

Debt Setoff— 2016 Pre-Workshop Edition

Reminders:

- Registration is required for the annual Training Workshops—register now, click [here](#) for the form
- Training Workshops hand-outs should be available by August 12, 2016, click [here](#)
- 2017 Participation Form will be available beginning September 1, 2016
- When emailing staff at Five Star computing, at least 'cc ncsetoff@ncsetoff.org

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Volume 6: Issue 2

July 29, 2016

Six FREE Training Workshops Set for September 2016

The 2016 training workshop locations are set:

1. Tuesday, September 13
Beaufort County Comm. Coll.
 5337 Hwy 264 East
 Washington, NC 27889
2. Wednesday, September 14
Raleigh Quorum Center
 323 West Jones Street
 Raleigh, NC 27603
3. Thursday, September 15
New Hanover County Government Center
 230 Government Dr
 Wilmington, NC 28403
4. Tuesday, September 20
Asheboro Public Works Conference Room
 1312 N. Fayetteville Street
 Asheboro, NC 27204
5. Wednesday, September 21
Hickory Council Chambers
 76 North Center Street
 Hickory, NC 28601
6. Thursday, September 22
Waynesville Police/Planning Zoning Building Board Room
 9 S. Main Street
 Waynesville, NC 28786

- Agenda will be available by August 3—an email will be sent when ready and posted on the Training website

Each Training Workshop has two Different Sessions:
1. 10:30—11:30: New participants

Main topic is the required one-time paperwork/contractual agreements and preparing to submit debts for the first time. Others who should consider:

- Local governments that have not completed all of the required paperwork to participate should attend
- Attendees who have attended this presentation in past and want a refresher
- First time attendees to a debt setoff workshop who want to see what others before them have seen and completed in order to participate
- Your local government is currently participating in debt setoff but it is a new responsibility

2. 1:00—3:30: All Attendees

Some of this year's topics:

- Social Security Number acquisition
- Hearings/Appeals

- Recap changes since last workshop
- Planned changes for 2016-2017
- 2017 Participation form
- Preparing for 2017
- Dept. of Revenue update
- Security
- Website (time permitting)
- ASCII/Excel - status of Excel file imports
- Client Software update and demonstration

The presenters will be:

- NC Assoc. of County Commissioners
- NC League of Municipalities
- NC Dept. of Revenue
- Five Star Computing

Online registration is required and is now available . Click [here](#) to register. Some locations may have limited capacity so don't delay. There is currently no limit on the number of attendees for a local government.

If your vendor/third-party administrator is attending, someone from your local government is required to attend the same workshop.



Don't have Social Security Numbers which is keeping your entire local government or a certain department from participating in the debt setoff program?

Many local governments have been asking for years that the NC Local Government Debt Setoff Clearinghouse provide a method for acquiring Social Security Numbers.

This may be the method that allows some local governments a cost-savings approach. If you are paying a third-party vendor to acquire Social Security Numbers, you now have an alternative for doing in-house or allow the Clearinghouse to assist.



NCACC and NCLM establishing contract to acquire SSNs

The NC Association of County Commissioners and League of Municipalities are expected to complete the contract with a provider of Social Security Numbers around August 1, 2016.

This will allow those counties, agencies and municipalities that have delinquent debts but no social security numbers, a way to acquire them for the purpose of debt setoff. In addition, this is currently expected to be paid for by the NCACC and NCLM for their members. This service is being provided by the NCACC and NCLM for their members in assisting them with delinquent collections. The purpose is not for those counties and municipalities that have already have a social security number provider a way to terminate them and have the NCACC or NCLM cover the cost.

The intent is to assist those county departments, agencies and municipalities that have not been able to participate in this successful program. For example, a county tax department or a small municipality that has just a few or even just one debt is what this initiative is for.

There are requirements:

- A signed form specifically for the social security number lookup must be completed by each local government. This form will be available on the website by the beginning of the workshops.
- Debts submitted for SSN acquisition must be submitted to the Clearinghouse for collection. Some debts may be removed if paid or for certain conditions such as bankruptcy, etc. (more guidance will be provided at the workshops and in follow-up documentation), The Clearinghouse will provide information to the NCACC and NCLM on number of debts submitted to the lookup,

number actually submitted for setoff and then after tax season, setoff results. This will be used to determine the feasibility of the SSN lookup program.

