

Beginning a New Tax Year—2022

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Reminders:

- **NC. Department of Revenue** starting the process of refunds mid-February
- **1st Setoff File of 2022** is Tuesday, February 8

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Clearinghouse Is Ready for 2022

NC Tax Refund Process is starting soon:

As has been the norm, the NC Department of Revenue (NCDOR) will begin processing tax refunds mid-February.

Year-End Cleanup: Starting in late December until early January, we assisted several local governments in their year-end cleanups. We removed debts of \$0.00, and/or debts less than \$50. We also helped many extend or delete debts that were expired.

Over the weekend of January 1-

2, before creating the weekly file to go to the NCDOR, we deleted Clearinghouse debts less than \$50 and/or expired. So priority is lost on those, even if you later extend the expiration dates on your end and re-send.

Since we don't submit debts that are less than \$50 or are expired, it helps us keep our system more efficient and also reduces the number of debtors on our Interactive Voice Response (IVR) system. Those debtors that were paid in full, or at least now below \$50, and those that have never been

setoff are now out of the IVR system to start 2022. This reduces the number of calls to local governments, and us, from angry debtors. However, local governments are allowed to maintain information on debtors with debt balances below \$50, on their end. But many do choose to remove all debts less than \$50 at the beginning of a new tax year.

We recommended, for security reasons that at a minimum that all debts \$0 not setoff be deleted. The ultimate would be to remove all debts less than \$50.

Department Of Revenue (NCDOR) Setoff Schedule Set for 2022

NCDOR has set the schedule for the twenty-one setoff files for 2022. The Education Lottery (NCEL) sends setoffs every other Monday and they are incorporated with the NCDOR setoff file. The Clearinghouse will download on these days and begin the multi-step process to ensure each debt is best applied to the proper local government and only one fee per debt per calendar year is taken.

Email notifications are sent only to those local governments who receive funds. Capital Management funds are normally available within five business days after these setoff dates:

- Feb: 8 and 22
- March: 8 and 22

- April: 5 and 19
- May: 3 and 17
- June: 7 and 21
- July: 12 and 26
- August: 9 and 23
- September: 13 and 27
- October: 11 and 25
- November: 8 and 22
- December 6

Reminders:

- We receive the setoff files on Tuesdays and attempt to complete by noon and place in secure folders for downloading and processing.

- Emails are sent at a rate of 70 per hour beginning late Tuesday mornings so it takes until late Tuesday night for all emails to be sent.
- Downloads can begin even BEFORE the emails are received, just check your secure folder (TRANSMIT-IMPORT FROM CLEARINGHOUSE-SETOFFS for software users). If the setoff.txt file appears, do the Import Setoff Process by using a previous instruction email.
- NCDOR and the NCEL transfer funds electronically to Capital Management and the funds are usually available by the following Tuesday.

If using the client software, only the “admin” sign-on can change the Smart Password. The option is Tools-Administrator-Account Info.

The Excel file is a great view of ALL setoffs from NCDOR and NCEL. We recommend you save all of these renamed with the setoff date.

Be sure to download your Surplus.xlsx, if provided. Review these debtors and determine if a refund check needs to be sent. Please process surplus refunds quickly.

Passwords—A Constant Process—Now and Forever

For security reasons, every local government has to change their secure folder/TRANSMIT password at least every 90 days. Once a password is 14 days from expiring an automated email is generated to all email addresses stored in each secure folder.

A user with the **admin** username and password can simply change it with just a few clicks. And it does not have to be written down or stored as it is a “behind the scenes” password and NOT used to sign-in

to the software. It is also encrypted!

Reminders:

- only ONE person needs to change this password, even though many may receive the email warning. Once reset, it gives access to ALL users to transmit.
- does NOT affect sign-on to the client software, only the TRANSMIT menu options.
- if not changed within 14 days after the warning email, the

password expires and the account is locked. This requires Clearinghouse intervention to re-activate.

