



# Maintaining Treasury Operations

During the COVID-19 Crisis

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Maintaining treasury operations is essential as governments address issues related to the COVID-19 crisis. While state and local governments may have reduced—or will be reducing—in-office staff, there are ways to ensure there is business continuity within the treasury office.

Below are strategies that governments should consider regarding their treasury operations during the crisis:

### ☐ Use ACH and EFT for payables and receivables.

The easiest way to ensure payments are made by governments—and to help customers and taxpayers send funds to governments—is by using ACH (automated clearing house) and EFT (electronic funds transfers) services through their bank. ACH and EFT payments are convenient, fast, and a less expensive way to transfer funds than by paper check. Governments can process ACH and EFT payments or receive deposits remotely using features found in modern enterprise resource planning (ERP) systems. Governments should expand their existing ACH programs and ask vendors to use ACH or EFT payments to the government. If a government does not have a program in place, talk with your depository bank about making this option available.

### ☐ Appropriately staff and address payables and receivables processing.

Some treasury responsibilities may not be able to be completed by staff working remotely. In this case, deem certain treasury staff as “essential” and allow them to enter government offices on a reduced schedule to process checks, administer

check and ACH runs, prepare and send invoices, and address other essential treasury functions. Individuals should be in the office at staggered times. They should engage in social distancing and proper cleaning to avoid physical contact with other staff or surfaces that staff may come in contact with. Governments should decide whether public access to the treasury office should be allowed or reduced during this time. Such information and changes to public schedules should be communicated to the communities.

Governments should try to complete as much work as possible remotely. For assistance setting up remote work options, call your depository bank to discuss possible solutions for check processing, making remote deposits, scanning and sending documents, establishing and broadening electronic payment options for taxes and fees, and cashier-related tasks. Governments should ask if the bank is waiving merchant services fees or if they are offering other types of help to their public sector clients.

Governments may also be able to make or receive alias-based payments/digital disbursements (e.g., Zelle) that allows organizations to send funds (e.g., to/from citizens or small businesses) as necessary if allowed by your entity’s policies and procedures.

Governments may be able to use a **UPIC** (universal payment identification code) account through their bank for ACH payments. A UPIC masks your real banking information. This better protects your banking information from vendors when receiving ACH payments. With a UPIC, the underlying information remains your traditional banking account information. And the UPIC stays with the client even when the underlying banking institution may change.

There could be processing delays in establishing the UPIC due to reduced staffing at governments and financial institutions. Banks must continue to use authorization protocols (e.g., electronic and/or written approvals) that were in place before the crisis.

## □ Assess how changes to policies affect your entity's cash flow.

Revenue inflows may be affected for several reasons, including tax and fee extensions and holidays implemented by state and local governments. Governments should develop and execute cash flow scenarios that illustrate the impact of policy decisions and circumstances that impact inflows to the entity. Maintaining liquidity for your entity is key and knowing if or when there may be a shortfall will help you develop the right solutions.

Governments should also work closely with their elected bodies to communicate changes in your entity's collection policies that could have a financial impact (e.g., if late fees will be waived for government taxes and fees; if payment delays or extensions should be provided to taxpayers). For any policy changes that impact timing of payments, collection rates, or payment amounts, treasury officials should be part of the decision making process.

## □ Monitor your investment portfolio(s).

It would be wise for governments to check in with their investment adviser if they use one. Governments should monitor the entity's investment portfolio(s), especially as it relates to cash flow and liquidity needs. While making major portfolio changes is not recommended at this time, determining if any of your holdings need to be sold for liquidity purposes should be discussed with professionals and carefully reviewed with internal staff.

## □ Review administrative processes and authorizations to facilitate remote work.

Governments should review their treasury administrative processes and decide what can be changed or halted during this time. Whether working remotely or in an office, it is vital to streamline electronic processes and eliminate unnecessary use of paper. Governments should consider providing electronic-only information to employees and vendors, including pay stubs and payment remittance documents. Other administrative processes (e.g., manual check distribution) should be changed or eliminated.

Typical treasury functions often require internal and external authorizations that are normally done in person (e.g., signatures). While these processes should not be halted, governments should develop a procedure whereby employees or elected officials can view and approve documents electronically for necessary work. While governments should not suspend established required approval or authorization for payments, investments, or other treasury functions, they should understand what authorizations are *actually* required and eliminate or update others to electronic means. Governments should be aware that authorizations with external entities, such as banks, will remain in place.



### □ Be vigilant about fraud.

State and local governments should be vigilant on fraud events that may occur through email related to vendor payments—especially with limited staff available. Established protocols should be in place to NOT accept an email or fax as a change of vendor payment information. Governments should verify the change with a vendor representative on the phone (using a previously known number) and use a dual authentication process. It is critical that vendor payment information continues to be verified and that staff do not rely solely on email for payment changes. GFOA's Electronic Vendor Fraud Advisory recommends the use of electronic payments to improve efficiency, security, and for tracking payments. Without proper internal controls, electronic payments can leave governments open to fraud risk. Governments must put and keep safeguards in place, especially while staff members are working remotely.

Governments should also have policies and procedures in place when employees working at home or working remotely have sensitive materials and information; when they have access to that information outside of the entity's

facility; and/or when official work is done on nonentity devices and networks. GFOA's recent white paper on cybersecurity best practices encourages government staff to use Virtual Private Network (VPN) connections and work with their IT departments to establish secure connections while working remotely. Staff should also protect themselves from phishing scams and cybersecurity breaches.

#### For more fraud and cybersecurity resources:

- [GFOA's Electronic Vendor Fraud Advisory](#)
- [GFOA's White Paper—A Byte of Prevention: Best Practice in Cybersecurity](#)

### □ Now is not the time to change banking relationships.

Prior to the COVID-19 crisis, some governments may have been considering or have been in the process of changing banks. GFOA recommends pausing these actions or delaying the RFP process or selection of a new bank. Governments should try to keep existing relationships to avoid a change in services. As stated, governments should talk to their bank to find out what services are available during this time.



For more information about GFOA's Fiscal First Aid program, visit [www.gfoa.org/FFA](http://www.gfoa.org/FFA).



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