

Chapter 25 - Payroll

25.70

Payment Methods

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25.70 Payment Methods

25.70.10 Employee payment options

There are two ways to pay employees: by warrant (check), or, by direct deposit into an employee's account. Direct deposit requires written authorization by the employee.

25.70.20 Agency deposit of employee's earnings

There are three methods of depositing an employee's earnings: (a) Electronic Funds Transfer of aggregate net pay and (b) Individual employee warrants (checks).

Regardless of the method used, an employee is limited to four banks and four accounts for direct deposit of pay.

25.70.20.a. Employee requirements for direct deposit by EFT

- The employee is paid through the MFASIS HR payroll system.
- The employee is paid on a regularly scheduled payroll.
- An employee signed authorization for direct deposit by EFT is on file at the agency.
- The employee has an account in either a bank or credit union that belongs to an automated clearing house or is an open access member of a federal reserve bank.

25.70.20.a.(1) Agency requirements for direct deposit of employee's net pay by EFT

- An agency's internal controls must include a positive validation of the amounts transferred for an employee's net pay.
- The procedures should be designed to prevent a loss of state funds.

25.70.20.a.(2)

Payroll system requirements for direct deposit of employee's net pay by EFT

Payroll systems must develop standard procedures that apply to agencies participating in the system.

The Office of the State Controller must approve direct deposit programs prior to implementation.

Standard procedures require that the employee receive a "Notice of Deposit" in place of a warrant that contains the following information:

- The name of the bank or credit union receiving the deposit of net pay.
- The Transit Routing Number
- The employee's account number.
- The employee's name.
- The amount of the deposit.

25.70.20.a.(3)

Requirements for financial institutions used in direct deposit programs by EFT

The bank or credit union must be a member of an automated clearing house association or an open access member of a federal reserve bank.

The bank or credit union must confirm all requests transmitted for verification of the employee's account number.

The bank or credit union should not process any deposits to an employee's account without a valid account number.

25.70.30

Amounts due to deceased employees

When an employee dies, promptly change the employee name record to "Estate of" in the MFASIS HR System.

The term "amount owed to the deceased" means amounts owed for labor or services performed by the deceased and/or expense reimbursements or allowances.

25.70.40 Pay Check – Commercial Solicitation

No commercial (or other) solicitation material is to be distributed with State checks or advices without the express permission of the State Treasurer and the State Controller.

Any requests for distribution of solicitation material should be reported immediately to the State Treasurer and the State Controller.

The only exception to this policy is that agencies may communicate official, agency specific, information to their employees, clients or customers.

25.70.50 Policy on Replacement, Supplemental, & Advance Payments

If an agency discovers an error in an employee's paycheck, the policy for replacement and supplemental checks is:

1. Contact OSC Payroll Division for approval, before initiating the check process.
2. Replacement / supplemental checks will not be issued for missing overtime or special pays, except under hardship circumstances. These omissions should be compensated for in the next regular paycheck.
3. The original check must be returned before a replacement check can be issued.

If an employee, upon receipt of their paycheck, discovers an error which the agency determines to be legitimate, the same policy as above applies.

POLICY ON ADVANCE PAYMENTS

Advance payments provide a mechanism to compensate an employee, for one pay period (or one week), when the agency is unable to complete the procedures necessary to activate that employee in an authorized position in the MFASIS Human Resource System. Advance payments should not be issued to any new employee, for time worked in a pay period with a week ending date greater than the week ending date being paid to regular

employees. Advance payments are also used for any active employee that was not paid any wages at all, and should have been, for a given pay period.

Remember, these are accounts payable checks, cut from the General Accounting System, and should be in OSC Payroll no later than 2:00PM for processing to begin.