- once the warning email is sent ALL TRANSMIT menu options are disabled in the software and “No files available” may appear in the software. This will prevent downloading and processing a setoff file.
- We can provide a pdf with instructions on how to change. Just send an email request.

Setoff Files—What is Provided to Local Governments?

Excel File— every local government that receives funds gets a detailed excel file. This is a composite list of ALL debtors and debts setoff, whether paid in full or just a partial. The information provided:

- SSN (only last four digits)
- Name (from NCDOR - may not be person you submitted as we can only send one name per SSN

- Address, City, State, Zip
- Debt Amount after Setoff
- Setoff Amount and Fee
- Account Number
- Department Code
- Unique ID/Import ID (helps if an Import Error)
- Compliance/Expiration
- Source: REV (NCDOR) or

LOT (Educ. Lottery)

- Name Submitted by Clearinghouse for this SSN (Oldest Name ever submitted for this SSN)

Tip—convert Setoff Amount (column “J”) to numeric and sum at bottom— matches the deposit to your account at Capital Management. Even if errors, such as a deleted debtor on the Import Setoff report, it is ALWAYS in this excel file.

Setoff Files—What Else Is Provided To Local Governments?

1. Agency Code Number.dat, ex. C001.dat (non-software users only)— a basic report file of setoffs.

2. Match.dat (non-software users and software users by request)—an ASCII file that can be used by a programmer/third-party to automatically update another billing system, such as NCPTS and ONE Tax.

3. Setoff.txt (software users)

4. Surplus.xlsx (ALL) —ONLY created if any possible surplus amounts were taken from debtor(s) if: 1) submits more than one tax return; 2) multiple lottery winnings; 3) timing (pays debt too close to tax refund submission); 4) refund AND a lottery winning;

- SSN/ITIN (last four digits)
- Name (Last, First, MI)
- Address (NO Longer the

NCDOR address)

- Probable Surplus Amount
- Probable Fee Amount
- Dept./Account Code

Use this file to research and possibly send a refund to the debtor(s). The Clearinghouse does not send refunds, the local government is required to do so. The funds, including surpluses are put into your Capital Mgt. account.

Workshops, Training and More... in 2021

- 6 Attended Training Sessions in October: (2 1/2 hours)
- 2 Virtual Training Sessions: (2 hours)
- 1 Virtual Training Sessions on Client Software in December: (1 1/2 hours)
- If you missed these valuable training sessions, there are handouts and even recordings on our Training webpage
- There are also additional audio training for the following subjects not covered:
 - 1) New Participants—Startup (18 minutes)
 - 2) New Participants—Start-up (19 minutes)
 - 3) Hearings (7 minutes)
 - 4) Due Process (7 minutes)
 - 5) Statute of Limitations (7 minutes)
 - 6) Social Security Numbers (5 minutes)
 - 7) Year-end Process (7 minute)
 - 8) Preparing for New Tax Year (5 minutes)
 - 9) Interactive Voice Response (IVR) (6 minutes)

- If you need additional training send an email and Fran McClary will contact you to schedule.
- The Statistics page has the all Capital Management deposits from 2019 to 2021 and will have 2022 once the setoffs begin.

Interactive Voice Response (IVR)—take Advantage of Departmentalization

We allow local governments the OPTION of having separate contacts and phone numbers for each department rather than just one. Currently, 95 local governments are taking advantage of this.

There is still time to make additions or changes. We suggest using a department or section, rather than a person's full name. But we can even specify both if requested. Call us or send an email to ncset-off@ncsetoff.org with the following:

off@ncsetoff.org with the following:

- Local Govt. Name
- Department and/or Contact Name (first OR full name)
- Phone Number
- Department Code (type of debt: TAX, EMS, HLT, UTL, etc.)

Sample for a TAX debt:

- Contact: Customer Services
- Contact Number: (910) 555-1212
- Contact extension: 2128

This is optional and feel free to use just one number for all debts. But if we can help with multiple contacts and phone numbers, let us know. The intent is to direct debtors to the proper contact who can assist in explaining the debt(s).

