



NORTH CAROLINA LOCAL GOVERNMENT  
**DEBT SETOFF  
CLEARINGHOUSE**

Technical Session for: New Attendees/ New Responsibilities

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### Requirements for each debt



Must provide ALL to the Clearinghouse for each debt:

- **Social Security Number** or Dept. of the Treasury IRS Individual Taxpayer Identification Number (ITIN) – no Federal or State Business ID number or drivers license numbers
- **Names:** First and Last Name (not a Business or Corporation)
- **Current Debt Amount:** must be \$50 or more (do not add fees)
- **Compliance Date:** beginning date that a debt is eligible to be sent to the Department of Revenue for setoff
- **Expiration Date:** ending date that a debt is eligible to be sent to the Department of Revenue for setoff
- **Unique Key:** each debt for each SSN must have a Unique Key that does not change once submitted
  - Only applies to ASCII or Excel users
- **Department/ Account Code identifier:** (optional but preferred, needed for separating contacts for Interactive Voice Response)




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### Debt Priority



- Each debt associated with a debtor is time and date stamped as it is processed by the Clearinghouse
- When a debtor's refund is setoff, it applies against the debts based on the date/time stamp received at the Clearinghouse
- Priority is retained until debt amount is < \$50.00 before moving to the next debt based on date/time received at the Clearinghouse




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### Frequency of submitting debts



- Can submit debts **every week**
  - Recommend sending each Friday, if any adds and/ or edits
  - At least monthly, even if no changes to process for totals and identify errors
  - Advise sending in late December if haven't sent in months to prepare for new tax year
- Updated file sent to N.C. Department of Revenue **every Tuesday** morning (shared with the N.C. Education Lottery every two weeks)


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### Funds Transfers

- Clearinghouse **does not** receive the funds
- Department of Revenue deposits directly to Capital Management of the Carolinas
- Education Lottery deposits directly to Capital Management of the Carolinas
- Clearinghouse provides Capital Management of the Carolinas with information to distribute the combined funds (Dept. of Revenue and/or Lottery to local governments
- Funds normally available within one week of setoff file availability


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### Method #1 for Submitting Debts - ASCII

- From Billing system or 3<sup>rd</sup> party provider
  - Layout: <http://www.ncsetoff.org/ASCIILayout.htm>

Field Name	Field ID	Field Length	Field Description / Example
000 - 000	File No	8	Sequential File Number (REQUIRED)
000 - 010	File Name	10	Alpha (A-Z) and Period (.) only (REQUIRED)
000 - 020	Middle Initial	1	Alpha (A-Z) only (Optional) (REQUIRED)
000 - 030	Last Name	10	Alpha (A-Z) and Period (.) only (REQUIRED)
000 - 040	Street Address	25	(REQUIRED)
000 - 050	City	11	(REQUIRED)
000 - 060	State	2	(REQUIRED)
000 - 070	Zip Code	5	(REQUIRED)
000 - 080	Bank Account	7	Alphanumeric (0-9) and Period (.) only (REQUIRED)


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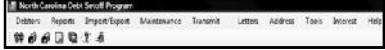

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### Method #2 for Submitting Debts – Client Software

- No Billing System or 3<sup>rd</sup> Party Provider
- Unable to create an ASCII or Excel file
  - Enter data into Clearinghouse Client Software
    - Allows for integration of all data options
      - ✓ Recommended for 100 or more debts
      - ✓ Imports ASCII and Excel (allows for different departments to submit differently/separately)
      - ✓ **More Secure than ASCII/Excel**
    - Clearinghouse can load your ASCII or Excel file into **Client Software**, eliminating data entry
    - Clearinghouse will continue to import Excel files, only if using our software


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### Method #3 for Submitting Debts

- Fax hardcopies to secure fax at Clearinghouse
  - Form for Tax (interest accrual)
  - Form for non-Tax (no interest accrual)
- No charge
- May be most secure of all methods by eliminating electronic use of Social Security Numbers
- Clearinghouse will also at no cost:
  - generate notification letters
  - Send email of debtors setoff (no SSNs)

Guide: <http://www.ncsetoff.org/DataEntryParticipantGuide-January2014.pdf>


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### Submitting Debts via Secure Website

- ASCII and Excel files sent via <https://setoff.fivestarcomputing.com>
- Each local government has own separate folder
- Can set-up separate folder for vendor/3<sup>rd</sup> party





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### Submitting ASCII Debts via Secure Website

- Click to Launch the Upload Wizard
  - Click Add file, locate file and click Next to upload

The screenshot shows a web browser window with the NCVET Upload Wizard. The wizard has a 'MOVE TO WIZARD' button and a 'Next' button. A red arrow points to the 'Upload a File Here...' link in the browser's address bar area. Another red arrow points to the 'Add File' button in the wizard's 'Add File' section.

