

Debt Setoff—2019 Pre-Workshop Edition

Volume 9: Issue 1

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Reminders:

- J Workshops scheduled for October 2019—register on our website
- J 2020 Required Annual Participation form begins in October
- J Even though the law allows for collection on businesses, the Dept. of Revenue is not able to setoff. Only SSNs and ITINs can be setoff

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Six FREE Training Workshops Set for October 2019

The 2019 training workshops are set:

- 1) Tuesday, October 15
Albemarle - City Hall
- 2) Wednesday, October 16
Waynesville—Police/Planning Zoning Building Board Room
- 3) Thursday, October 17
Hickory—Council Chambers

- 4) Tuesday, October 29
Washington—Beaufort County Comm. College
- 5) Wednesday, October 30
New Hanover County Government Center
- 6) Thursday, October 31
Raleigh—Local Govt. Federal Credit Union Corporate Office

The actual addresses and maps are available on the website Information-Training/Workshops page.

The agenda and presentation materials should be available by September 3. An email will be sent when ready and the documents will be posted on the website Information-Training / Workshops page.

Each Training Workshop has two different sessions:

- 1) 10:30—11:30: New local government participants

Others who should consider the 10:30 session:

- J Local governments that have not completed all of the required paperwork to participate. Note: all 100 counties have completed the one-time required documents in order to participate
- J Attendees who have attended this presentation in past and want a refresher
- J First time attendees to a debt setoff workshop who want to see what others before them have seen and completed in order to participate
- J 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:

- J Hearings/Appeals
- J Recap changes since last workshop
- J Planned changes for 2019-20
- J 2020 Participation form
- J Preparing for 2020
- J Security
- J Surpluses/Refunds
- J Setoff process
- J Debtor/Debts
- J Joint debts

- J Businesses/Corporations

- J Dept. of Revenue update

- J Client Software update and demonstration

The presenters will be:

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

Online registration is required and is now available on the website main page on the left. Some locations may have limited capacity so don’t delay. There is currently no limit on the number of attendees for a local government. Vendors and third-party administrators are welcome with or without someone from the local government they are representing for debt setoff.

Please make all effort to attend this valuable sharing of information. There are always topics and questions that arise that are not covered in the presentation materials. But for those that cannot attend, please review the presentation materials listed on the Information-Training/Workshops page.

A special thanks to those who attend every year. Make plans to attend this once a year information sharing exchange.

Department of Revenue—Debt Setoff Schedule for 2019

Your are required to have ONE Capital Management account. We cannot deposit to another financial institution.

- | | | |
|-----------------------|-------------------------|-------------------------------|
| 1. February: 5 and 19 | 5. June: 4 and 18 | 9. October: 8 and 22 |
| 2. March: 5 and 19 | 6. July: 9 and 23 | 10. November :5 and 19 |
| 3. April: 2 and 16 | 7. August: 6 and 20 | 11. December: 10 |
| 4. May: 7 and 21 | 8. September: 10 and 24 | Setoffs are always on Tuesday |

Often times the Dept of Revenue will provide one additional setoff in late December. If received the Clearinghouse will refer to this file as December 31

To limit the chance we are marked as spam, we send about 80 emails per hour. So it may be the following day before you receive notification you have a setoff file.

Some of the Steps Involved with Processing Debt Setoff

1. Import file early Tuesday from Dept. of Revenue/Lottery
2. For debts already setoff in 2019, ensure only one \$15 Clearinghouse fee is taken
3. For debts recently adjusted but setoff, apply the funds to any additional debts, if possible
4. If Dept. of Revenue has a different name than local govt., apply funds to another local govt. that has the name as Dept. of Revenue
5. Update the Clearinghouse setoff files with the address provided from Dept. of Revenue/Lottery
6. Verify the amounts match the totals from Dept. of Revenue/Lottery and notify Capital Mgt. with a deposit list for all local govts. receiving funds
7. Update the website with the status of the processes affecting local governments
8. Send email notifications (80 email addresses per hour) to local govts. that setoff files are available
9. Update website with statistics
10. Send the weekly file to Dept. of Revenue with reduced balances from this setoff

No need to wait for an email—try accessing secure folder: TRANSMIT-IMPORT FROM CLEARINGHOUSE-SETOFFS (software users) and use a previous email for instructions

An Excel Provided with Every Setoff—Matches Capital Mgt. Deposit

The Setoff Amount column total ALWAYS matches the Capital Management deposit. Even if a debtor and/or debt was deleted by local government.

- Every local government that receives funds gets a detailed excel file. This is a composite list of ALL debtors and debts setoff, whether in full or just a partial setoff. The information provided:
-) SSN (only last four digits)
 -) Name (from NCDOR - may not be person you submitted)
 -) NCDOR Address, City, St and Zip
 -) Debt Amount AFTER Setoff
 -) Setoff Amount, Date and Fee
 -) Account Number and Dept. Code
 -) Unique ID/Import ID
 -) Compliance and Expiration Dates
 -) Source: REV (Dept. of Rev.) or LOT (Educ. Lottery)
 -) Clearinghouse Name (if not exact match) that was submitted to Dept. of Revenue. May be different than your submission as can only send one name for each SSN. Could be name change or misspell. If both first and last names are different may indicate you collected on wrong person.

