

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## Table of Contents

Table of Contents.....	1
Overview.....	3
Introduction.....	3
Benefits to Employees and Employers.....	3
Direct Deposit as a Condition of New Hire or Rehire.....	4
Global Exceptions to Mandate.....	4
Agency Specific Mandatory Direct Deposit Policy.....	5
Statewide Mandate for Opt Out of Printed Earnings Notices.....	5
Virginia Debit MasterCard.....	5
Virginia Debit MasterCard Procedures.....	6
No Fixed DD if No Net DD.....	6
Promoting Direct Deposit.....	6
Rules Affecting Direct Deposit.....	7
Central Direct Deposit Administration.....	7
Agency Responsibilities.....	7
Operational Participants.....	8
Originator Responsibilities.....	8
ODFI.....	9
ACH Operator.....	9
Forms.....	9
Glossary.....	10
Bank Routing Numbers.....	12
Bank Routing Number.....	12
Key To Routing Numbers.....	12
Account Numbers.....	12
Check Numbers.....	12
Pre-Notes.....	13
Bank Information – Initial Set-up and/or Changes.....	13
ACH Processing and Returns.....	14
ACH Cycle.....	14
Timeframe.....	14
Day 1 - During nightly certification payrun.....	14
Day 2 - Morning following certification payrun.....	14
Day 2 - Afternoon following certification payrun.....	14
Returns.....	14
Corrective Action.....	15
CIPPS Direct Deposit Set-up.....	16
Direct Deposit Deductions.....	16
Employee Banking Information, H0BB1.....	16
Employee Deductions, H0ZDC.....	18
CIPPS Direct Deposit Reports.....	20

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

Reports .....	20
Exception Processing .....	20
Stop Payments .....	20
Stop Payment Documentation .....	22
Internal Control .....	23
Internal Control .....	23
Records Retention .....	23
Time Period .....	23
Contacts .....	23
DOA Contacts .....	23
Subject Cross References .....	23
References .....	23

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## Overview

---

### Introduction

Direct Deposit (also known as EFT, Electronic Funds Transfer) of payroll allows employees to have their pay electronically deposited to their savings accounts, checking account(s) or any debit/pay card that will accept electronic deposits. The program is a convenient way to pay employees at any Federal Reserve affiliated financial institution worldwide. Direct deposit is the primary method of paying Commonwealth employees. All state employees are eligible to participate in the direct deposit program regardless of their frequency of pay and/or salaried or wage status. That is, salaried or wage employees paid monthly, semi-monthly, biweekly, and weekly may all participate in the program.

---

### Benefits to Employees and Employers

Direct deposit benefits both the employee and the employer. Benefits to the employee include:

- No lost or stolen checks.
- No unclaimed or uncashed checks.
- Eliminates long banking lines and wasted time cashing checks.
- Assurance that payments will be automatically deposited while on vacation, sick leave, or out of town.

Financial institution service fees vary, but generally, direct deposit fees are lower than the cost of paper transactions. Direct Deposit reduces operating costs and improves productivity. Other benefits to the employer include:

- Reduced processing time and requirements for check reconciliation.
  - Enhanced cash management by increasing predictability of cash flows.
  - Elimination of forged, stolen, or lost checks.
- 

*Continued on next page*

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## Overview, Continued

### Direct Deposit as a Condition of New Hire or Rehire

4-601.e.2 of the *Appropriation Act* (Chapter 879, 2008 Session) authorizes the Comptroller to mandate payment of wages or salaries to state employee via electronic payments. The first step toward implementing this mandate is the requirement that all newly hired or rehired employees to the Commonwealth receive their net pay via an electronic deposit. This applies to all employees with a hire date of August 1, 2008, or after, paid either centrally or by a decentralized higher education institution. Wage employees are included in this mandate.

### Global Exceptions to Mandate

Listed below are the only global exceptions to the direct deposit mandate. Some agencies have obtained agency specific exceptions due to a unique population of employees or work conditions. Exceptions other than those listed must be requested in writing to the Director or Assistant Director of State Payroll Operations. Agencies are required to document all exceptions granted or may be subject to a \$5 per compliance monitoring check charge as permitted by § 4-5.04g of Chapter 847.

