



# State of Arizona Accounting Manual

Topic 55 Payroll and Personnel  
Section 20 Direct Deposits of Payroll

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## INTRODUCTION

Though issued on November 25, 2019, this SAAM Section does not go into effect until December 2, 2019.

Electronic direct deposit of employee compensation benefits both employees and the State. However, procedures need be in place and have been adopted to reduce the likelihood of fraudulent misdirection of employee funds. Among the matters discussed in this section of SAAM are such fraud deterring procedures.

## POLICIES

1. All State employees must sign up for electronic direct deposit.
2. There are two (2) methods by which direct deposit information may be entered into HRIS:
  - 2.1. Using the YES Payroll Portal.
    - 2.1.1. The employee is responsible for entering his own direct deposit account information by selecting the "Pay" tab, choosing the Direct Deposit option, and providing his account information.
  - 2.2. Using the paper Form GAO-65.
    - 2.2.1. The employing agency is responsible for entering direct deposit account information into HRIS for its employees.
      - 2.2.1.1. While they should establish new direct deposit accounts for employees, agency personnel cannot establish a new Receiving Depository Financial Institution (DFI).
      - 2.2.1.2. If, when entering the Routing Transit Number (RTN) in the Receiving DFI field on the HRIS Online Form XR12.1, the name of a financial institution appears, the Receiving DFI has been previously established and the employee's direct deposit request can be processed.
      - 2.2.1.3. If, when entering the RTN in the Receiving DFI field on the HRIS Screen XR12.1, the name of a financial institution does not appear, the Receiving DFI has not been previously established and the employee's direct deposit request

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cannot be processed. GAO's Central Payroll Office must be contacted so that the Receiving DFI can be established in HRIS.

- 2.2.2. The Form GAO-65 must be signed by the employee or his legal representative.
  - 2.2.2.1. A legal representative is one legally recognized to make decisions on behalf of the employee. Such legal representatives would include, but not necessarily be limited to, those holding power of attorney or powers of appointment granting sufficient authority to act on an employee's behalf in financial matters of this type.
  - 2.2.2.2. An employee's spouse is not his legal representative unless the spouse has power of attorney or powers of appointment granting sufficient authority, even if the account into which funds are to be deposited is jointly held.
- 2.2.3. To be processed by an agency payroll unit, the Form GAO-65 provided must be an originally executed form; emailed or faxed forms cannot be accepted.
- 2.2.4. The Form GAO-65 is available from the GAO Website at <http://www.gao.az.gov>.
- 2.3. Whichever method is used to establish an employee direct deposit account, the employee must be a signatory on the account into which funds are to be deposited, a fact that must be confirmed by attaching one (1) of the following to the Form GAO-65:
  - 2.3.1. A pre-printed, voided check, drawn against the account under consideration, upon which the name of the employee is shown as owner, or
  - 2.3.2. A bank statement or photocopy thereof displaying the employee's name, the account number and the bank's RTN.
3. While an employee's net pay may be directly deposited into up to five (5) accounts, one hundred percent (100%) of his net pay must be directly deposited.
  - 3.1. Accordingly, an employee is not permitted to have a direct deposit account designated for a fixed amount or percentage of net pay without also having an additional account designated for the remainder of net pay. This account is referred to as the "default account."
4. In the event that an employee has not designated accounts or institutions for the electronic deposit of one hundred percent (100%) of his net pay, the employee's net pay will be credited to a payroll card account in the employee's name.
  - 4.1. The payroll unit of the employee's agency completes the Form GAO-65 on the employee's behalf after the issuance of two (2) paper payroll warrants, crediting his net pay to a payroll account in his name.

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5. Whichever method—Form GAO-65 or YES—is used to establish or change direct deposit information, an email will be sent to the following:
  - 5.1. The State business email address of the employee, if one exists; and
  - 5.2. The personal email address of the employee, if the employee has provided one; and
  - 5.3. The email address of the payroll unit of the employee's current or, in the case of a retiree, most recent employing agency.
6. It is possible that an employee will get more than one email (e.g., business and home).
7. An employee is to immediately take the following steps should he receive an email concerning the addition, change or stop of a direct deposit account that is incorrect or has not been initiated and authorized by the employee:
  - 7.1. Log into his YES (Your Employee Self-service) account and:
    - 7.1.1. Change his YES password.
    - 7.1.2. Close any bank account affected by the change.
  - 7.2. Report the incident to his agency's payroll office.
  - 7.3. If any of the email recipients is aware that any addition of or modification to any banking information has not been authorized, the recipient must immediately notify his agency's chief information security officer. In the event the agency does not have a chief information security office, the matter is to be reported to the Arizona Strategic Enterprise Technology (ASET) Division of ADOA at 602.364.4444 or <https://aset.az.gov/incident-reporting-system>.
8. Prenotification is required for all direct deposit accounts when initially established. Prenotification is accomplished by retaining the default selection of "Not Prenotified" in the Prenotify Status drop down on HRIS Screen XR12.1.
  - 8.1. Prenotification files are submitted each Tuesday night.
    - 8.1.1. When the prenotification is next submitted, a prenote will be sent to the designated bank account and the Prenotify Status drop down will be automatically changed to "Prenotified."
    - 8.1.2. At the time the following payroll is run, if the prenote has not been rejected, the Prenotify Status drop down will be automatically changed to "Accepted" and the employee's direct deposit request will be honored for future payrolls.
  - 8.2. If the prenote is rejected:

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- 8.2.1. The GAO will notify the payroll office of the agency for which the employee works.
- 8.2.2. The invalid account will be inactivated (i.e., “end-dated” in HRIS).
9. An employee entering his own direct deposit information through YES to add or change a depository bank must acknowledge/agree to the following and his failure to do so will prevent the employee from adding or changing bank information through YES:
  - 9.1. He is a signatory on the account.
  - 9.2. The State is authorized to process correcting transactions to his account if an error is discovered.
  - 9.3. The State is authorized to make changes to his banking information when the State is notified to do so by the bank into which any portion of his payroll is deposited.
10. An employee that requests to stop an active direct deposit arrangement using YES must acknowledge/agree to the following and his failure to do so will prevent the employee from stopping or discontinuing an active direct deposit arrangement through YES:
  - 10.1. He must acknowledge that establishing and maintaining a payroll direct deposit arrangement is required of all State employees.
  - 10.2. His failure to establish and maintain a default direct deposit account might cause future payroll disbursements to be made to a payroll debit card in the employee’s name.