To access using software: TRANSMIT-IMPORT FROM CLEARINGHOUSE-SELECTIVE, highlight, download and save.

Reminders About Debtors And Debts

- } Any debt owed to a local government can be submitted as long it is 60 days delinquent. A required due process letter must be sent giving them 30 days to request a hearing or pay.
- } Even though the General Statutes allow, the Dept. of Revenue will not setoff Business ID numbers, only social security numbers or ITINs. You need a business owner's SSN/ITIN and Name. Do not use the Business name.
- } We DO NOT combine debts to reach the \$50 minimum. So each row in an Excel file, ASCII file and each debt in the software must be \$50 or more.
- } A debt that has been setoff and the balance is less than \$50 is not resubmitted to the Dept. of Revenue.
- } Debts must be combined by the local governments to reach \$50. Remember, debts over \$50 should stand alone. Only combine a debt less than \$50 to others to get to \$50 or one less than \$50 to one over \$50.
- } Do not combine any non-tax debt to a tax debt, even if needed to reach \$50.
- } If someone declares bankruptcy, all delinquent debts occurring PRIOR to bankruptcy must be changed to \$0.00.
- } Be sure your vendors/third parties are aware of these combine/standalone rules. Signing the participation form certifies your compliance to this requirement.
- } We suggest noting debts combined, using combined account numbers or if not enough room, some kind of indicator such as "*" or "*C*".
- } Joint debts— two options:

 - 1) submit just one of the debtors, if have only one SSN/ITIN
 - 2) If have both SSNS, create debts for both debtors but send letters to both. Can split the debt in half or enter entire amount for both. But each debt must be minimum \$50. If enter full amounts for both and collect in full, refund the surplus amount
- } If use our software, DO NOT DELETE debtor/debt, change debt amount to \$0. Then late December run year-end clan-

Some of the types of debts being submitted to debt setoff: taxes, utilities, EMS, health, animal violations, assessments, civil citations, code enforcement, demolitions, employees, fines, housing, inspections, landfill, loans, lawn maintenance, nuisance, ordinance violations, recreations, returned checks, sewer tap, solid waste, storage rental, storm water, traffic citations. ANY DEBT is eligible after 60 days delinquent.

Interactive Voice Response (IVR)—Take Advantage Of Departmentalization

Local governments can have only ONE account at Capital Management. But we DO allow local governments the OPTION of having separate contacts and phone numbers for each department/account codes rather than just one. Currently, more than 75 local governments are taking advantage of this.

Some local governments have one main number for all debt setoff issues from debtors. This is fine but please be sure the staff that answers this one number can answer questions for all the departments/account codes in debt setoff.

Local governments that take advantage of the Clearinghouse handling the data entry option do not have the option of multiple contact phone numbers in

our IVR.

We suggest using a department or section as the contact, rather than a person's full name. Or maybe use just a contact person's first name.

When you have an individual's name as the contact and if that person leaves, permanently or for an extended time let us know by calling or sending an email to ncsetoff@ncsetoff.org with the following:

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

Sample:

Central County
Customer Services
(910) 555-1212
TAX

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). Now may be a good time to review how our IVR directs debtors to the contact(s) you have specified.

To test/verify, call (877) 843-0330 and enter an SSN for each department/account code used and listen for your local government information.

All of the Clearinghouse's services are at no cost: software installation, training, software, file imports, letter generation and more...

The \$15 fee added to the debt that goes to the NC Association of County Commissioners and NC League of Municipalities pays for these services.

We try to ensure that only one \$15 per debt per year is taken.

Dates and Times for Debt Setoff Support

) Office Hours:

January through June: Monday through Friday (8:30 a.m.—5:00 p.m.)

July through December:

B Monday through Thursday (8:30 a.m.—5:00 p.m.)

B Friday (8:30 a.m.—4:00 p.m.)

) Debtor lookups—past setoff and current debt amounts: Monday through Friday

) Restore previous setoff files: Monday through Friday

) Password Resets: Monday through Friday

) Change I.P. addresses for Connectivity: Monday through Friday

) Software Installations

Server: Monday through Wednesday

Workstations: (new and/or updates): Monday through Thursday

) Client software training:

) Tuesday through Thursday (by appointment only)

) File Imports into Client Software: Monday through Thursday (8:30 a.m.—4:30 p.m.), Fridays (8:30 a.m. —3:00 p.m.)

) Notification Letter Generation: Monday through Thursday (8:30 a.m.—4:30 p.m.), Fridays (8:30 a.m. —3:00 p.m.)

