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**EFFECTIVE DATE:** March 26, 2025

**SUBJECT:** General Policy for Disbursements by Agencies

**AUTHORIZATION:** John Fleming MD  
State Treasurer

**I. POLICY:**

The mission of the Louisiana Department of Treasury is to implement sound procedures for disbursements.

**II. PURPOSE:**

STO's intent is to provide for efficiency in State operations while reducing unnecessary banking fees and losses associated with selling off investments early for cash flow purposes.

**III. APPLICABILITY:**

This policy shall apply to all State Agencies making payments through LaGOV with vendors being paid by EFT or check, same day wires, and uploads with ACH/EFT and check payments.

**IV. DEFINITIONS:**

1. **Automated Clearing House (ACH)** payments are a significant part of the daily business within the State's checking account. The ACH network is governed by the National Automated Clearing House Association (Nacha) Operating Rules and Guideline which all participants must follow.

a. **Availability** - Non-Same Day ACH credit payments must be available for withdrawal by 8 a.m. CST on the settlement date.

b. **Credits** - Involves PUSHING funds into a bank account such as payroll to employees' bank

accounts. Most ACH credits settle in one banking day or less. The U.S. Treasury is the only entity that can initiate credits with a settlement date of more than two banking days.

c. **Debits** - Involves PULLING funds out of a bank account. ACH debits must settle in one banking day or less. By Nacha Rule and enforced by ACH Operator edits, ACH debits cannot have a settlement date that is more than one day into the future.

d. **Settlement** - ACH Payments are settled four times daily when the Federal Reserve's settlement service is open. The Federal Reserve's settlement system is closed on federal holidays and weekend, and business days from 5:30 p.m.CST to 6:30 a.m.CST.

e. **Electronic Funds Transfer (EFT)** digital transaction that moves money between accounts or financial institutions. Also known as electronic bank transfers, e-checks, or electronic payments.

2. **Wires** - electronic payments made on the same-day and processed through LaGov per <https://www.treasury.la.gov/lagovpmts>.

a. Note: New wires need 48 hours to allow for the payment to be made in a timely manner due to bank setup rules.

#### V. Requirements:

1.If total transactions for a day exceeds \$1,000,000.00, notify Treasury 24 hours in advance.

2.If total transactions for a day exceeds \$50,000,000.00, notify Treasury 3 days in advance.

3. For agencies with a yearly schedule of disbursements, provide STO with a yearly calendar of payments with estimated amounts and type.

4. For all disbursement transactions, AGENCIES must  
a. provide STO with persons who have entered and approved payments.

- b. process prior to 12:00 p.m. CST
- c. have one person input the payment and have a separate person verify and approve payment.
- d. monitor the ACH transactions for completion.

**5. Notify STO Investments** of any problems or failures of transactions immediately.

**6. Restrict access** to all banking information.

- a. verify any account information given for payments if possible, via a video call, contact information should be on file and confirmed.

**7. Review** State Bank's policies regarding ACH transactions and update information.

**8. Notifications should be sent to STO via email at [investments@treasury.la.gov](mailto:investments@treasury.la.gov)**

#### **VI. ACH Errors & Fees**

- a. If an Agency produces an ACH Error which has caused a daylight or overnight Overdraft, the following fees will apply per State Banking contract with JPM.
  - Daylight Overdraft: \$30.00 per item
  - Overnight Overdraft: Prime Rate plus 3% on Amount in Overdraft.

Any questions please contact STO.