

Policy and Guidelines For Electronic Commerce

Office of the State Controller (OSC)		Effective Date: April 12, 2002 Revision Date: October 1, 2005
Policy Area: Electronic Commerce	Title: Authorization for ACH Transactions	

Authority: Session Law 1999-434, Senate Bill 222, ratified in July 1999 amended various statutes, authorizing state government agencies to maximize the acceptance of electronic payments, a term which includes credit / debit cards (merchant cards) and electronic fund transfer (EFT). Electronic payments involve both inbound and outbound flows of funds. The primary statutes pertaining to the utilization of electronic payments for State agencies include: G.S. 147-86.10; G.S. 147-86.11(h); G.S. 147-86.20; G.S. 147-86.22; and G.S. 143B-426.40G(a).

Statutes authorizing the Office of the State Controller to issue policies regarding electronic payments include G.S. 143B-426.39(1) and (5); G.S. 147-86.11(a); and G.S. 147-86.22(b).

“Electronic Commerce in Government” is covered under Chapter 66, Article 11A (G.S. 66-58.1 through 66-58.19).

Program Administration: The State of North Carolina business environment includes all departments, agencies, boards, commissions and authorities governed, legally controlled and financially accountable to the state’s executive, legislative and judicial branches. Although state agencies offer diverse services, North Carolina intends to use a statewide enterprise approach to implementing electronic payment acceptance.

References:

- Electronic Signatures in Global and National Commerce Act (15 U.S.C §7001 et seq.).
- Federal Reserve Bank Regulation E
- National Automated Clearing House Association (NACHA) Operating Rules

Policy: All State agencies or other participants utilizing Electronic Funds Transfer (EFT), whether through the OSC’s Master Services Agreement or under separate arrangement, shall develop procedures to ensure compliance with all NACHA Operating Rules, specifically as they pertain to Receiver (i.e. citizen or business) Authentication and Authorization, before originating debit or credit entries against the Receiver’s account (Article Two). This includes signed or written authorizations provided electronically in accordance with the Electronic Signatures in Global and National Commerce Act (15 U.S.C §7001 et seq.) which defines electronic records (as contracts or other records created, generated, sent, communicated, received, or stored by electronic means) and electronic signatures. The following guidelines should be addressed in the procedures:

- The obtaining of written or signed authorization of the Receiver to originate credit and/or debit entries. The authorization will constitute an agreement with the Originator under which the Receiver has agreed to be bound by the NACHA Operating Rules.
- Retention of authorization and any revocation of authorization (minimum of two years).
- Describe the process of revoking an authorization.
- Any particular requirements relating to employees, vendors, or other category of Receivers.

- Authorization process in the case of Telephone-Initiated Entries (TEL).
- Authorization process in the case of Internet-Initiated Entries (WEB).
- Security and confidentiality requirements as specified in the OSC Policy entitled “Security and Privacy of Data.”
- Applicable requirements of the North Carolina Secretary of State, regarding Article 11 of Chapter 66 of the NC General Statutes: <http://www.secretary.state.nc.us/ecom/#>