



Policy Number	Section Name	Policy Name	Effective Date	Revised Date
CM-100005	Cash Management	Payroll Disbursement	2/28/07	

## I. Purpose

This section will provide guidelines mainly regarding the centralized payroll disbursement method for Streamlined Banking agencies. Non-Streamlined Banking agencies shall follow polices and procedures relevant to their current disbursement activities.

## II. Background

All Streamlined Banking agencies will follow the policies and procedures as outlined below for Payroll disbursements. Organizational changes which were implemented include transferring responsibility to the State Accounting Office (SAO) for processing and monitoring payroll reconciliation transactions. Additionally, Streamlined Banking agencies will not be allowed to manually type and confirm a replacement check for its employees. If necessary, SAO will process any manually typed or On-Line checks

Physical changes on Payroll checks for Streamlined Banking agencies will include the following:

- (1) The issuing authority on Payroll checks will read:

**State of Georgia  
Payroll Account  
200 Piedmont Avenue, Suite 1604, West Tower  
Atlanta, GA 30334**

- (2) The State of Georgia's seal will appear on the checks.
- (3) The agency's name will appear on the top left corner of the check.
- (4) The Treasurer's signature will be the authorized signature on payroll checks.

### **III. Policy**

- A. Agencies should use the most cost effective payment methods available to make disbursements. For HCM users, direct deposit (ACH) is the preferred payment method for payroll disbursements.
- B. Agency employees' may be set up for direct deposit or a system check for net pay distribution, but not both simultaneously. Agencies should monitor their records to ensure that employees are adhering to this policy.
- C. Employees who elect direct deposit can select a maximum of (3) accounts for net pay distribution. These accounts may include a savings account or checking account at credit unions, banks or other financial institutions. Agencies may selectively enforce this maximum or be more restrictive but may not allow more than the maximum.
- D. Agencies will have (3) business days after being contacted by SAO via email or phone to correct ACH returned items.
- E. Streamlined Banking Agencies will not be allowed access to blank checks for the purpose of creating a manually typed check. SAO will provide On-Line (Express) checks as a substitute.
- F. The minimum amount agencies can request for an On-line Payroll (Express) check from SAO will be \$100.

### **IV. Payroll Procedures for Streamlined Banking Agencies**

#### **A. Payroll Disbursements (System checks & ACH)**

- 1. SAO will create Pay-sheets in PeopleSoft the first day following the previous pay period end date.
- 2. The agency updates Payroll information into the HCM Payroll System.
- 3. After payroll confirm date, a direct deposit (ACH) file is generated by SAO and electronically transmitted to the bank prior to the pay date.
- 4. SAO will send direct deposit confirmations through Wachovia Connection.
- 5. On the designated payment date, the disbursement bank will use the Automated Clearing House (ACH) system to move funds from the state government account to the recipients account.
- 6. SAO will communicate and resolve all positive pay exceptions with the agency for each pay cycle.
- 7. Payroll checks not processed by direct deposit will be printed at GTA by business unit and available for pick up by the agency or distributed to the agency as arranged with GTA.
- 8. The agency or courier will verify and sign off on receipt of checks on the Check Control Log created by GTA.
- 9. SAO will receive a copy of the Check Control Log and review it against the Paycycle File. SAO will follow up with GTA on any check issues.

## **B. Payroll Online (Express)/Manual Checks**

1. The use of manual checks are not encouraged under the Streamlined Banking structure
2. When necessary, agencies will utilize the On-Line Check functionality which is managed by SAO.
3. An authorized user must submit the ([Payroll On-Line Check Request Form](#)) to SAO for same day processing no later than 2:00 P.M. Requests received by 2:00 P.M. will be processed by close of business day (5:00 P.M.)
4. The agency's approver must be listed on SAO's signature authority list and must be the same person which initiated the on-line check form.
5. SAO will enter the payroll data and generate the on-line check. The check will be available for pick up by the agency or distributed as requested.
6. SAO will establish satellite check printing locations where necessary to ensure timely processing across the State.

## **C. Payroll Deduction Payments**

1. The HCM-to-AP interface will pass certain fringes as well as federal and state tax payments as "AP Wire" to prevent issuing checks with possible errors. Examples of the vendors involved are the Employees Retirement System, State Health Benefits Plan, and State Charitable Contributions. See Deduction Payment Spreadsheet.
2. Agencies will not be required to put the payment on hold.
3. In Accounts Payable, the user will not be allowed to change these vouchers to a payment type of "Check". An error message will occur if the user attempts to change this payment type.
4. Upon approval of the fringe payment vouchers, the agency will change the voucher payment type to "EFT" in Accounts Payable. At the next pay cycle, the fringe payment will be processed electronically.
5. Federal Tax payments will be processed via ACH Debit, using the EFTPS system offered through the Internal Revenue Service. Once agencies enter payments into EFTPS, the agency will post the payment to the outstanding federal tax vouchers and change the payment type to AP Wire.
6. Other miscellaneous deductions will continue to pass from HCM to AP with a payment type of "AP Check" and will need to be monitored closely by the agency to prevent any payment errors.

## **V. Agency Internal Controls**

1. **Separation of Duty:** Agencies must be able to demonstrate that assignment of responsibilities for a transaction is done so that the duties of one employee automatically provide for a cross-check on the work of other employees.
2. **Proper Authorization:** Agencies must be able to demonstrate that transactions (or documents) are authorized by appropriate agency personnel.
3. **Documents and Records:** Agencies must be able to provide evidence of the occurrence of documents on the amount, nature, and terms of the transaction.

4. **Signature Stamp:** SAO will be responsible for securing the signature stamp in a locked cabinet from un-authorized personnel. Access to this stamp will be limited and keys (2) will be properly secured at all times.
5. **Access Control-** Physical access to cash and un-issued checks must be restricted to authorized personnel.

## **VI. Definitions**

**Automated Clearing House (ACH)** - A nationwide payment and collection system that provides for electronic distribution and settlement of funds. Although the term Electronic Fund Transfer (EFT) is technically more inclusive than the term ACH, the term EFT is often used synonymously with ACH.

**Electronic Fund Transfers (EFT)** - Any transfer of funds between accounts by electronic means rather than conventional paper-based payment methods.

**Georgia PeopleSoft Financials System (GPFS)**- Accounting software application utilized to process transactions. The financial modules include Purchasing, Accounts Payable, Accounts Receivable, Asset Management, Labor, Cash Management, Commitment Control, and General Accounting.

**Georgia PeopleSoft Human Capital Management System (HCM)**- Human Resource and Payroll software application utilized to process benefits, leave, and wage transactions for employees, including payroll processing.

**Main Disbursement Accounts-** Two main disbursement accounts (Operating and Payroll) for disbursing payment of Streamlined Banking agencies. These are both controlled disbursement accounts managed by SAO.

**Online Checks-** System generated checks issued within the same business day upon request of a agency.

**Payroll Remittance Advice-** Additional information regarding a pay transaction, which will be printed on the payment stub, used to identify the payee, and other information needed by the payee as it relates to earnings and deductions for the pay period along with year to date information.

**Positive pay-** A deterrent to check fraud-by which banks compare a company's record of checks issued with checks presented for payment. The check must appear on the outstanding check list in order to be cleared by the bank.

### **See Also:**

- CM- Payment Cancellation (Stop/Void Payments)
- CM- Check Imaging
- CM- Bank Reconciliation

## **VII. Approval**

Statewide Accounting	Joyce Smith
Financial Systems	Sherrie Southern
State Accounting Officer	Lynn Vellinga

## **VIII. Revision History**

<b>Version</b>	<b>Date</b>
1	2/28/07
2	