

Section IX

LOCKBOXES

A lockbox is a collection system in which a bank or third party receives, processes and deposits an agency's mail receipts. Mail is generally delivered to a specific post office box where the bank or third party picks up the mail several times daily and delivers it to its lockbox area. The mail is immediately sorted, opened, and processed in a highly secure environment.

A lockbox is a highly efficient mail receipt processing operation. Lockbox operations have significant capital investments in advanced technology and maintain flexible staffing capabilities to match volume fluctuations. This enables the lockbox operation to process all receipts the same day as received and to make multiple deposits each day to meet major check-clearing deadlines, thus ensuring the best availability of funds.

There are essentially two types of lockbox processing services:

Wholesale - designed for relatively high-dollar, low-volume corporate-to-corporate payments not accompanied by scannable documents.

Retail - designed for relatively low-dollar, high-volume consumer-to-corporate payments accompanied by scannable documents. Volume must be at least 10,000 items per month.

Customer Benefits

- Speeds the receipt of paper remittances and increases funds availability by reducing mail and check-clearing float.
- Ensures agency compliance with the statutory requirements to deposit moneys by the day following their receipt.

- Improves internal controls over the collection process reducing the risk of loss of funds.
- Reduces collection expenses by decreasing in-house processing costs.
- Responds quickly to volume surges and reduces processing delays.
- Provides timely electronic transmission of selected remittance information.
- Mails customer's backup daily.

Treasury administers a master agreement with a bank to provide both retail and wholesale lockbox services. Several boards and commissions use lockbox services to collect license fees. Other agencies use the lockbox services for tax remittances, loan repayments, and other types of fees.

Treasury will help agencies coordinate the setup of lockbox services. If you believe you may have applications or programs which may benefit from the use of a lockbox service or if you have further questions, contact:

Banking Section
(503) 378-4633