



Office of Financial Management

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Agency Financial Reporting System (AFRS)

Electronic Funds Transfer (EFT) Payments for Employees

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Introduction

Electronic Funds Transfer (EFT) for employees is an optional feature that allows employees to have payments that are made to them through AFRS deposited directly into their bank account used for payroll. AFRS utilizes the payroll banking information from the HRMS Personnel/Payroll system and determines the method of payment (EFT or warrant).

Employee vendor records are automatically added from HRMS to the Statewide Employee vendor file within AFRS. The designation of EFT or Warrant is determined by the HRMS employee record and the setup of the Agency Vendor Number Edit screen (TM.3.2.B).

Key Features

- Utilizes existing banking information in the HRMS Personnel/Payroll system.
- AFRS determines payment method by reading vendor record (which comes from HRMS), so there is no change in processing employee payments.
- OFM sends an electronic remittance advice showing the amount paid and date of deposit to employee.

Benefits

Employee:

- Funds are automatically deposited without making a special trip to the bank. This is especially convenient for those who are frequently on the road.
- No lost, stolen or damaged warrants.

Agency:

- Warrant costs and postage charges are eliminated. There is no charge for the transfer of funds and OFM pays the postage for the remittance advices. Beginning July 2020, remittance will be e-mailed rather than printed for employee travel and other AFRS payments.
- Staff time previously spent mailing or delivering warrants can be redirected to more important tasks.

State

- It is less expensive for the State Treasurer to process EFT's than to issue/redeem warrants and there are no cancellations or imaging of warrants.

Overview of Processes

Establishment of Employee EFT Request

Agency

Sets the policy on how employees will receive their non-payroll reimbursements. Upon request, sends email to HereToHelp@ofm.wa.gov to change employees to EFT: Y.

System Using SSN from agency vendor record, reads employee banking file to verify EFT status and sends e-mail to employee.

Employee Reimbursements

Employee Completes request for reimbursement (travel or other expense) and forwards to the fiscal office for processing.

Fiscal Processes payment as usual using regular (i.e. warrant-producing) transaction code, such as 210, and vendor number from the Statewide Employee file.

System During the nightly process, AFRS will read the Statewide Employee record to see if an employee has EFT allowed. If so, AFRS will read the employee banking file to see if there is valid bank account information. If there is a valid account, AFRS will process an EFT payment. If a valid account is not found, the employee will be paid by warrant.

Instructions

I. Employee Authorization of Electronic Funds Transfer

Agency Policy

Agency Policy can make it mandatory to receive reimbursements through the EFT process using the Statewide Employee file. No additional paperwork is required from the employee to establish the vendor record.

II. Setting up Agency Vendor Record for Employees Requesting EFT

Entry into the Agency Vendor Number Edit (TM.3.2.B)

Once an agency has made the decision to make EFT mandatory the financial staff will go to the Agency Vendor Number Edit (TM.3.2.B) screen. See Screen view below.

The staff will use the “ADD/UPDATE Agency Vendor Employees from HRMS” process and they will need to fill out the following fields:

- Warrant Type (FOR ADDS ONLY)
 - I=Inserted
 - R=Regular

- Allow EFT (FOR ADDS ONLY)
 - Y=Yes
 - N=No

```

=== AFRS =(TM.3.2.B)===== AGENCY VENDOR NUMBER EDIT ===== C105P102 ==
TR: _____ LAST UPDATE: 200604_

                AGENCY: 9990

CONTROL CODE 'R' = VENDOR NUMBER REQUIRED
CONTROL CODE 'O' = VENDOR NUMBER OPTIONAL (DEFAULT SETTING)
CONTROL CODE 'W' = VENDOR NUMBER RECOMMENDED, WARNING ISSUED

                DISBURSEMENT TRANSACTIONS: O
                ACCRUAL TRANSACTIONS (GL 6505): O
                ACCRUAL TRANSACTIONS (GL 6560): O
                ENCUMBRANCE TRANSACTIONS (GL 6410): O

ADD/UPDATE AGENCY VNDR EMPLOYEES FROM HRMS: B (B=BOTH)
                WARRANT TYPE (FOR ADDS ONLY): I (I=INSERTED, R=REGULAR)
                ALLOW EFT (FOR ADDS ONLY): Y (Y=YES, N=NO)
                >TYPE THE DESIRED CONTROL CODES IN THE FIELDS,
                >PRESS ENTER TO UPDATE THE FIELDS.

                F3=RETURN, F12=MESSAGE, CLEAR=EXIT

