

## **FP-33: Direct Deposit Policy**

---

### **I. Introduction**

a. It is the policy of the Tennessee Board of Regents that all full-time and part-time employees are required to participate in the automatic deposit program for the direct deposit of their salaries. (TBR Policy No. 5:01:00:00). Additionally, ETSU requires all student employees to participate in direct deposit of wages unless exempted by Federal Work Study Guidelines. Direct deposit of salaries and wages is a condition of employment for all employees other than FWS students. Payment processing may be delayed until employee direct deposit information is provided.

b. Beginning June 1, 2010, ETSU requires the direct deposit of payments to employees processed through Accounts Payable. These payments may be for any accounts payable payment. Forms for all employees are processed through the Payroll Office.

c. Vendors and non-employee students may also enroll in direct deposit for any accounts payable payments. This is a separate enrollment than the required enrollment for employees. Forms for vendors or non-employee students are processed through the Accounts Payable Office.

d. All students, both employees and non-employees, are encouraged to enroll in direct deposit of their Financial Aid balance. This is a separate enrollment in addition to authorizing any direct deposit of employee or vendor payments and must be completed through GoldLink.

e. Direct deposit benefits both the employee and the University.

Benefits to the employee include:

- No checks in the mail
- More timely receipt of payments
- No lost or stolen checks
- No need to go to the bank to deposit or cash checks
- Payments are automatically deposited when employees are off campus or out of town

Benefits to the University include:

- No unclaimed or un-cashed checks to be reported to the state
- Reduced time for university bank account reconciliation
- Reduced research on and re-issuing of forged, stolen or lost checks
- Reduced paper and processing costs
- Improved productivity and cash management

### **II. Employee Direct Deposit and Financial Institution**

a. Direct deposit is a process by which an employee's payments are electronically transferred to the employee's designated account at a financial institution.

b. ETSU will automatically deposit employee wages and accounts payable payments to any demand deposit account(s) at a commercial bank, savings and loan institution, and credit union which are members of the Automated Clearing House (NACHA) organization.

c. The University does not require or recommend the use of any particular financial institution.

d. If employees do not have an active account at a financial institution, they will need to establish an account for direct deposit of payments. Participation in direct deposit is a condition of employment at ETSU. Payments may be delayed if employee direct deposit information is not provided when contract is signed. Information about establishing an account at ETSU's contracted bank will be provided to any prospective employees.

e. Once authorized, direct deposit is utilized for all salary and accounts payable payments to an employee.

### **III. Employee Direct Deposit Enrollment Procedure**

- a. Each new employee, with the exception of Federal Work Study (FWS) student employees, must complete an Authorization of Payment by Direct Deposit for Employees. This requirement includes full time employees, part time employees, adjunct faculty, temporary employees, medical residents, graduate assistants and undergraduate Regular Work Study (RWS) student employees.
- b. Employees can choose to direct deposit into two accounts for payroll deposits only. If two accounts are used for payroll deposits, one account will be the primary account and the other will be the secondary account. The secondary account will be established with fixed deposit for each pay period. The primary account will receive a deposit of any net pay in excess of the fixed amount. If the net pay for the pay period is less than the requested fixed amount, the entire amount of net pay will be deposited to the secondary account.
- c. If a secondary account for payroll deposits is selected, employees may direct deposit into two checking accounts, two savings accounts or a checking account and a savings account. Primary and secondary accounts do not have to be at the same financial institution.
- d. When the Accounts Payable Account section of the Authorization of Payment by Direct Deposit for Employees form is not completed, any accounts payable payments will be deposited into the Primary Account. If an employee wants accounts payable payments deposited in an account other than the Primary Account, the employee needs to complete the Accounts Payable Account section of the form.
- e. A preprinted voided check should be attached to the Authorization of Payment by Direct Deposit for Employees form for verification of checking account routing and account numbers. Savings account routing and account numbers should be verified with the employee's financial institution prior to submitting the form. If a pre-printed voided check is not attached or routing and account number is not verified with the financial institution, payments may be delayed if funds are returned to ETSU due to an incorrect account or routing number.
- f. Direct deposit forms for new hires or re-hires that are received in the Payroll Office, Human Resources, Graduate Studies or Financial Aid by the 10th of the month will be processed in time for the end of the month payroll. Forms for employees whose first pay is on the 15th should have paperwork submitted by the 25th of the month prior to the first pay date.

#### **IV. Employee Changes to Direct Deposit Information**

- a. Employees must complete a new authorization form if they change financial institutions or accounts.
- b. Changes received in the Payroll Office by the 20th of the month will be effective for the end of the month payroll. A delay in payments to employees may occur if financial institution or account information is not submitted promptly to the Payroll Office.

#### **V. Notification of Direct Deposit of Pay or Accounts Payable Payment**

- a. Notification of direct deposit of payroll will be delivered to employees through an email to their ETSU email account with a secure attachment PDF paystub prior to each pay date. Funds will be deposited the employee account(s) at the selected financial institution on the payroll date. Funds are not available prior to the payroll date. Deposits should appear on the employee's monthly bank statement.
- b. Employees will receive an email in their ETSU email account with an attachment PDF copy of their Accounts Payable direct deposit prior to the reimbursement date. Funds will be deposited in the employee account at the selected financial institution by the date on the PDF direct deposit notice. Funds are not available prior to the reimbursement date. Deposits should appear on the employee's monthly bank statement.

#### **VI. Enrollment in Direct Deposit for Student Refund on Financial Aid Balance**

- a. All students, both employees and non-employees, are encouraged to enroll in direct deposit of their Financial Aid balance remaining after payment of fees and student charges. This is a separate enrollment in addition to authorizing any direct deposit of employee payments.
- b. Enrollment for e-refund for student Financial Aid balance must be completed through GoldLink. The student financial aid e-refund can be direct deposited to either checking or saving accounts with the correct routing and account number. The account numbers reflected on a debit card cannot be used to direct deposit. The Authorization of Payment by Direct Deposit for Employees form cannot be used for enrollment in e-refund of Financial Aid balances.

## **VII. Enrollment in Direct Deposit for Vendors or Non-Employee Students Payments**

- a. All Accounts Payable payees, vendors and non-employees, are encouraged to enroll in direct deposit for payments. For non-employee students, this is a separate enrollment in addition to authorizing any direct deposit of Financial Aid balance remaining after payment of fees and student charges.
- b. Employees do not need to enroll separately for Accounts Payable direct deposit. All employee enrollments should follow the procedures outlined in Section III above.
- c. A pre-printed voided check should be attached to the Accounts Payable Direct Deposit Authorization Form for verification of bank routing and account number. If a pre-printed voided check is not attached or routing and account number is not verified with the financial institution, payments may be delayed if funds are returned to ETSU due to incorrect account or routing number.
- d. Vendors and non-employees must complete a new authorization form if they change financial institutions or accounts.

### ***Links to forms***

[Authorization of Direct Deposit](#) (Employees)

[Direct Deposit Authorization](#) (Accounts Payable)