- ✓ Wage employees who *are unbanked and will only be employed one or two pay cycles.*
- ✓ Employees under the age of 18 cannot apply for the paycard nor open a bank account without a co-owner and therefore can be excepted until they reach the age of 18.
- ✓ Employees switching financial institutions can receive a pay check for one to two periods while establishing a new account.
- ✓ Direct deposit, including the paycard, cannot be enforced for those employees without an SSN and can be excepted until the SSN is obtained.
- ✓ Third party checks for miscellaneous deductions, taxes, garnishments, etc. are not included in the mandate as CIPPS does not have the capability of creating electronic transmissions of those payments.
- ✓ Federal Work Study students are exempted from the mandate due to 34 CFR 675.16 which specifically prohibits employers from requiring FWS students to participate in direct deposit.

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## Overview, Continued

---

### Agency Specific Mandatory Direct Deposit Policy

At this time DOA does not mandate Statewide direct deposit for existing employees. However, effective August 1, 2008, individual agencies will be allowed and are encouraged to invoke a mandatory direct deposit policy. Any policy developed by an agency that does not provide for a 100% mandate should be soundly documented to include rationale for excluding certain groups of employees (either by employment type or location, etc.). Similarly, any exception granted to a “mandated group” should be documented for reasonableness of employment practices.

---

### Statewide Mandate for Opt Out of Printed Earnings Notices

Effective January 1, 2009, all employees who **have access to state-issued computers and internet access** will be required to use Payline and to opt out of earnings notice print. Agencies can implement this mandate by either requiring their employees to access Payline and make the appropriate elections in the user’s security record (Personal Options page) or by the agency making a global election. Agency elections to eliminate earnings notice print can be applied systematically to salary only employees, hourly only employees, or all employees.

Note: An employee does not have to have an individual computer assigned in order to be considered as having access. An employee is considered to have access if the agency provides for a kiosk in an employee lounge or public area and where employees of higher education institutions have access to libraries or computer centers.

---

### Virginia Debit MasterCard

While direct deposit of payroll has been available since the early 1980s, not all employees maintain bank accounts. Therefore a small percentage of “unbanked” employees still receive their earnings in the form of a paper check. In conjunction with the Department of Treasury, the Department of Accounts began a program to allow State employee payrolls to be deposited to a Debit MasterCard or “Pay Card” called the EPPICard. This electronic payment option is ideal for those employees age 18 or over who currently receive a pay check or even those on direct deposit who wish to have a portion of their pay set aside on the pay card each pay day.

Note: As the EPPICard must be produced and mailed to the employee, the direct deposit deduction for this deposit will undergo a two pay period pre-note process.

---

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## Overview, Continued

### Virginia Debit MasterCard Procedures

Agencies may distribute information about the Pay Card to employees by either directing the employee to the internet address or printing from the website and distributing the information. The internet address is <https://www.eppicard.com> (then click on the card labeled Virginia). All of the program details including the enrollment form can be found by clicking on “Program Material” and then “For Commonwealth Employees.”

Employees that opt to participate will complete the enrollment form and return it to their payroll office. The completed form should then be faxed to the Department of Accounts (DOA) for further processing. DOA will enter the information into the MasterCard system to establish the employees account. DOA will enter ONLY the banking information into CIPPS. Upon completion DOA will notify the agency that the banking information has been entered. (It is advised that the payroll office not establish the direct deposit deduction until they are notified by the employee that the EPPICard has been received. At that time, the automatic prenote can be overridden by changing the last position of the utility field to zero.)

The agency should capture the bank and account routing numbers by making screen prints of the direct deposit screen. Attach the screen print to the original enrollment form and file in the employees payroll/personnel file.

Note: For newly hired employees, please do not fax the completed enrollment form to DOA until the employee record has been created in CIPPS.

### No Fixed DD if No Net DD

No employee is allowed to utilize fixed direct deposit deductions unless the employee is also having his net pay direct deposited as well. Each employee must identify a financial institution where the net pay will be deposited or cannot avail themselves of the convenience of the fixed direct deposit.

Note: Employees waiting for receipt of the EPPICard are considered as participation in net direct deposit even though a physical check must be produced in the interim.

### Promoting Direct Deposit

To increase participation, agencies are encouraged to promote the direct deposit program. Agencies with low participation rates are reported in Comptroller’s Quarterly Report. To obtain promotional materials and other pertinent information, see [www.directdeposit.org](http://www.directdeposit.org) or call NACHA @ 1-800-487-9180.

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## Overview, Continued

---

**Rules Affecting Direct Deposit** State and Federal authorities share regulatory responsibility over Direct Deposit. Title IX of the Consumer Credit Protection Act and the Electronic Fund Transfers Act outline the basic requirements for Electronic Funds Transfers (EFT's) including direct deposit. The Federal Reserve Board's Regulation E explains and implements these laws.

