

State Board of Equalization

OPERATIONS MEMO  
Confidential


No : 1074  
Date : January 5, 2000  
Revised : October 15, 2001

**SUBJECT: ON-LINE REMITTANCE PROCESSING**

**I. Purpose**

The purpose of this Operations Memorandum is to establish guidelines for field office cashiering using On-line Remittance processing.

**II. Definition of Terms**

- ABA - American Bankers Association.
- ABA Number - A 9-digit number which identifies the institution on which a check, money order or warrant is drawn.
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- EFT - Electronic Funds Transfer. Electronic funds transfers are paperless movement of funds from one entity's bank to another.
- BOE-602 - Receipts that are handwritten, not printed by IRIS. Operations Memo 1072 provides additional information.
- MICR - Magnetic Ink Character Recognition. The numbers at the bottom of checks, money orders and warrants are printed in magnetic ink that can be read or recognized by check processing equipment. The MICR alphabet consists of the following characters: 1234567890 A B X Δ.
- MICR Reader/Printer -Equipment that can read or recognize MICR printing on checks, money orders and warrants. This equipment also prints receipt and endorses check.
- Payment - How the money is applied, for instance a payment could be made to a particular period or a reinstatement fee.
- Remittance - The source of money (cash, check, cashiers check or money order) prior to application that can be divided into multiple payments.

**II. Definition of Terms (Cont.)**

- Remittance ID - A specific identification number issued by IRIS to each processed remittance.
- TIN - Taxpayer Identification Number. "TIN" refers to the taxpayer identification number issued by the Board to each specific entity in IRIS.

**III. Background**

IRIS provides new functionality that allows field office cashiers to enter remittance (cash, check, money orders etc.) information into the IRIS CSH Cashiering subsystem and to directly apply the payments to the proper account or liability. Payment application information is immediately available to any user statewide and is finalized during batch processing. The number of documents sent to headquarters for processing has been significantly reduced.

The new IRIS cashiering process incorporates new equipment including personal computers, MICR Reader/Printer, and bar code scanners.

The on-line remittance process significantly changes existing cashiering procedures. The changes are set forth in the balance of this memorandum.

**IV. Equipment**

Personal computers are now being used to process all remittances received in the district. Additionally, MICR Reader/Printers are used to capture the bank ABA number, bank account number and check number information by reading MICR codes directly from the check. The MICR Reader/Printer also endorses the check with a Remittance ID number and prints a receipt for the taxpayer.

Bar code scanners are used to read specific information contained on documents such as returns and notices.

**V. Procedures**

**A. Remittances**

All remittances (i.e. cash, checks, money orders) received in the field offices either in person or by mail will be processed on-line by the cashier and deposited in the bank locally with the exception of salary advance repayments and jury duty pay.

[Redacted]

[Redacted]

[Redacted]

**A. Remittances (Cont.)**

[Redacted]

[Redacted]

[Redacted]

**B. Receipts**

The IRIS system issues a Remittance ID number for each transaction. This becomes the receipt number for MICR printed receipts. The MICR Reader/Printer prints a receipt for each transaction entered by the cashier.

[Redacted]

[Redacted]

Because the BOE-602 receipt is the principle back-up to the MICR system, all cashiers and their backups should be issued receipt books. Supervisors should train all cashiers on the proper preparation of the BOE-602.



**1. Revised Receipts (Cont.)**

[Redacted]

**2. Deleted Receipts**

[Redacted]

**C. Processing Mail Payments**

[Redacted]

[Redacted]

[Redacted]

**C. Processing Mail Payments (Cont.)**

[Redacted]

[Redacted]

**D. Online System Not Available**

[Redacted]

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

[Redacted]



**F. Transmittal Process**

**1. Cash Deposit Date Change**

[Redacted]

**2. Bank Deposits**

[Redacted]

**3. Balance and Reconciliation Process**

[Redacted]

[Redacted]

**4. Transmittal Report**

[Redacted]

**G. Documents to be sent to Headquarters Cashier**

[Redacted]

[Redacted]



[Redacted]

**H. The following Sales and Use Tax documents are not to be sent to Headquarters Cashier:**

[Redacted]

**VI. Accountability**

The critical nature of online remittance processing and payment application requires strict adherence to the principals of good fiscal accountability and responsibility.

**A. User Security**

[Redacted]

**B. Cashier**

[Redacted]

**C. Supervisor**

[Redacted]



**D. Receipts Custodian**


**E. Fiscal Reviews**

Quarterly Fiscal Spot Check formats will be revised in the near future to reflect the change in procedures resulting from implementation of IRIS cashiering, and the updated format will be distributed to field offices by the Chief of Field Operations.

**VII. Obsolescence**

This Operations Memorandum will be obsolete when the procedures are incorporated into appropriate manuals and the Quarterly Fiscal Spot Check.

Ramon J. Hirsig  
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