

MANAGEMENT DIRECTIVE

Commonwealth of Pennsylvania Governor's Office

Subject: Direct Deposit of Pay and Travel Reimbursements	Number: 315.17 Amended
Date: February 11, 2013	By Direction of:  Charles B. Zogby, Secretary of the Budget  Kelly Powell Logan, Secretary of Administration
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This directive establishes policy, responsibilities, and procedures for processing direct deposit of pay and travel reimbursements. Marginal dots are excluded due to major changes.

- 1. PURPOSE.** To establish policy, responsibilities, and procedures for processing direct deposit of pay and travel reimbursements.
- 2. SCOPE.** This directive applies to all departments, boards, commissions, and councils whose payrolls are processed through the SAP Human Resources and Payroll module and whose travel reimbursements are processed through the SAP Travel Management module (hereinafter referred to as "agencies").
- 3. OBJECTIVES.**
 - a.** To reduce costs and maximize efficiencies achieved through direct deposit of pay and travel reimbursements.
 - b.** To detail the actions necessary to establish and maintain the processing of direct deposit of pay and travel reimbursements.

4. DEFINITIONS.

- a. **Agency Human Resources (HR) Office.** The HR office of an agency not supported by the Office of Administration, Office for Human Resources Management, Human Resources Service Center (HRSC).
- b. **Automated Clearing House (ACH).** An association that operates as a central clearing facility for electronic funds transfers (EFT) on behalf of its member financial institutions. It is responsible for the electronic transfer of direct deposit credit transactions from the commonwealth's account at the originating financial institution to an account designated by an employee at a receiving financial institution.
- c. **Banking Information.** The information associated with a financial institution and an employee's account within the financial institution that is required for processing direct deposit transactions (e.g., account type, account number, routing number).
- d. **Credit.** The accounting term used to describe the process by which the receiving financial institution posts a direct deposit amount to an employee-designated account.
- e. **Direct Deposit.** The process by which an employee's net pays and travel expense reimbursements are transferred electronically from a commonwealth bank account to an employee-designated account.
- f. **Employee.** A person employed by an agency within the scope of this directive.
- g. **Federal Reserve Bank (FRB).** Any of the 12 district banks of the Federal Reserve System; the centralized banking system of the Federal Government. One of the FRB's functions is to serve as a central clearing facility for EFT on behalf of its affiliated financial institutions and their correspondent financial institutions who are not members of an ACH. The FRB processes direct deposit transactions in the same manner as an ACH.
- h. **Financial Institution.** A bank, savings bank, federal or state chartered credit union, or a savings and loan association.
- i. **Net Pay.** The amount of the employee's gross pay less all mandatory and voluntary payroll deductions.
- j. **Notification of Change.** The process by which the receiving financial institution notifies the commonwealth of a prenotification or direct deposit transaction that can be posted but requires some correction to the information contained in the entry. This is done in lieu of rejecting the entry.
- k. **Office of Administration, Office for Human Resources Management, Human Resources Service Center (HRSC).** The enterprise-wide HRSC, which provides services to both agency HR offices and employees.

- l. Online Orientation.** A requirement for all new employees, the online orientation presents Web-based forms, policy acknowledgements, benefits materials and job-related information. With approval of the agency HR office, certain employees may complete the orientation off-line.
- m. Originating Depository Financial Institution.** The financial institution responsible for receiving electronic direct deposit transactions from the commonwealth and transmitting credit entries to the appropriate ACH or FRB.
- n. Payday/Pay Date.** The day on which the receiving financial institution is scheduled to credit the employee-designated account for the amount of the direct deposit.
- o. Prenotification.** A non-dollar test transaction, preceding the first actual direct deposit transaction, that is used to ensure the banking information designated by the employee is valid.
- p. Receiving Depository Financial Institution.** The financial institution responsible for receiving direct deposit transactions from ACH or FRB and posting them to the employee-designated account.
- q. Stop Direct Deposit.** The mechanism used by the originating financial institution to stop the transmission of a direct deposit transaction.
- r. Trace.** A process of locating a direct deposit transaction through the EFT system.

5. POLICY.

- a.** All employees must participate in the commonwealth's direct deposit program for pay (including regular biweekly salary, wage, supplemental, overtime, and shift differential payments) and travel reimbursements. There is no charge to employees for this service.
- b.** Salary payments made from the payroll advancement account are not subject to direct deposit.
- c.** The employee's entire net pay will be deposited electronically on the employee's regularly scheduled pay day. Travel reimbursements are processed daily and can be deposited electronically on any day, excluding weekends and bank holidays.
- d.** There will be an approximate four week waiting period from the receipt of an employee's completed Authorization for Direct Deposit form until direct deposits begin, to allow sufficient time for the required prenotification process. Requests for direct deposits to financial institutions not capable of receiving direct deposits will be rejected during the prenotification process and returned to the employee. The employee will receive checks for pay and travel reimbursements until the prenotification process is complete.
- e.** Earnings statements are available to employees via Employee Self Service (ESS).

- f. Changes to banking information must be made at least 30 days before the effective date of the change to ensure direct deposits are not interrupted. Any change to banking information within 30 days of its effective date may result in a temporary stoppage of direct deposits, depending on the prenotification process of the financial institutions involved. The employee will receive a check for each scheduled pay and travel reimbursement until direct deposits resume.
- g. Direct deposits will not be interrupted if a receiving financial institution initiates a change action (e.g., new bank routing number or new account number) due to a merger or reorganization. A prenotification is not required in these cases.
- h. A receiving financial institution may terminate an employee's direct deposit by closing or freezing the employee's account and returning any direct deposit transactions to the commonwealth. The commonwealth will not process additional direct deposit transactions until the employee provides valid banking information.
- i. When an employee separates from commonwealth employment and is entitled to pay or travel reimbursement after the date of separation, funds will be directly deposited into the account on record. If the financial institution returns the direct deposit transaction, the separated employee will receive a check.
- j. Employees who transfer between agencies under the Governor's jurisdiction will retain their direct deposit status. Direct deposit will automatically terminate for employees transferring to an agency whose payrolls are not processed in the SAP Human Resources and Payroll module.