---

**Central Direct Deposit Administration** Direct deposit transactions are processed through the Automated Clearing House (ACH). DOA administers the program for agencies centrally by:

- Serving as the main contact for agencies using direct deposit and assisting in immediate problem resolution.
- Creating transmission files containing banking information for each direct deposit participant.
- Processing Notifications of Change (employee account changes).
- Correcting errors and ACH Returns.

---

**Agency Responsibilities** Agencies play a very important role in the initial employee direct deposit set-up process. Accurate direct deposit set-up is critical to the successful transfer of funds. Agencies:

- Collect employee banking information on the direct deposit enrollment form.
- Verify banking information with the selected financial institutions.
- Establish bank account information on H0BB1 and deductions on H0ZDC.
- Ensure that the link between the bank and bank account information on H0BB1 and the direct deposit payroll deduction H0ZDC are correct.
- Maintain copies of employee direct deposit enrollment applications.

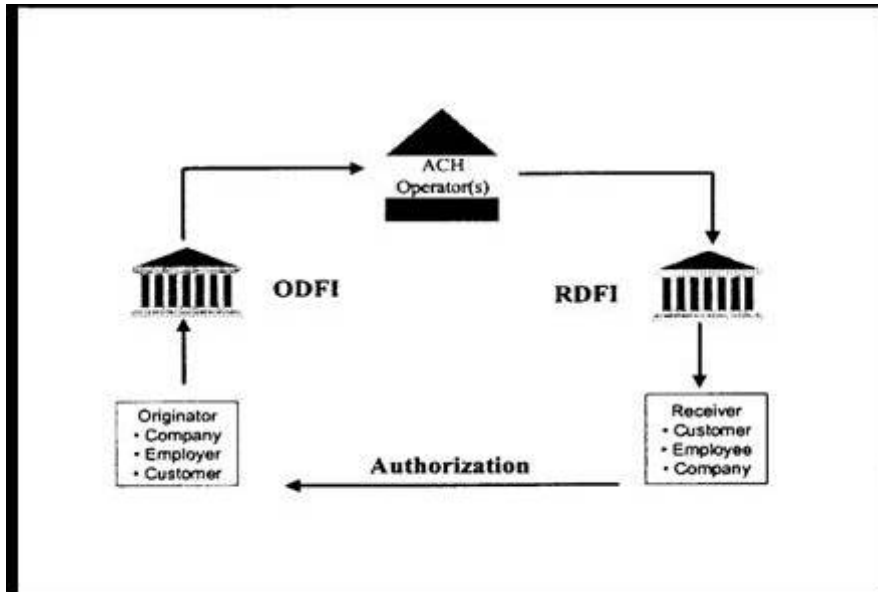
---

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## Direct Deposit Administration

### Operational Participants

As shown in the following illustration, five participants are involved in the administration of the direct deposit process. Each plays an important role in completing the process successfully.



### Originator Responsibilities

In the Commonwealth of Virginia, originator responsibilities are divided as follows:

Responsible Party	Function
Agency	Collects and verifies banking information.
	Sets-up information in CIPPS.
	Maintains copy of direct deposit applications.
Department of Accounts	Main contact for agencies using direct deposit.
	Assists in immediate problem resolution and correction of errors.
	Creates and transfers transmission files containing banking information for each direct deposit participant.
Department of Treasury	Contracts with the originating bank.
	Resolves float and timing issues.

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## Overview, Continued

---

<b>ODFI</b>	SunTrust Bank is currently under contract by the Commonwealth as the Originating Depository Financial Institution. DOA sends payment information electronically to the bank where the data file is warehoused and subsequently forwarded to the ACH operator two days before the effective payment date.
<hr/>	
<b>ACH Operator</b>	The Federal Reserve Bank is the state's designated ACH Operator. The Federal Reserve is the central clearing facility that sorts all transactions by bank and releases payments no later than the opening of the business day that funds are scheduled to be available. The Federal Reserve sends the electronic transmission to the RDFI for final credit to employee accounts. If all information sent to the RDFI is correct, no further action is taken. If the information is incorrect, Notifications of Change and ACH Returns are sent back to the ODFI.
<hr/>	
<b>RDFI</b>	Receiving Depository Financial Institutions are employees' financial institutions that receive ACH entries for final distribution to accounts designated by their customer employees.
<hr/>	
<b>Employee/ Receiver</b>	Employee/receivers are the payees who authorize their paychecks to be direct deposited to their financial institution and chosen bank account. The employee is responsible for notifying the payroll office of any changes in bank account information.
<hr/>	
<b>Forms</b>	Employee Direct Deposit Authorization Forms are available on-line at the DOA website <a href="http://www.doa.virginia.gov/Payroll/Forms/Payroll_Forms_Main.cfm">http://www.doa.virginia.gov/Payroll/Forms/Payroll_Forms_Main.cfm</a> .
<hr/>	

