapter 20 for more information on internal controls.
- **Payroll cards**. ~~A~~Payroll cards are a form of a prepaid debit card ~~for~~on which an employee's net pay is loaded and made accessible to ~~an~~the 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 Statewide Accountant to determine if an EFS is needed. Contact OST's Cash Management Section regarding available ~~statewide~~master contracts.

40.30.30.d

~~E~~Disbursement of 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~~funds 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~~**Online payment processing services.** ~~An agency~~Agencies may ~~also~~only use ~~gift cards for administering special programs as long~~online payment processing services such as ~~there are no fees attached~~PayPal, Google Pay, Venmo, or ~~the gift card has a nominal procurement fee. The agency must ensure adequate internal controls are in place to safeguard~~Apple Pay to disburse funds if it is to charge a state purchase card, or for disbursing funds for the ~~assets. Refer to Chapter 20 for more information on internal controls~~Community Compensation program as authorized by the Office of Equity as described below.
- **Community compensation.** Disbursement of funds for community compensation as authorized by the Office of Equity. Forms of electronic payment include:

  - **Prepaid ~~Cards~~cards.** A card for which compensation is loaded and made accessible to a board or commission member. Contact OST's Cash Management Section regarding available contracts.
  - ~~**Electronic payments**~~**Online payment processing services.** Compensation to a board or commission member ~~by~~using ~~electronic~~online payment ~~methods~~processing services such as PayPal, Google Pay, Venmo, or Apple Pay. Electronic payments are only allowed from a local bank account.

~~40.30.40~~	~~Purchase cards~~
~~Oct. 1, 2016~~	

40.30.40 State purchase cards

June 1, 2026

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~~ .
- ~~W~~Between state agencies when the paying and/or receiving account is a local account, and the receiving agency has agreed to accept the ~~inter-agency~~ purchase card payment~~s, or~~ from the other agency.
- The Department of Transportation's Good To Go! accounts. Agencies should actively manage~~/~~ and 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.
- Payments to the Department of Labor and Industries for electrical permits.
- Payments to other state agencies for individual transactions less than $50.00.

40.30.40.c Rebate/incentive programs

Each agency should establish a policy for accounting for any rebates~~/~~ or incentives received from any merchants or the issuing bank. The policy should address the individual business needs of the agency and should cover how the rebates are to be recorded. ~~Note that a~~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.