

Direct Deposit of Payroll Policy – North Carolina Office of the State Controller

Policy Statement

It is the policy of the State of North Carolina that all SPA and EPA employees paid by a payroll center administered by the Office of the State Controller (OSC) be required to use the direct deposit feature to receive payroll related payments. In accordance with federal requirements regarding direct deposit of payroll, the employee may select the financial institution of his/her choice to accommodate the receipt of direct deposit payments.

All employees employed prior to August 1, 2007 receiving their pay by direct deposit shall continue to be enrolled in the direct deposit feature. This shall include employees serviced by the Department of Transportation's payroll center, as that center will be migrated into the payroll center administered by OSC.

All employees employed prior to August 1, 2007 who are receiving their pay by paper warrant (check) shall be required to enroll in the direct deposit feature by completing the appropriate enrollment form. The deadline for enrolling is August 28, 2007.

As a condition of employment, all newly hired or rehired employees on or after August 1, 2007 shall be required to enroll in the direct deposit feature within thirty (30) days of hire or rehire. Any such employee who does not complete the appropriate direct deposit enrollment form within 30 days of hire or rehire, and who is not granted an exemption as provided for herein, may be subject to dismissal.

Prior to enrolling in the direct deposit feature, an employee, regardless of when hired or rehired, shall be paid by paper check.

All payroll related payments shall be made in accordance with G.S.143B-426.39B(a), which requires the delivery of payment to the legally designated recipient by United States mail or its equivalent, including electronic funds transfer. Effective October 1, 2007, all paper checks shall be mailed by the payroll center on the employee's designated payday and shall be dated the date of the employee's pay date. No post dated paper checks shall be mailed prior to the designated payday. Any employee receiving his/her pay by paper check shall be required to provide the payroll center a valid mailing address.

An employee may be exempted from participating in the direct deposit feature if he/she does not have an account at an eligible financial institution, and further provides evidence that he/she cannot obtain an account at an eligible financial institution.

In his/her role of prescribing the manner in which agencies make disbursements, the State Controller has exclusive authority to grant any exemption from the direct deposit requirement. A personal exemption may only be granted for the reason stated above (i.e., unable to acquire an account at a financial institution) or other specific situation that the State Controller may deem to be an extreme hardship. An employee desiring to request an exemption from the direct deposit requirement shall do so by completing a "Direct Deposit Exemption Request Form (OSCPXA22)."

The State Controller may allow for a business exemption for direct deposit to accommodate the payroll center's special business needs, such as payment cancellations and re-writes, limited employment period, categories of employees not eligible for direct deposit, etc. Distribution of checks for a business exemption shall be determined by the State Controller.

For those employees who are granted an exemption, the State Controller may secure and offer other payment methods as options, other than paper check, when such options may become available.

All direct deposit forms are located at: http://www.ncosc.net/sigdocs/sig_docs/payroll/Payroll_Forms.html

Authoritative References

G.S. 143B-426.39 and G.S. 143B-426.39B(a) - Powers and Duties of the State Controller
NC Administrative Code – 13 NCAC 12.0309 - Form of Payment of Wages
Regulation E issued by the Federal Reserve System pursuant to the Electronic Funds Transfer Act (15 U.S.C 1693 et seq.)

Explanation of Policy

This policy is intended to maximize the utilization of electronic payments and to minimize the number of paper checks issued by the State, thereby obtaining efficiencies for the State and providing employees with a reliable and efficient manner of receiving their pay.

Scope

This policy applies to all state entities using the BEACON operated payroll system, to include the system being migrated from the Department of Transportation system. It also pertains to all state entities that may continue to operate under the former Central Payroll System administered by the Office of the State Controller.