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## Overview, Continued

### Glossary

<b>ACH Network</b>	A funds transfer system governed by the rules of NACHA that provides the inter-bank clearing of electronic entries for participating financial institutions.
<b>ACH Return</b>	A type of Return in which funds that have already processed through the ACH are returned to the ODFI unposted.
<b>Automated Clearing House (ACH)</b>	The central clearing facility responsible for the transfer of direct deposit transactions from the State's bank account at the originating financial institution to the employee's financial institution(s) and account.
<b>Authentication</b>	A process of generating a message that can be used to positively identify the sender of the message and to protect the message from data insertion, modification, deletion or replay.
<b>Available Balance</b>	Funds available on the current day.
<b>Authorization</b>	A written agreement with the agency, signed by the employee, allowing payments to process through the ACH network.
<b>Effective date</b>	The date on which the receiving financial institution(s) credits the employee's account(s) for the amount of the direct deposit.
<b>Exception Entry</b>	Entries that require special attention. Examples include closed accounts, stop payments, notification of change or dishonored return claims of withdrawal (NOW) accounts at a savings and loan association.
<b>Deletion</b>	Stops erroneous direct deposit transactions during the period the ODFI still has the transmission file warehoused. The ODFI guarantees the direct deposit transaction will not be sent to the Federal Reserve Bank.
<b>Direct Deposit</b>	Employee's net pay, or a fixed amount of pay, is transferred, on payday, from a State bank account to the bank account(s) chosen by the employee without the use of paper checks.
<b>Financial Institution (FI)</b>	A bank, savings bank, federal- or state-chartered credit union.
<b>Fixed Amount of Pay</b>	Specified dollar amount of the employee's net pay.
<b>Net Pay</b>	The employee's gross pay less all taxes and mandatory and voluntary payroll deductions.
<b>Notification of Change (NOC)</b>	A type of Return sent by the RDFI to notify the ODFI that information for payee has become outdated or that the information contained in the pre-notification is erroneous.
<b>Originator</b>	Any company or entity that initiates entries into the Automated Clearing House (ACH) network.

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## Overview, Continued

<b>Overdraft</b>	Negative balances in employee's account at the end of business day.
<b>Posting</b>	The process of recording debits and credits.
<b>Pre-notification (pre-note)</b>	Zero dollar entry that may be sent through the ACH network to alert the receiving financial institution that a live dollar transaction will be forthcoming. Requires verification of the payee's account by RDFI.
<b>Receiving Depository Financial Institution (RDFI)</b>	The employee's financial institution(s) responsible for receiving the employee's direct deposit from the ACH and posting it to the employee's account(s) on payday.
<b>Regulation E</b>	A regulation promulgated by the Federal Reserve Board in order to ensure consumers of a minimum level of protection in disputes arising from electronic fund transfers.
<b>Rejects</b>	Any ACH batch file that has not been accepted by an ACH Operator but cannot be processed because of a technical error.
<b>Returns</b>	Any entry to the ODFI by the RDFI when the direct deposit transaction cannot be processed. Examples include closed account, incorrect account number, etc.
<b>Reversals</b>	ACH entries or files sent within required deadlines to correct previously originated entries or files.
<b>Routing Number</b>	Nine digit number (eight digits and a check digit) that identify a specific financial institution. Also referred to as the ABA number. Numbers are assigned by Thompson Financial Publishing and are listed in its publication, "Key to Routing Numbers."
<b>Settlement Date</b>	Date on which an exchange of funds with respect to an entry is reflected on the books of the Federal Reserve Bank(s).
<b>Trace Number</b>	A 15-character code uniquely identifying each entry within a batch in the ACH file.
<b>Transaction Code</b>	Two-digit code in the ACH record that determines whether the entry is a debit or a credit to a savings or a checking account.
<b>Uncollected funds</b>	Funds that have not cleared the banking system.
<b>Wire Transfer</b>	Direct deposit manually sent to a financial institution using a system outside the ACH network.
<b>Zero Balance Account (ZBA)</b>	Checking accounts that have no balance at the close-of-business day.