6. RESPONSIBILITIES.

a. Employees shall:

- (1) Obtain the banking information required for direct deposit.
- (2) Provide banking information through the online orientation or by completing the Authorization for Direct Deposit form and providing it to the HRSC or agency HR office.
- (3) Notify the HRSC or agency HR office if a direct deposit does not appear in the designated bank account on the scheduled pay day.
- (4) Update or change banking information as needed.

b. Office of Administration, Office for Human Resources Management, Human Resources Service Center/Agency Human Resource Office shall:

- (1) Inform new employees of the requirement for direct deposit during the new employee orientation.
- (2) Provide employees with the Authorization for Direct Deposit form and informational material.
- (3) Review the direct deposit information provided by the employee and obtain corrected information, if necessary.

- (4) Enter direct deposit information into the SAP Human Resources and Payroll module.
 - (5) Process notification of change transactions to employee banking information.
 - (6) Respond to employees' questions regarding direct deposit.
- c. **Office of the Budget, Office of Comptroller Operations, Bureau of Commonwealth Payroll Operations (BCPO)** shall:
- (1) Research returned prenotifications and direct deposit transactions and take appropriate corrective action.
 - (2) Research notifications of change initiated by receiving financial institutions and coordinate changes to employee banking information with the HRSC or the agency HR office.
 - (3) Ensure that all direct deposit stops and traces on direct deposits are communicated to the Treasury Department for handling.
- d. **Office of Administration, Office for Human Resources Management, HRSC, Agency Services and Operations Division** shall provide clarification on policy-related inquiries and manage exemptions to the policy.
- e. **Office of Administration, Office for Information Technology, Bureau of Integrated Enterprise System, Payroll Team** shall:
- (1) Create required employee prenotification actions and forward to the Treasury Department.
 - (2) Create direct deposit actions upon completion of prenotification periods and forward to the Treasury Department.
- f. **Treasury Department** shall:
- (1) Receive prenotification and direct deposit transactions through an SAP interface.
 - (2) Transmit prenotification and direct deposit records to originating financial institutions, through ACH/FRB, two banking days before scheduled pay dates.
 - (3) Assist BCPO in processing returned direct deposit transactions.
 - (4) Initiate traces on direct deposit transactions when necessary.
 - (5) Issue and forward to BCPO the proceeds of returned direct deposit transactions.
 - (6) Place stops on direct deposit transactions when necessary.

- (7) Provide to BCPO an electronic file containing incorrect and invalid banking information associated with direct deposits.

7. PROCEDURES.

a. Establishing Direct Deposit for New Employees.

(1) Action By: HRSC or Agency HR Office.

- (a) Inform new employees of the requirement for direct deposit during the new employee orientation.
- (b) Provide employees with the Authorization for Direct Deposit form and informational material.

(2) Action By: Employee.

- (a) Obtain the banking information necessary for direct deposit.
- (b) Provide the banking information through the online orientation or by completing the Authorization for Direct Deposit form and providing it to the agency HR office.

(3) Action By: HRSC or Agency HR Office.

- (a) Review the direct deposit information provided by the employee and obtain corrected information, if necessary.
- (b) Enter direct deposit information into the SAP Human Resources and Payroll module.

b. Changing Banking Information for Direct Deposits – ESS. Employees can change banking information for direct deposits in ESS by accessing <http://www.myworkplace.pa.gov> and entering the new banking information.

c. Changing Banking Information for Direct Deposits – Employees Without Access to ESS.

- (1) Action By: Employee. Submit an Authorization for Direct Deposit form to the HRSC or the agency HR office.

(2) Action By: HRSC or Agency HR Office.

- (a) Review the information on the completed Authorization for Direct Deposit form and obtain corrected information, if necessary.
- (b) Enter direct deposit information into the SAP Human Resources and Payroll module.

d. Changing Banking Information for Direct Deposits as a Result of a Notification of Change from a Financial Institution.

- (1) Action By: BCPO.** Receive a notification of change from a financial institution and forward the notification to HRSC or the agency HR office, as appropriate.
- (2) Action By: HRSC or Agency HR Office.** Process direct deposit notification of change transactions to change employee banking information. Contact the employee, if necessary, to obtain new banking information.
- (3) Action By: Employee.** If necessary, provide new banking information to HRSC or the agency HR office.

e. Processing Returned Direct Deposit Transactions.

- (1) Action By: Treasury Department.**
 - (a)** Send to BCPO a daily report of returned direct deposit transactions.
 - (b)** Process an EFT transaction to deposit the proceeds of returned direct deposit transactions to the BCPO payroll advancement account.
- (2) Action By: BCPO.**
 - (a)** Provide a copy of the daily report of returned direct deposit transactions to the HRSC for processing changes to banking information.
 - (b)** Verify that the invalid banking information has been end dated in the SAP Human Resources and Payroll module and complete Form BCPO-500, Request for Salary/Wage Advancements (Form BCPO-500).
 - (c)** Create an advancement account check and distribute the check according to the instructions provided on Form BCPO-500.

This directive replaces, in its entirety, *Management Directive 315.17*, dated October 20, 2000 and *Revision No. 1* dated August 22, 2003.