Interactive Voice Response (IVR) - be sure you're ready for 2022

What does an IVR do? It is an efficient and cost-saving method to provide information to callers who are anxious for answers. Ours is a dedicated computer system with eight phone lines operating 24 x 7. Debtors who receive a letter from NCDOR or NCEL are proved the IVR main number: (877) 843-0330. The caller enters their SSN/ITIN and hears, in RANDOM order, ALL local governments that have submitted debt against their

SSN. If the SSN/ITIN is not found, it could be a spouse's debt or to one of the 100+ other agencies that are in the debt setoff program at NCDOR (919) 814-1119.

1. The IVR will NOT identify which local government received funds. We probably haven't even received the funds when the debtor calls.
2. We can set-up different contacts and phone numbers

for local governments. Not available to those local governments that we do the hard copy data entry service.

3. If a debtor contacts you and you show no debt for this person, ask if they listened to ALL listings from the IVR or if entered a spouse SSN. Put them on hold and call the IVR and enter their SSN and listen to ALL debts.

Local governments that do not download their setoffs within 30 days may have their debts removed until downloaded. Being able to provide information to your debtors is part of your 2022 participation form!



Make it easier for debtors to reach the person who can answer their questions about their debt.



Remember to call and check the IVR for pronunciation and accuracy. Check an SSN in each departments/ debt type. Contact us ASAP if we need to make modifications.

If a debtor pays you and you do not transmit to the Clearinghouse you may still setoff the debtor. Changing at your local government is just one step, remember to also transmit to us.

All files transmitted by 5 p.m.

Friday are processed over the weekend. Import Status Report emails are sent Sunday or Monday. Then qualifying debts (over \$50, compliant and not expired) are sent to the NCDOR each Tuesday a.m.

Sending Balance Updates to Clearinghouse—Do Weekly

There are many reasons for sending weekly to the Clearinghouse:

1. Ensures that if someone at a local government made a change in someone's debt balance, that it will be adjusted at NCDOR as soon as possible. Note: NCDOR sends to NCEL every other Thursday.
2. If new debts were added and the compliance date has passed, they will be sent to NCDOR as soon as possible.
3. Sending generates an Import Status Report. This valuable report provides not only information that was accepted and processed, but any that were rejected so they can be identified and possibly corrected.

A sample portion of an Import Status report for a user of our client software.

Debtors Added:	2,863
Debtors Updated:	8,810
Debts Added:	5,645
Debts Updated:	17,929

Lots of existing debtors and debts but several thousand debts from third-party were added, in the above example.

Another portion of the Import Status explained:

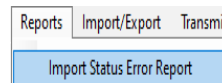
Debtors Rejected:	98
Debts Rejected:	98
Debts Not Yet Compliant:	72
Debts Expired:	27

Anytime there are numbers above zero in any of these four categories there should be

investigation, as these debts will NOT BE submitted to NCDOR:

- Rejected: invalid SSNs: all zeros, all nines, start with 000-, a business ID number, drivers license number, etc. Our recommendation is to correct, if possible, if not, delete.
- Expired: the date has passed and should be extended or deleted. See the Statutes of Limitations audio on our Training website page
- Debts Not Yet Compliant: this is not necessarily an error, just information that debts exist that are not yet compliant and will be held until the date passes. Sometimes there are errors in the date entered or in the import file and this date is months, even years in the future. Remember, when a file is imported and due process letters are generated there needs to be a minimum 30 days on the Compliance Date.

We provide the Import Status report in an email as there is no protected or identifiable information. However, if there are any Rejected, Expireds or non—Compliant debts they must be accessed from the secure folder. To access the above three types of errors/notifications in the software:



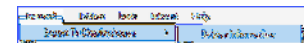
Click Print for the listing: a sample:

SSN	Date	ERROR
000-00-0111	TAX	ATTEMPTED: Debt rejected: Tax=111 SSN, begins with 0000 ADDRESS SPRTX Act #: 011-152178911
999-99-9999	FRS	Debt rejected: Expired: 1/1/2022 Debt Amount: 500.00 Act #: F20-10152010
001-02-2785	HIT	Debt Transmitted with Future Compliance Date: 2/5/2022 Debt Amount: 105.00 Act #: 295580901

If all four categories were 0, there is no need to download the Import Status Error Report, as it will state “NO ERRORS”.