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## Bank Routing Numbers

**Bank Routing Number** Routing numbers identify in numeric form the location at which the check, electronic transaction or payment must be presented for payment. In simple terms it is the bank address in numbers. The routing number is sometimes called the transit or American Bankers Association (ABA) number.

Routing Numbers use a nine-digit machine readable or magnetic ink character recognition (MCIR) format. Routing numbers are usually the first group of numbers at the bottom of the check. The digits are grouped as follows:

<b>Digit</b>	<b>Purpose</b>
<b>1-4</b>	Federal Reserve Routing Symbol
<b>5-8</b>	Identifies the institution
<b>9</b>	Check symbol

**Key To Routing Numbers** Larger banks may have several assigned routing numbers depending on their location. Routing numbers for credit unions and savings and loans start with the number 2. Depository banks start with 0 followed by a number from 1 to 9. Any bank routing number can be added to the CIPPS database, which is accessible only by DOA. If an agency attempts to enter a bank routing number that is not in the database, it will reject with a fatal error. This can be easily corrected by calling a direct deposit coordinator in DOA Payroll Production.

**Account Numbers** Account numbers are the second group of numbers at the bottom of the check. Account numbers can have as many as 17 digits and are unique to each employee. Dashes and spaces are not a part of account numbers and should not be entered in CIPPS as part of the direct deposit account information.

**Check Numbers** Check numbers are the last group of numbers at the bottom of the check. They are easier to identify because they are also shown on the top right hand corner of the check. Check numbers should not be included when entering account information in CIPPS.

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## Pre-Notes

---

**Introduction** Pre-notes are zero-dollar payment amounts sent through the ACH network. Pre-notes allow the RDFI to verify the accuracy of the bank account information in order to prevent direct deposit disbursements to incorrect bank accounts. Pre-notes contain the same information as live direct deposits with the exception of the amount.

CIPPS no longer generates a pre-note with the exception of the EPPIcard. When evoked, the CIPPS pre-note counter, pre-note date (on H0BB1), and Utility field on H0ZDC work together to control the schedule for conversion from “pre-note” to “live” direct deposit.

---

**Bank Information – Initial Set-up and/or Changes**

Agencies must enter the current pay period end date as the Pre-note Date on H0BB1 when bank information is initially set-up or changed. This date will remain in the system until the next payroll certification is requested for the employee’s frequency. Upon certification, CIPPS automatically overlays the Pre-note Date entered (i.e., pay period end date) and records the date of the certification request.

---

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## ACH Processing and Returns

**ACH Cycle** Following agency payroll certification, the direct deposit cycle starts and DOA assumes direct deposit processing responsibilities. Agency involvement ceases unless DOA must contact the agency pursuant to receipt of a Notification of Change. A high-level summary of DOA’s ACH processing schedule follows:

<b>Timeframe</b>	<b>Activities</b>
Day 1 - During nightly certification payrun.	All CIPPS data entry files are processed. ACH reports and transmission files are created.
Day 2 - Morning following certification payrun.	DOA receives all reports and transmission data for final review and releases transmission files to the ODFI.
Day 2 - Afternoon following certification payrun.	ODFI confirms ACH transmission and warehouses the information until two (2) days before the effective payment date.

**Returns** DOA receives NOCs and ACH Returns online from the ODFI. Pertinent information is downloaded for immediate corrective action. Standard change codes are assigned by the RDFI for NOC or ACH Returns designating the reason the ACH transaction rejected. Returns are categorized as follows:

<b>Code</b>	<b>Description</b>
C0	Partial rejection – these transactions can be, and usually are, manually posted by the RDFI with a possibility of a one-day delay in posting to the employee’s account.
R0	Total rejection – these transactions are returned within 72 hours to DOA.

*Continued on next page*

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## ACH Processing and Returns, Continued

### Corrective Action

Descriptions of selected standard reject codes and the actions taken by DOA to correct these errors follows:

<b>Reject code</b>	<b>Description</b>	<b>Action Taken by DOA</b>
C01	Incorrect RDFI Routing Number Check Digit	Replace the last digit of the routing number on the applicable bank information line on H0BB1 (i.e., Bank One, Two or Three).
C02	Incorrect Routing Number	Replace the 9-digit routing number with the information provided on the NOC.
C05	Incorrect Transaction Code	Change deduction number set-up from checking to savings or vice versa.
C06	Incorrect account number	Replace the corresponding account with the information provided on the NOC.
R01	Insufficient Funds	Notify agency that agency charges will be made accordingly. Pursuant to late reversals.
R02	Closed accounts	Call agency to request disposition, rewire to another account or void.
R03	No account, unable to locate account	Call agency and wire finds to agency petty cash fund so agency can prepare a check for employee.
R04	Invalid account #	Pursuant to successful ACH Returns.
R06	Returned per ODFI request	DOA processes voids from reversals.

