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|--|----------------------------|---------------|
| TITLE<br>Direct Deposit of Paychecks                       | POLICY NUMBER<br>DCS 03-07 |               |
| RESPONSIBLE AREA<br>Finance – Office of Accounting/Payroll | EFFECTIVE DATE<br>10/14/16 | REVISION<br>0 |

## Direct Deposit of Paychecks

### I. POLICY STATEMENT

This policy provides guidelines for preparing and submitting a request to start, change, or stop direct deposit pay.

### II. APPLICABILITY

This policy applies to all employees.

### III. AUTHORITY

[A.R.S. § 23-351](#) Designation of paydays for employees; payment; exceptions; state employees violation; classification

[A.R.S. § 35-192.02](#) Travel advances; administration; reimbursement

[A.R.S. § 38-607](#) Recovery of payment to disqualified persons

### IV. DEFINITIONS

Bank Routing Number: A unique federal banking system number that identifies a financial institution.

Bank of America: The clearinghouse that transfers pay into designated employee bank accounts.

CashPay® Bank of America Payroll Card: An alternative direct deposit option for employees who do not have a regular bank account. An employee's pay is automatically loaded onto the payroll card each payday. Use of the card eliminates the check cashing fee that employees would have to pay to cash a payroll warrant.

Direct Deposit Advice: A statement of earnings and deductions of pay electronically deposited into an employee’s bank account.

Direct Deposit Pay: Employee pay deposited electronically into an employee’s designated bank account.

Net Pay: The amount of pay an employee receives after mandatory and voluntary deductions.

**V. POLICY**

- A. The DCS Payroll Office processes direct deposit pay requests, requests to change direct deposit amounts, and direct deposit stop orders for DCS employees.
- B. Employees shall use the Arizona Department of Administration (ADOA) General Accounting Office (GAO) [Authorization for Direct Deposit](#) form, also known as the [GAO-65](#) form, to start, change, or terminate direct deposit pay to one or more accounts.
- C. An employee can elect to be paid by:
  - 1. Direct deposit transfer to one or more financial institutions,
  - 2. CashPay® Bank of America Payroll Card, or
  - 3. A combination of the above.
- D. An employee has the following options to deposit pay into one or more financial institutions as described below:

|                  | <b>Checking Account</b>               | <b>Savings Account</b>               |
|------------------|---------------------------------------|--------------------------------------|
| <b>Example 1</b> | Net pay to a checking account         | Specific amount to a savings account |
| <b>Example 2</b> | Specific amount to a checking account | Net pay to a savings account         |

*(Note: These examples apply to any financial institution.)*

- E. The State currently allows an employee to establish both a checking and savings account for direct deposit at the *same* financial institution with different account numbers.
- F. An employee can elect to deposit:
  - 1. Total net pay into one account or a CashPay® Bank of America Payroll Card; or
  - 2. Specific amounts into one or more accounts; or

3. Specific amounts to an account and to a CashPay<sup>®</sup> Bank of America Payroll Card.
- G. Employees may review their paystubs on the [Y.E.S. website](#) for information on where their pay was deposited.
  - H. An employee who requests direct deposit pay authorizes the Department to collect overpayment adjustments through the direct deposit reversal process.
  - I. The State of Arizona is responsible for transferring an employee's direct deposit pay to Bank of America for distribution to the financial institutions requested by the employee. The state is not responsible for the transfer of direct deposit pay between Bank of America and the financial institution(s) requested by the employee.
  - J. Federal banking regulations require that financial institutions be notified *before* direct deposit pay is transferred. Prior to processing direct deposit pay transfers, financial institutions verify bank, branch, and customer account name and number information. Direct deposit pay transfers may take up to four or five weeks *after* the direct deposit pay transfer request is submitted.
  - K. If the employee elects to close an account where direct deposit pay is transferred, it is the employee's responsibility to submit the Authorization for Direct Deposit to the DCS Payroll Office. Failing to provide an Authorization for Direct Deposit form *prior* to closing the account may result in a delay of up to 10 to 15 workdays in forwarding pay to the employee. (On the Authorization for Direct Deposit form, the employee must enter an "S" for Stop in the Action column.)
  - L. If an employee's checkbook or bank card is lost or stolen, direct deposit pay will continue to be transferred to the employee's designated account until the DCS Payroll Office receives the appropriate paperwork to terminate the direct deposit pay.
  - M. Only five (5) bank accounts can be used by one employee. For the account designated as the primary one, deposits shall be made on each of the 26 state pay dates per calendar year. For other accounts, employees may elect either 24 or 26 deposits per year.
  - N. The original [GAO-65](#) form to start or change a bank account must be sent to the DCS Payroll Office for processing. All new bank accounts require verification from their banking institution showing pre-printed name, routing, and account numbers (no "starter" checks are permitted). To stop a current account, a copy may be sent to DCS Payroll Office for processing.
  - O. Direct Deposit is mandated by the State of Arizona. Two attempts will be made by the DCS Payroll Office to collect banking information from an employee, after which the employee will be paid via a cash pay card.