Regardless of the errors, we recommend that someone at each local government send a balance update each Friday. When one person transmits it sends ALL departments, ALL debts.

So, to send the balance updates in our software, do:



then click Export. Within minutes an Upload Confirmation email should be received.

This is comforting knowing that we received your balance file and will be processing after 5 p.m. on Friday.

The Import Status report email will usually be available by Monday morning. Please check and review. If there is a major issue, contact the Clearinghouse immediately and we can attempt to correct and re-run prior to creating the weekly file that goes to NCDOR on Tuesday morning. If not corrected by Monday afternoon, it will be the next Monday before any corrections take effect.

We have reduced the frequency of these newsletters by putting current events and reminders in these Import Status report emails. So the best way to stay informed is to send your balances weekly and get updates weekly.

Stopped receiving some or all emails from us? We send so many emails from several different methods that we often get treated as Spam.

Our 20 years of experience in NC Debt Setoff gives us great insight in how to help you and how you can help us. Remember, we don't charge for our services and don't have a large staff. So...

Local governments must send refunds/ surpluses to the debtor. These funds are deposited into your Capital Management account.

Emails—We Do Our Best To Get Information To You

The NC Local Government Debt Setoff Clearinghouse sends lots of emails. And when we do, it can be to more than a thousand in a single day. Although we send to ONLY our local government participants in NC, the spam monitors often don't like this. Our email provider monitors and has been helpful but sometimes it is out of our control.

We hear sometimes that frequent users have stopped getting emails from us even though we made no changes. Sometimes we get notifications

that email was rejected and attempt to resolve. We have several methods for sending electronic mail:

1. when a file is uploaded to our secure site, directly or through our software.
2. when the secure folder password has expired
3. when a setoff file from NCDOR/Education Lottery is available
4. when a newsletter/ technical bulletin is available

You may need to contact your I.T. to request they allow emails from:

- @ncsetoff.org
- @fivestarcomputing.com

Contact us if you want to review the emails addresses we have for your local government or to make additions or changes.

We do have issues sending to emails such as @bellsouth.net.

Do's and Don'ts—Help Yourself and Help Us

Do:

- Send files weekly to the Clearinghouse: TRANSMIT-EXPORT TO CLEARINGHOUSE-DEBTOR INFORMATION
- Download your setoffs within the 10 days they are available before auto-

deletion

- Download the setoff Excel version file and any surplus.xlsx, save and rename with the date
- Verify the setoff reports against your Capital Mgt statements
- Make sure your I.T. is

whitelisting our emails

Don't:

- Delete debtors, change to \$0.00. Only delete during year -end (December)
- Use single or double quotes in debtor names or addresses as it stops the weekend balance updates

Surpluses/Refunds Happen—Why and What to Do?

Refunds will always occur, especially with the fact that we can ONLY submit one file per week, each Tuesday, to NCDOR. So as debtors pay you directly please send us an updated file, every Friday is recommended. Users of our software: TRANSMIT-EXPORT TO CLEARINGHOUSE-DEBTOR INFORMATION. Thousands of debtors file more than one tax return per year, often within the same setoff file period or within the next one. NCDOR will setoff their refund for EACH tax return filed

and assess a \$5 legislated fee. However, the Clearinghouse will assess only ONE \$15 legislated fee per debt per year.

Also, we do not recommend that you return any fees for debts that were setoff that were just recently paid directly to you. Often the debtors receive a letter in the mail from NCDOR informing them that they were setoff. They may then make payment expecting to get the surplus and the fees returned. You should only return the surplus, not the fee,

unless it was your error, then return the fee. The Clearinghouse does not refund fees unless NCDOR provides an official letter.

