

SYSTEM REGULATION

31.01.07 Direct Deposit of Payroll Payments

Approved September 29, 1995

Revised September 30, 1998

Revised September 20, 1999

Supplements System Policy 31.01

1. GENERAL

- 1.1 State law requires the State Comptroller of Public Accounts to make certain payments through direct deposit. These payments include state employee payroll payments from funds on deposit in the State Treasury.
- 1.2 Payments to employees and vendors that are made with local funds of an agency or institution of higher education are excluded from the mandatory direct deposit requirement. This exclusion applies even when the agency or institution of higher education may request reimbursement through the State Comptroller's Office from funds maintained in the State Treasury. However, System universities, agencies and the health science center are urged to provide direct deposit services through local programs for these payments.

2. DEFINITION

For the purpose of the direct deposit requirement, the term "employee" includes biweekly, monthly, hourly, temporary and part-time employees. The term does not include independent contractors or the employees of independent contractors.

3. PROCEDURES

- 3.1 Each component will determine its own procedures for eligibility to participate in this program based on the requirements as provided by the State Comptroller's Office and its own operating procedures and environment. This allows for some flexibility with respect to employees who are also students.
- 3.2 Each component will require employees eligible to participate in the direct deposit program to complete a direct deposit authorization form. This form also allows for employees who qualify to be exempted from this program to claim that exemption. Each component of the System will enter this information into the Budget/Payroll/Personnel (B/P/P) System and must keep the exemption documentation on file for examination by the State Comptroller's Office or the State Auditor's Office for those employees who otherwise are required to participate.

3.3 Payment Procedures for Employees Paid Directly from Local Funds or from State Funds via a Reimbursement Payroll

3.3.1 The B/P/P system will generate the ACH (Automated Clearinghouse) transaction records, and the B/P/P Operations Office will ensure the Originating Depository Financial Institution is contacted to initiate the transmission of these records.

3.3.2 Requests for deletions/reversals will be guided by the regulations of the Originating Depository Financial Institution for the System.

CONTACT OFFICE: The System Office of Information Resources

HISTORY: Last version: September 30, 1998

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