- Certain security procedures must be adhered to, such as:
 - ◆ Those using the Clearinghouse software must allow the Clearinghouse staff to import the SSN lookup data file into the local government software and encrypted database. The Clearinghouse will then delete this import SSN file. We will also verify and possibly modify the SSN view and print options. Those three options are 1) no digits; 2) last four digits; 3) all nine digits.
 - ◆ Those local governments who choose the Clearinghouse to do the data entry function will not have access to the social security numbers unless the local government eventually does migrate to the software and change the SSN view and print settings.
 - ◆ The following information is needed in order to submit:
 - ◇ First Name
 - ◇ Middle Initial*
 - ◇ Last Name (with suffix)*
 - ◇ Last Known Address
 - ◇ Last Known City
 - ◇ Last Known State
 - ◇ Last Known Zip Code
 - ◇ Amount of Debt#
 - ◇ Account Number or Tracking Information
 - ◇ Type of Debt (3 char.)+
 - ◇ Agency Code (assigned by Clearinghouse)
- * Optional, but helpful
- # Must be over \$50
- # Each debt over \$50 must standalone
- # Can combine debts to get to \$50
- # Do not combine taxes with other types of debt
- + Ex: EMS, HLT, TAX, UTL
- ◆ Other:
 - ◇ Submit only individuals
 - ◇ Submit spouses/joint persons individually
 - ◇ Do not submit business names
 - ◇ Do not use words "heirs" or "estate"
- The estimated deadline for submitting a file for SSN lookup is October 15, 2016, in order to send the required due process notification letters.
- It is undecided whether another submission to the SSN vendor will be done after October 15, 2016.
- There will be at least one submission to the vendor each year.
- What can you do now?
 - ◆ Start creating an Excel file with all the required information, click [here](#) for sample. Choose Save or Save As, then Open and begin entering.
 - ◆ Submit the required documentation, when available
 - ◆ If not a member of the NCACC or NCLM, submit the required documentation.
 - ◆ If a member but never participated in debt setoff, complete the required documentation.
- What if you do not have the resources to generate the required due process letters and maintain the debts after the SSNs are acquired? The Clearinghouse offers:
 - ◆ Data entry services to generate the debt setoff letters at no cost (depending on the number of debts)
 - ◆ Software to generate the letters and maintain the debts. Training and documentation is also provided at no cost. Best option for more than 100 debts.

Excel Will Only Be Allowed If Using Our Software starting Dec. 2016

For security reasons, the Clearinghouse will no longer allow the submission of Excel files. However, those using our software will be able to continue the import of Excel files. A more than one year notice was given last September that December 2016 was the deadline to send Excel files to the Clearinghouse without using our software. We announced last year at the workshops that December 2015 was the deadline for submitting Excel files without an encryption password.

There are very few counties (5) agencies (1) and municipalities (5) still submitting Excel files directly to the Clearinghouse. The majority have migrated to our software.

While an Excel file may be the simplest method for a local government to submit an entire file of debtors, there are security concerns.

Starting in January 2017, there will be only two options for those local governments currently submitting Excel files directly to the Clearinghouse.

1. Convert to our client software which has encryption and additional security features like masking SSNs by user.
2. Allow us to do the data entry, but only if less than 100 debts.

So, if you are currently using Excel and would like to upgrade to our software call us or go ahead and complete the [required online request form](#).

The two safest alternatives to securing Excel data: 1) switch to our client software; or 2) let us do your data entry and eliminate the need to store Social Security Numbers

Can You Use Our Software If You Have Vendors/3rd Parties?

We have more than fifty local governments that use our software and receive ASCII and/or Excel files from another provider. There are at least six third-party vendors submitting files to their own secure folders. We transfer the files from the vendor secure folders to the local govt.'s folders. We then connect via remote software to the local government and do the imports and record the options and settings.