## VI. PROCEDURES

### A. Direct Deposit to a Bank Account

1. The employee shall complete the [Authorization for Direct Deposit](#) form to initiate any of the following actions:
  - a. Establish direct deposit to a new checking account;
  - b. Establish direct deposit to a new savings account;
  - c. Establish a fixed amount for direct deposit;
  - d. Change the direct deposit amounts;
  - e. Change bank accounts or financial institutions to which direct deposit is transferred;
  - f. Stop direct deposit to an account to which direct deposit is transferred.
2. The employee shall indicate on the Authorization for Direct Deposit form each bank account or financial institution to which the employee wants to establish direct deposit pay. The employee shall include the following information on the form:
  - a. Action type;
  - b. Financial institution name;
  - c. Routing number;
  - d. Account number;
  - e. Account type;
  - f. Amount to deposit;
  - g. If the net pay is to be deposited into one account or if the fixed amount is to be deposited into one or more accounts;
  - h. Times per year (24 or 26).
3. The employee must submit an original Authorization for Direct Deposit form with the employee's signature and date to the DCS Payroll Office. The employee may:
  - a. Hand deliver to DCS Payroll, 3003 N. Central Ave., 21<sup>st</sup> Floor, Phoenix, AZ.

- b. Send by interoffice mail to DCS Payroll, Site Code C010-21.
  - c. Mail to DCS Payroll, 3003 N. Central Ave, 21<sup>st</sup> Floor, Phoenix, AZ 85012.
4. Required Verification
- a. For a new checking account, employees shall attach either of the following to the Authorization for Direct Deposit form:
    - i. An original preprinted check marked “VOID.” Checks that do not list the employee name and address cannot be accepted. Deposit slips are not acceptable.
    - ii. A statement from the financial institution showing the employee’s preprinted name, routing number, and account number.
  - b. For a new savings account, the employee shall attach a statement from the financial institution showing the employee’s preprinted name, routing number, and account number. *Savings account bank statements, ATM transaction tickets, and deposit slips* are NOT acceptable as these documents do not show required bank account information.
5. Time Frames
- The DCS Payroll Office processes direct deposit requests as follows:
- a. Transactions identified in Sections VI.A.1 through VI.A.4 may take four to five weeks *after* the Authorization for Direct Deposit form is received.
  - b. A request to stop direct deposit pay can be processed within one to two days of receipt.
  - c. A request to change financial institutions may take four to five weeks *after* the request is submitted.
  - d. Failing to provide an Authorization for Direct Deposit form *prior* to closing the account may result in a delay of up to 10 to 15 workdays in forwarding pay to the employee.
6. Lost or Stolen Checkbook or Bank Cards
- a. The employee must submit an Authorization for Direct Deposit form to terminate direct deposit pay for instances when a checkbook or a bank card is lost or stolen.

- b. Direct deposit pay will continue to be transferred to the employee's account until an Authorization for Direct Deposit form is received by the DCS Payroll Office.
7. For additional information on direct deposits, contact the DCS Payroll Office at (602) 255-2701.

**B. Direct Deposit to a CashPay® VISA® Payroll Card**

1. The employee shall complete the [Authorization for Direct Deposit](#) form to apply for the CashPay® VISA® Payroll Card.
2. The employee shall indicate on the Authorization for Direct Deposit form that he/she is requesting to:
  - a. Sign up for a card.
  - b. Make changes to the amount deposited onto the card.
  - c. Deposit a fixed amount to the card and/or a fixed amount to a financial account.
  - d. Stop receiving funds to the card.
3. The employee must submit an original Authorization for Direct Deposit form with the employee's signature and date to the DCS Payroll Office. The employee may:
  - a. Hand deliver to DCS Payroll, 3003 N. Central Ave., 21<sup>st</sup> Floor, Phoenix, AZ.
  - b. Send by interoffice mail to DCS Payroll, Site Code C010-21.
  - c. Mail to DCS Payroll, 3003 N. Central Ave., Phoenix, AZ 85012.
4. The DCS Payroll Office shall forward the Authorization for Direct Deposit form to the General Accounting Office (GAO) for processing. GAO forwards the form to the vendor.
5. Within 10 workdays, the vendor shall mail the payroll card to the employee's home address of record as indicated in the Human Resources Information System (HRIS). GAO will confirm with the DCS Payroll Office that a payroll card account has been established in HRIS for the employee.
6. For more information on the CashPay® VISA® Payroll Card, contact the DCS Payroll Office at (602) 255-2701.

**IV. FORMS INDEX**

[Authorization for Direct Deposit \(GAO-65\)](#)

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