



Management Directive

Commonwealth of Pennsylvania

Governor's Office

Management Directive 315.17 Amended – Direct Deposit of Pay and Travel Reimbursements

Date: May 17, 2022
By Direction of: *Greg Thall*
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This directive establishes policy, responsibilities, and procedures for processing Direct Deposit of pay and travel reimbursements. This amendment updates definitions, organizations, and procedures.

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, offices, boards, commissions, and councils under the Governor's jurisdiction and to independent agencies whose payrolls are processed through the SAP enterprise resource planning system (hereinafter referred to as "SAP") Human Resources (HR) 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. **Automated Clearing House (ACH).** An electronic funds transfer system that operates as a central clearing facility for all electronic funds transfers (EFT) on behalf of its member Financial Institutions, including 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.
- b. **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, including, but not limited to, account type, account number, and routing number.
- c. **Credit.** The accounting term used to describe the process by which the Receiving Depository Financial Institution posts a Direct Deposit amount to an Employee-designated account.
- d. **Direct Deposit.** The process by which an Employee's Net Pay and travel expense reimbursements are transferred electronically from a Commonwealth bank account to an Employee-designated account.
- e. **Employee.** A person employed by an agency within the scope of this directive.
- f. **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.
- g. **Financial Institution.** A bank, savings bank, federal or state-chartered credit union, or a savings and loan association.
- h. **Net Pay.** The amount of the Employee's gross pay less all mandatory and voluntary payroll deductions.
- i. **Notification of Change.** The process by which the Receiving Depository 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.
- j. **Onboarding.** An OA, HRSC-provided process for newly-hired Employees to complete employment-related forms and policy acknowledgements, to learn about Commonwealth-provided benefits, and to be provided job-related information, which is typically accomplished online but may be given in-person or otherwise with the approval of the agency HR office or OA, HR Delivery Center (HRDC).

- k. 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.
- l. Payday/Pay Date.** The day on which the Receiving Depository Financial Institution is scheduled to Credit the Employee-designated account for the amount of the Direct Deposit.
- m. 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.
- n. Receiving Depository Financial Institution.** The Financial Institution responsible for Receiving Depository Direct Deposit transactions from ACH or FRB and posting them to the Employee-designated account.
- o. 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, wages, 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 Payday. 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 (4) week waiting period from the receipt of an Employee's completed Authorization for Direct Deposit form, available via the Employee Resource Center, 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). Employees without access to ESS will have their earnings statements mailed to their home address.
- 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 Depository 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 Depository 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 a government entity whose payrolls are not processed in the SAP HR and Payroll module.

6. RESPONSIBILITIES.

a. Employees shall:

- (1)** Obtain the Banking Information required for Direct Deposit.
- (2)** Provide Banking Information through the Onboarding, or by completing the Authorization for Direct Deposit form and providing it to the OA, HRSC or agency HR office.
- (3)** Notify OA, HRSC or agency HR office if a Direct Deposit does not appear in the designated bank account on the scheduled Payday.
- (4)** Update or change Banking Information as needed.

b. OA, HRSC/Agency HR Office shall:

- (1)** Inform new Employees of the requirement for Direct Deposit during Onboarding or new Employee orientation.
- (2)** Direct Employees to the Employee Resource Center for the Authorization for Direct Deposit form and informational material.
- (3)** Review the Direct Deposit information provided on the Authorization for Direct Deposit form from the Employee and obtain corrected information, if necessary.
- (4)** Enter Direct Deposit information from the Authorization for Direct Deposit form from the Employee into the SAP HR and Payroll module.
- (5)** Process Notification of Change transactions to Employee Banking Information.
- (6)** Respond to Employees' questions regarding Direct Deposit.

- c. **BCPO** shall research Direct Deposit rejections/returns and work with OA, HRSC and the Commonwealth of Pennsylvania's Treasury Department (Treasury) to take appropriate corrective action when necessary.
- d. **OA, Human Resources and Management, Office of Employee Relations and Workforce Support** shall provide direction and clarification on policy-related inquiries and, when necessary, manage exemptions from the Direct Deposit requirements of this directive.
- e. **OA, Information Technology, Integrated Enterprise System Office (IES), Payroll Team** shall:
 - (1) Create required Employee Prenotification actions and forward to Treasury.
 - (2) Create Direct Deposit actions upon completion of Prenotification periods and forward to Treasury.
- f. **Treasury** shall:
 - (1) Receive Prenotification and Direct Deposit transactions through an SAP interface.
 - (2) Transmit Prenotification and Direct Deposit records to Originating Depository Financial Institutions, through ACH/FRB, two (2) 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) OA, HRSC or Agency HR Office.

- (a) If Employee is being hired into an agency served by OA, HRSC, inform new Employees of the requirement for Direct Deposit during Onboarding.
- (b) If Employee is being hired into an agency not served by OA, HRSC, provide Employees with the Authorization for Direct Deposit form and informational material.

- (2) **Employee.**
 - (a) Obtain the Banking Information necessary for Direct Deposit.
 - (b) If being hired into an agency served by OA, HRSC, complete Direct Deposit information in the Onboarding Tour 1.
 - (c) If being hired into an agency not served by OA, HRSC, provide the Banking Information by completing the Authorization for Direct Deposit form and providing it to the agency HR office.
- (3) **OA, 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 HR 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) **Employee.** Submit an Authorization for Direct Deposit form to OA, HRSC or the agency HR office.
 - (2) **OA, 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 HR and Payroll module.
- d. **Changing Banking Information for Direct Deposits as a Result of a Notification of Change from a Financial Institution.**
 - (1) **Treasury.** Receive a Notification of Change from a Financial Institution and forward the notification to IES.
 - (2) **IES.** Receive a Notification of Change from Treasury and forward to OA, HRSC or the agency HR office, as appropriate.
 - (3) **OA, 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.
 - (4) **Employee.** If necessary, provide new Banking Information to OA, HRSC or the agency HR office.

e. Processing Returned Direct Deposit Transactions.

(1) Treasury.

- (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) BCPO.

- (a)** Provide a copy of the daily report of returned Direct Deposit transactions to OA, HRSC for processing changes to Banking Information.
- (b)** Verify that the invalid Banking Information has been end dated in the SAP HR 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 Amended*, dated February 11, 2013.