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## CIPPS Direct Deposit Set-up

### Direct Deposit Deductions

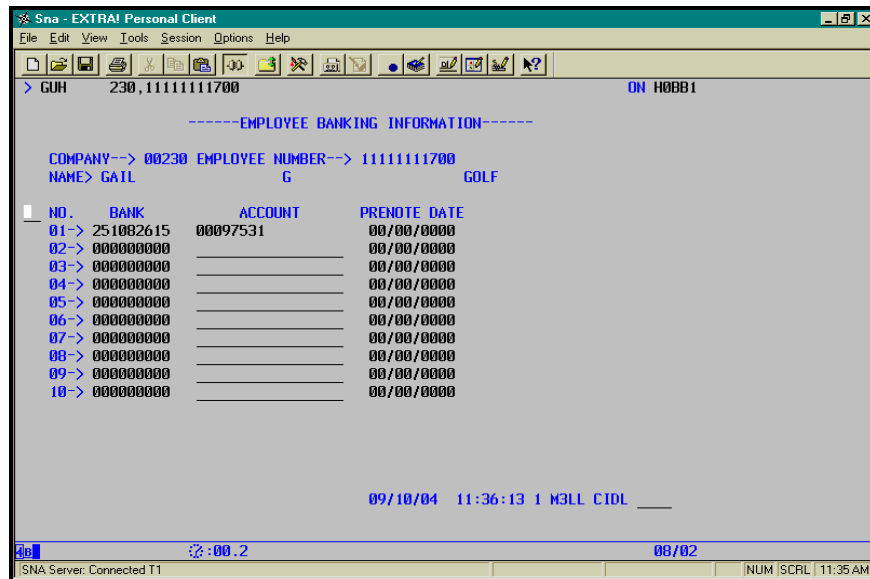
Six direct deposit deductions are available for use in CIPPS as shown below:

Deduction	Account Type	Allocation	Trans Code per Report 26
060	DD Savings 1	Fixed amount	32
068	DD Savings 2	Fixed amount	32
070	DD Savings	Net	32
059	DD Checking 1	Fixed amount	22
067	DD Checking 2	Fixed amount	22
069	DD Checking	Net	22

### Employee Banking Information, H0BB1

After receiving the direct deposit enrollment form and verifying the banking information, agencies must enter the employee's banking information on H0BB1 and the payroll deduction on H0ZDC. Access the employee's H0BB1 screen using routine CIPPS command line navigation.

Note: Due to the required DOA actions to establish an EPPICard account, DOA will complete this screen for pay card entries.



**Company**                      Display when employee's screen is accessed from the Command  
**Employee Number**        line.  
**Name**

*Continued on next page*

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## CIPPS Direct Deposit Set-up, Continued

---

***Bank***

**Bank Routing Number** – Each employee can use up to ten (10) different banks in these 9-digit fields. Routing numbers are usually the first group of numbers at the bottom of the check. See detailed definition in the bank routing number section and H0ZDC Utility field guidelines for linking requirements.

***ACCOUNT***

**Employee Bank Account Number** – Each employee can use up to 10 different bank account numbers in these 17-digit fields. Account numbers are the second group of numbers at the bottom of the check and are unique to each employee. Do not enter dashes/spaces. Each bank account entered must be valid with the Bank designated on the same line. See detailed definition in the bank routing number section and H0ZDC Utility field guidelines for linking requirements.

***Prenote Date***

Enter the last day of the current pay period applicable to the employee’s pay frequency. Enter this date upon initial set-up or whenever changes are made to the bank information.

**Note:** This date will always change to the first pay certification date following data entry (for initial set-up or changes).