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### Submitting ASCII Debts via Secure Website

- Several options in submitting files:
  - Transmit all debtors/debts each time
  - Transmit only new debtors/debts\*
  - Transmit only updated debtors/debts\*
  - Transmit combined new and updated\*
- Notes area is to identify a message or instructions:
  - Purge and Reload
  - I.T. or vendor contact information
  - Any questions/issues

The screenshot shows the 'Notes' field in the wizard. A red arrow points from the 'Notes' field to the list of instructions: 'Purge and Reload', 'I.T. or vendor contact information', and 'Any questions/issues'.

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### Submitting Debts- Options

- Allowable at any time:
  - Switch ASCII/Data Entry to Client software
  - Switch ASCII/Client software to Data Entry (ONLY if less than 50 debts)
  - Request all current debtors and debts be removed and a substitute data file to replace (Purge & Reload)
  - Request a specific department to be removed or debts set to \$0.00
  - Clearinghouse can create an Excel file of your debtors/debts and place in your secure folder (call/email to request)
  - Clearinghouse can provide a replacement Client software file of all debtors/debts due to hardware failure/disaster or extended period of activity or new staffing
  - Import of ASCII/Excel file into Client software, one or more departments

A small image of a person standing in a doorway is located on the left side of the slide.

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**Clearinghouse Security**

- Unique Usernames and Smart Passwords (combinations of numbers, alphas and special characters) required for access to Clearinghouse server for electronic file transfer
  - Only one username/password per local government
  - Local government can choose to share with third-party vendor
    - Only if vendor does all debts, otherwise Clearinghouse can create a separate secure folder for the vendor to submit files and receive only debts they submitted
- Each County, County Agency and Municipality protected from others
- Files transmitted are **encrypted**- no need to create a .zip file
- Smart passwords for TRANSMIT to Clearinghouse expire every 90 days


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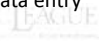
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**Client Software Overview**



- Provided at no cost, installation and training
- Maintains all debtor and debt information
- Imports ASCII or Excel from external systems or vendor
- Comprehensive pdf HELP system
- Integrated, secure encrypted electronic file transfers to the Clearinghouse
- Import vendor files to eliminate/reduce data entry


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**Client Software Overview**



- View/scroll all debts like a spreadsheet
- Numerous detailed reports
- Optional monthly Interest Accrual
- Allows for separate user accounts for audit trails
- Create departmental/groups for separate reports of setoffs
- Generate notification letters (no external mail merge) and .pdf files for retention/proof
- Ability to hide/mask SSNs for online and/or print


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### How to Get Started

- Website: [www.ncsetoff.org](http://www.ncsetoff.org)
- New Participants Check List  
[www.ncsetoff.org/NewParticipantChecklist.pdf](http://www.ncsetoff.org/NewParticipantChecklist.pdf)
- Contact your organization- NCACC or NCLM
- Contact the Clearinghouse
  - Determining best method for submitting debts
  - Conference calls with internal staff, I.T., vendors
  - Assistance in submitting files, installing software, generating notification letters
- Get started as soon as possible to get ready for 2019 tax year


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### Contact Information

Name	Contact Info
<b>Rob Shepherd</b> N.C. League of Municipalities Assistant Director, Business & Member Services (919) 715-9767	<a href="mailto:rshepherd@ncm.org">rshepherd@ncm.org</a> <a href="http://www.ncm.org">www.ncm.org</a>
<b>Matt Gunnet</b> N.C. Association of County Commissioners Membership Services Coordinator (919) 715-2354	<a href="mailto:matt.gunnet@ncacc.org">matt.gunnet@ncacc.org</a> <a href="http://www.ncacc.org">www.ncacc.org</a>
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