) Days to Submit files: **TRANSMIT-EXPORT TO CLEARINGHOUSE-DEBTOR INFORMATION (software users) or UPLOAD (non-software users):**

Monday through Friday 5:00 p.m. Soon after 5:00 pm each Friday, the Clearinghouse imports all submitted files for the automated processing which takes 30—40 hours. Files submitted by Friday midnight are also normally processed, if enough time on Sundays for a second batch. Files submitted on Sundays and even early Monday mornings normally wait until the upcoming Friday, unless we receive a call or email and explanation.

) Import Status Emails:

Usually begin sending Sunday evenings after all submitted files processed

) File Sent to Department of Revenue: Created on Mondays (takes several hours to create) and sent late Monday or early Tuesdays as it is due by 9:30 a.m. Tuesday

) File Sent to Education Lottery: Dept. of Revenue sends to Education Lottery every other Thursday. The Clearinghouse does not send to the Education Lottery

Upcoming Changes:

) Beginning July 1, 2019 for Data Entry Users—the Clearinghouse will no longer import debts nor generate notification letters without Social Security Numbers (SSNs) or Individual Tax Identification Numbers (ITINs)

) Beginning August 1, 2019 for Software Users—the Clearinghouse will no longer import debts into our software, nor generate letters for debtors without SSNs or ITINs

) The Clearinghouse will provide a word document template so local governments can generate their own required notification letters to those debtors with no SSNs or ITINs.



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 Becca Walsh
(Customer Services)
Billie Mills
(Installation Technical Support)
Drew Bryant
(Software Developer)
Linda Kanef 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:
matthew.bigelow@ncacc.org



North Carolina League of
Municipalities
Website: <http://www.nclm.org>
Contact: Brittney Hunter
Phone: (919) 715-7974
E-mail: bhunter@nclm.org

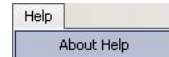
NC Department of Revenue
Debt Setoff Unit
For local govts. and debtors
(919) 814-1119

NC Education Lottery
(919) 301-3531 or 3331

N C Capital
Management Trust
(800) 222-3232

Client Software Version 2019 Update and Reminders

) **Latest Version Available to All — May 2019 (2019.06a) - those with a version prior to 2019 should contact us. Check by selecting:**



) If you have a 2019 version there is no need to upgrade before the next release in October 2019.10 that will be demonstrated at the workshop

) New features:

Ability to add a COMMENT/NOTE to a debtor

Configured settings for file imports so local governments can run themselves and not have to worry about the options to choose—Clearinghouse will configure, provide documentation and train users.

REMINDERS— EXPIRED PASSWORDS

) Every 90 days you must change the TRANSMIT password. The sign-on passwords are not required to be changed, although that may change in the future. When the TRANSMIT password email notification is received, it means you cannot use any of the TRANSMIT menu options until the password is changed. It is the “behind the scenes” password and not the one to used to sign-in to the software. When this email is received someone from each local government must change or contact the Clearinghouse and we connect and change it. Starting with version 2019-05a (blue desktop icon - no longer green) allows for simple TRANSMIT password reset with just a few clicks, nothing to enter, store, etc. It is easy!

) The only requirement is that you have to sign-on with username: **admin**

) We can provide the **admin** password if necessary. But this should be the main user, not someone from each department. Remember, only one person has to update/reset the password, then all users can immediately TRANSMIT. You can continue to use your regular sign-on, if not already using admin, to do the daily functions for auditing and transaction logging. But the admin sign-on must be used when the password expires in order to reset it

) We have created instructions in a pdf that we will put on your desktop when we install the latest version. There is also a new blue icon that identifies this new version.

) So the next time your password expires and you contact us, we will install this new version, if you don't already have it.

Tip #1: Every Friday have someone do the option: **TRANSMIT-EXPORT TO CLEARINGHOUSE-DEBTOR INFORMATION**. This sends any updated balances for manual adds, edits and/or imported file(s) to the Clearinghouse. Otherwise, you may have updated debts at your location but the Clearinghouse does not have the update. This could result in someone's tax refund or lottery winnings being setoff requiring the local government to send a refund and also pay any fees taken. It also creates an Import Status email with statistics, before and after, and any errors or rejections.

Tip #2: Change Debts to \$0.00—don't delete debt and/or debtor

It's happened many times. An irate person comes to a local government and complains, threatens, etc. so someone deletes the debt and or the debtor from the software. Often, the debtor has already been setoff and is aware of it. This means we will be receiving the funds soon and if the debtor/debt is gone, we cannot match the SSN and Unique ID. It appears on the Setoff Error page and the report will not match what was deposited at Capital Management. Your auditors approve of a deposit showing more than the debt setoff report. So you probably end up restoring the debtor/debt and we have to make it match the newly system generated Unique ID. We recommend waiting several months or at year-end to remove these types of debtor issues.

Tip #3: Make sure there is a SETOFF REPORT (date is always a Tuesday) for every debt setoff deposit at Capital Management. Sometimes spam settings/controls may keep you from receiving notice that a setoff file is available to you. The deposit is normally complete at Capital Mgt. the following Tuesday. The setoff files only stay in your secure folder for 10 days. Contact us to restore.