---

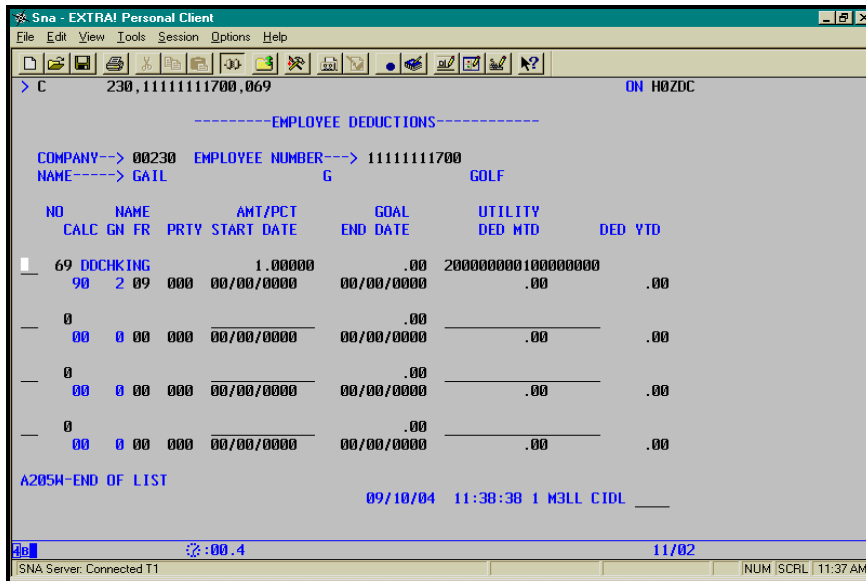
*Continued on next page*

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## CIPPS Direct Deposit Set-up, Continued

### Employee Deductions, H0ZDC

After the bank and account information has been entered on H0BB1, employee direct deposit payroll deductions must be established on H0ZDC. Even if the banking information on the H0BB1 is entered, the direct deposit will not be successful unless the deduction is set-up on H0ZDC. Access the employee's H0ZDC screen using routine CIPPS Command line navigation.



**Company, Employee Number, Name** Displays when employee's screen is accessed from the Command line.

**No** Enter the applicable deduction number.

Deduction	Account Type	Allocation
060	DD Savings 1	Fixed amount
068	DD Savings 2	Fixed amount
070	DD Savings	Net
059	DD Checking 1	Fixed amount
067	DD Checking 2	Fixed amount
069	DD Checking	Net

Note: **Only** deductions 069 and 070 are permissible for direct deposit **net** pay.

*Continued on next page*

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## CIPPS Direct Deposit Set-up, Continued

<b>Name</b>	This field is displayed by the system when the screen is complete and the Enter key is pressed.											
<b>Amt/Pct</b>	<b>Amount/Percent</b> – Enter the dollar amount (to two decimal places) for fixed, and 100% (to five decimal places – entered as 1.00000) for net direct deposit deductions.											
<b>Goal</b>	Field not used.											
<b>Utility</b>	If a percentage (net) direct deposit, enter a value of two (2) in the first position of the utility field. For all direct deposit deductions, enter the applicable values in the 9 <sup>th</sup> and 10th positions of the Utility field to reference the bank set established on the H0BB1 screen. For example, bank set #2 would be ‘02’. Do not enter values in any other positions.											
<b>CALC GN</b>	Do not use.											
<b>FR</b>	<b>Deduction Frequency</b> - Enter the value indicating which payment(s) within each month the direct deposit should process.											
	<table border="1"> <thead> <tr> <th>Value</th> <th>Use for...</th> <th>Direct deposit processed for...</th> </tr> </thead> <tbody> <tr> <td>09</td> <td>Fixed or Net</td> <td>All payments.</td> </tr> <tr> <td>01</td> <td rowspan="2">Only Fixed</td> <td>First payment within the calendar month.</td> </tr> <tr> <td>02</td> <td>Second payment within the calendar month.</td> </tr> </tbody> </table>	Value	Use for...	Direct deposit processed for...	09	Fixed or Net	All payments.	01	Only Fixed	First payment within the calendar month.	02	Second payment within the calendar month.
Value	Use for...	Direct deposit processed for...										
09	Fixed or Net	All payments.										
01	Only Fixed	First payment within the calendar month.										
02		Second payment within the calendar month.										
<b>PRTY</b>	Do not enter information.											
<b>START DATE (OPTIONAL)</b>	Enter the beginning date for the deduction. Enter as MM/DD/YYYY. The deduction will begin during the first payroll period when the date is less than the CTL period end date.											
<b>END DATE (OPTIONAL)</b>	Enter the cut-off date for this deduction. Enter as MM/DD/YYYY. The deduction will end during the payroll period when the date is less than the CTL periods begin date.											
<b>DED MTD DED YTD</b>	Do not enter. Automatically updates each time the deduction is taken.											