You are required to refund surpluses, you cannot apply to other debt UNLESS the other debt meets the setoff requirements: the setoff notification letter must be sent to last known address and 30 days given to appeal. However, you can ask the debtor if they want to apply any surplus to another debt. Good luck!

NORTH CAROLINA LOCAL GOVERNMENT
DEBT SETOFF
CLEARINGHOUSE

Website:
<http://www.ncsetoff.org>
 Toll-free Support:
 (866) 265-1668
 Interactive Voice Response
 (IVR): (877) 843-0330
 E-mail: ncsetoff@ncsetoff.org

N.C. Clearinghouse Staff:
 Bill Walsh
 (President/Operations Manager)
 Fran McClary and Grace
 Wilkerson
 (Customer Services)
 Billie Mills
 (Installation Technical Support)
 Drew Bryant
 (Software Developer)
 Becca Walsh and Marcia Padgett
 (Debtor Inquiries)



North Carolina Association of
 County Commissioners
 Website: <http://www.ncacc.org>
 Contact: Matt Bigelow
 Phone: (919) 715-4367
 E-mail:
matthewbigelow@ncacc.org



North Carolina League of
 Municipalities
 Website: <http://www.ncml.org>
 Contact: Dave Walker
 Phone: (919) 715-8719
 E-mail: dwalker@ncml.org

N C Department of Revenue
 Debt Setoff Unit
 (919) 814-1119

N C Capital
 Management Trust
 (800) 222-3232

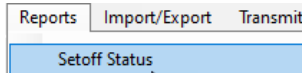
Client Software Version 2021 Update and Reminders

- **Latest Version Available to All — December 2021 (2021.12)** - those with a version prior should contact us. Check by selecting:



- **NEW FEATURES: 2021.07—2021.12**

◇ A new report is available:



- * Put in a date range (recommend doing entire year: ex. 1/1/2021—12/31/2021). It shows all downloaded setoffs for a period of time.

Setoff Date	Setoffs	Setoff Amount
2/3/2021	1	\$167.00
3/9/2021	11	\$1,458.97
3/23/2021	9	\$1,320.83
4/6/2021	2	\$786.00
4/20/2021	2	\$242.78
5/4/2021	3	\$490.00
5/18/2021	4	\$570.35
6/8/2021	5	\$972.97
7/13/2021	4	\$547.21
7/27/2021	1	\$133.32
8/10/2021	2	\$1,206.47
9/14/2021	5	\$572.17
9/28/2021	2	\$170.03
10/26/2021	1	\$190.20
11/9/2021	1	\$50.00
	53	\$8,878.30

- * There should be a Capital Management deposit with the Setoff Amount shown above.

⇒ The deposits are on the Statistics page of the website for 2019—2021



#	County	9-Feb	23-Feb	9-Mar	23-Mar	6-Apr	20-Apr	4-May
1	Alamance County	\$4,817.23	\$625.08	\$38,567.24	\$18,685.65	\$6,286.57	\$12,963.74	\$6,006.58
2	Alexander County	\$1,285.03	\$0.00	\$15,223.74	\$8,577.24	\$3,016.03	\$2,895.50	\$1,850.24
3	Alleghany County	\$0.00	\$0.00	\$1,207.00	\$1,227.62	\$0.00	\$646.40	\$64.14

◇ When exiting the software, it checks for newer version and downloads it, so the next time will be the newest version.

- * If it doesn't check for an update, it may be disabled due to you connecting to a remote server, such as Citrix, and your I.T. needs to manually upgrade to the new versions. Have your I.T. contact us if you aren't using 2021.12 or newer.

REMINDERS:

- The setoff files in March and April are much larger and it can take more time to process. Please be patient as we have seen first-hand that it could process several minutes for large counties, agencies and municipalities. There may even be a message on the screen "Not Responding", although it continues to run. The reason for the additional processing time is due to the encryption of the data. We feel that the security benefits override the delay, so please be patient. It is only a few times per year.