There are also varying methods of files that can be imported:

1. An entire replacement file
2. (ADDS Only) Add the import file to existing debts
3. (ADD and ADJUSTMENTS) Add any new debts while also updating any existing debts (uses SSN and Unique Key)
4. (ADJUSTMENTS ONLY) Update existing debts and

- replace with new balance
5. Zero ADDS and ADJUSTMENTS (zeroes all debts then replaces the balances, allows for removal of debts in import file)

See if your provider can provide just new debts and updates to existing debts that they collected/adjusted. Retaining your priority and historical data is very beneficial.

A Replace Option in our software will remove the debt history and priority. Get the vendor/third-party to send ONLY new debts and updated balances

We No Longer Monitor Your Setoff Downloads

Up until the end of the major tax year (end of April), we do check our audit logs to see that local governments downloaded their setoff information. If not, we send reminders and sometimes even call. We expect you are receiving calls from debtors even before we send you the setoff details. In addition, you will be receiving deposits into your Capital Management accounts and your financial staff and possibly auditors, will want to know who the funds apply

to. When you realize a prior setoff file wasn't downloaded, contact us and we can restore the setoff file(s). However, setoff files from 2015 or older have been archived to encrypted drives and take longer to make available.

Please make every effort to check for setoff files since they are removed every 10 days and are often replaced as soon as every 14 days with another setoff file. We hope that local

governments have checks and balances to ensure that all setoff files are downloaded and reports printed. We suggest that local governments check their Capital Management statements and ensure that reports were generated and match the deposit. Over the past few years we have relied on local governments to self-monitor by checking against their Capital Management statements to ensure all setoffs were downloaded.

If you DO NOT download your setoff files and send us updated balances without applying, we may setoff this person in the future!

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, Billie Mills and
 Becca Walsh
 (Customer Services)
 Drew Bryant
 (Software Developer)
 Linda Kanef and Marcia Padgett
 (Debtor Inquiries)
 Rich Ware
 (Network Admin./I.T Mgr.)



North Carolina Association of
 County Commissioners
 Website: <http://www.ncacc.org>
 Contact: Matt Gunnet
 Phone: (919) 715-2354
 E-mail: matt.gunnet@ncacc.org



North Carolina League of
 Municipalities
 Website: <http://www.nclm.org>
 Contact: Wanda Veasey
 Phone: (919) 715-2218
 E-mail: wveasey@nclm.org

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

N. C. Capital
 Management Trust (NCCMT)
 (800) 222-3232

• STATISTICS

◆ Software Users: 375 of 434 (87%)

- ◇ Counties: 68
- ◇ Agencies: 18
- ◇ Municipalities: 196
- ◇ Housing Authorities: 1
- ◇ Data Entry Users: 92 (Five Star uses client software on behalf of local governments)

• FEATURES

- ◆ Encrypted Database with certification keys to keep database from being copied to another location and made operational
- ◆ Control of view and print of SSN: all digits, last four digits, no digits
- ◆ Department of Revenue Address Changes for all setoffs
- ◆ Generation of required due process notification letters—with specific logos imported for department letterhead
- ◆ Import and Export of ASCII and Excel files
- ◆ Reports by Date Range for generation of fiscal year reporting and auditing
- ◆ Interest Accrual
- ◆ Year end cleanup options: delete \$0.00, less than \$50, expired, not setoff
- ◆ Access control by user for specific department/account codes

• REMINDERS

- ◆ Passwords—when you receive the Expiration Warning Notice giving 14 days before expiration:
 - ◇ Email warning goes to ALL email addresses in the secure folder but only needs to be done by one person (or the Clearinghouse)
 - ◇ Must need “admin” sign-on to change unless the Clearinghouse staff changes
 - ◇ This password does NOT affect userid and password sign-ons, ONLY the TRANSMIT options
 - ◇ All TRANSMIT options (IMPORT from Clearinghouse and EXPORT to Clearinghouse) are immediately disabled until the password is changed
 - ◇ If password has expired the TRANSMIT-IMPORT FROM CLEARINGHOUSE-SETOFFS option will not work. You may receive an email with instructions to import your setoff file from the Department of Revenue and Education Lottery but it will not work until the password has changed.
 - ◇ The Clearinghouse staff will be happy to assist in changing this password. Will be done using a remote software request and only takes a few minutes

• HISTORICAL

- ◆ Setoff history only kept for seven years, older data is deleted
- ◆ Debts less than \$50 are no longer loaded into Clearinghouse database