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## CIPPS Direct Deposit Reports

### Reports

Agencies must verify the following reports after the initial set-up of the direct deposit account(s).

<b>Report</b>	<b>Description</b>
Report 21, Deduction Register	<i>Deductions 059, 060, 067, 068, 069, 070 will show active (live) direct deposits.</i>
Report 26, Direct Deposit Transmission Report	Hard copy of the online transmission file sent to the ODFI. Lists the employee name and employee number, banking information, type of transaction and trace number.

## Exception Processing

### Stop Payments

Direct deposit overpayments caused by agency error, unanticipated leave without pay, or employees changing accounts after payroll certification, may need to be recalled or reclaimed using stop payment procedures.

The timing of a request for stop payment of a direct deposit affects the ability to intercept the funds prior to distribution. To aid in your understanding of how timing affects the stop payment, some general guidelines are provided.

- Requests received by DOA by 3:30 PM will be processed the same day. Those received after 3:30 will not be processed until the following workday.
- Requests received the day after certification and up to three (3) State business days prior to the check-date (deposit date) will be **deleted** from the transmission. That is, the initial transaction is never transferred to the Receiving Financial Institution (RDFI).

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## Exception Processing, Continued

---

- Requests received after that time and up to five (5) business days after the date of deposit will be processed as a **reversal**. The initial transaction cannot be deleted; therefore, a reversing transaction must be created and remitted to the RDFI. As the funds related to the initial transaction may no longer be available in the employee's account, it is possible that the reversing transaction may be rejected. For that reason, *DOA cannot guarantee the success of the reversal*. Once the reversal has been accepted, DOA will process the corresponding *void* transaction in CIPPS. A void is not complete until it is seen on the Report 10.

In order to ensure the timely return of the direct deposit credits, please submit your stop payment requests as soon as possible. As an alternative to voiding a direct deposit, direct deposits can be routed to another account, such as another account for the affected employee or an agency petty cash account. However direct deposit transactions *cannot* be converted to a negotiable instrument (i.e., check).

---

*Continued on next page*

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## Exception Processing, Continued

---

### Stop Payment Documentation

Paperless earnings notices, through Payline, have reduced the availability of direct deposit earnings notice for inclusion in the stop payment documentation process. Therefore, DOA has streamlined the requirements for direct deposit stop payment. A Direct Deposit Stop Payment form can be found on the DOA website at

[http://www.doa.virginia.gov/Payroll/Forms/Payroll\\_Forms\\_Main.cfm](http://www.doa.virginia.gov/Payroll/Forms/Payroll_Forms_Main.cfm).

To request a stop payment, simply complete the Direct Deposit Stop Payment form, and fax it to the Payroll Production Direct Deposit Coordinator @ 804-225-3499 within DOA. DOA then faxes the information to the bank.

Be sure the form includes:

- Employee Name
  - Company Number
  - Employee Number
  - Direct Deposit Number (from Report 10)
  - Check Date
  - Pay Period End Date
  - Reason Code
  - Amounts by Direct Deposit Deduction
  - Authorizing Signature (must be on Form DA-04-121)
  - Desired YQ Indicator
-

Volume No. 1—Policies & Procedures	<b>TOPIC NO.</b>	<b>50445</b>
Function No. 50000—Payroll Accounting	<b>TOPIC</b>	<b>DIRECT DEPOSIT</b>
Section No. 50400—Deductions	<b>DATE</b>	August 2009

## Internal Control

---

**Internal Control** Agencies must ensure direct deposit payments are made to the correct employee bank account.

---

## Records Retention

---

**Time Period** Retain direct deposit enrollment forms until the employee changes accounts and/or 6 years after separation from employment. Retain stop payment requests to DOA and ODFI banks for five and six years respectively.

---

## Contacts

---

**DOA Contacts** Direct Deposit Coordinators  
Voice: (804) 371-4883; (804) 371-8385  
E-mail: [Payroll@doa.virginia.gov](mailto:Payroll@doa.virginia.gov)

Payroll Business Analyst/Trainer  
Voice: (804) 225-3120 or (804) 225-3079  
E-mail: [Payroll@doa.virginia.gov](mailto:Payroll@doa.virginia.gov)

---

## Subject Cross References

---

**References** NACHA National Automated Clearing House Association- [www.nacha.org](http://www.nacha.org)  
ABA American Bankers Association- [www.aba.com](http://www.aba.com)  
DD/DP Direct Deposit/Direct Payment- [www.electronicpayments.org](http://www.electronicpayments.org)

---