```

The vendor record that is created by the HRMS system will have “EE” in the front with the Personal Identification Number of the employee for the remaining fields. (Note: The key fields for employee EFT are highlighted)

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=== AFRS =(VE.2)===== STATEWIDE EMPLOYEE MAINTENANCE ===== C105P140 ===
TR: _____ ORIGINAL ADD: 20190608 LAST UPDATED: 20190608 OWNERSHIP
                LAST ACCOUNT CHANGE: 20190608 LAST USED: _____ AGENCY: 9990

FUNCTION: _ (V=VIEW, N=NEXT, B=BACK, C=CHANGE)
                EFT PAYMENT
                VENDOR NO: EE00123456 00
VENDOR NAME: SMITH JOAN A _____
                ADD1: _____ VENDOR TYPE: 1
                ADD2: _____ VENDOR STATUS: A
                ADD3: _____ OFAC BLOCK FLAG: _
CITY/ST/ZIP: OLYTOWN _____ WA 98501 _____ US/FOREIGN ADDR: U (U OR F)
E-MAIL ADDR: JASMITH@DIY.WA.GOV _____
                TIN: ***-**-1234 TAX TYPE: S

EFT AVAILABLE: Y PAYMENT TYPE: I

LU DETAIL: _____

F1=HELP, F3=RETURN, F4=LAST VE VIEW, F5=OWNER/INT, F12=MSG, PAUSE/BRK=EXIT
RECORD FOUND AND DISPLAYED

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NOTE: The address listed on the vendor record is where the vendor remittance advice will be mailed by DES.

III. Making Payments to Employees Who Have Requested EFT

There are NO CHANGES to the payment process when changing warrant payments to EFT for employees. You should pay them as usual, using a warrant-producing transaction code (such as 210). You should also enter information in the INVOICE NUMBER field and, if necessary, the ACCOUNT NUMBER, INVOICE DATE and VENDOR MESSAGE fields. The information from all these fields will display on the remittance advice that DES Campus Mail will send to the employee. Here is the process:

- Agency**
1. Enters payments in AFRS, Travel and Expense Management System (TEMS), or in agency system that interfaces to AFRS including:
 - Agency vendor number
 - Appropriate coding (Fund, AI, PI, etc.)
 - Warrant-producing transaction code (i.e. 210)
 - Invoice number
 - Other informational fields (if needed for explanation)
 2. Verifies transactions for accuracy (especially vendor name/number) using Browse screen and/or Payments function accessed via the Batch Header Summary (IN.3) screen.
 3. Releases batch for processing.

***NOTE:** OFM strongly encourages agencies to separate the security functions of Transaction Input and Batch Release – especially when using the EFT process. (Reference SS.1 screen for individual security records.)*

- AFRS**
4. Reads the agency vendor file to see if EFT AVAILABLE = Y. If not, processes payment as a warrant.
 5. If EFT AVAILABLE = Y, reads the employee banking file (using agency number and employee SSN from Statewide Employee Vendor file) looking for a match. If found, processes payment as an EFT.
 6. If paid by EFT, and an email exists in HRMS, the system produces an e-mail statewide vendor remittance advice.
 7. If paid by EFT but no email exists in HRMS, the system will create a paper remittance that will be mailed out by Consolidated Mail Services.

DES/CMS 8. Mails the vendor copy of the remittance advice to employee. A sample remittance advice is shown on the next page.

***** SAMPLE EMPLOYEE REMITTANCE ADVICE *****

000-0 ***** STATE OF WASHINGTON ***** VEN PAGE: 1
 RPT DWP827SW DIRECT DEPOSIT NOTIFICATION (360) 664-7779

JOAN A SMITH
 123 MAPLE STREET N
 OLYTOWN, WA 98501

DEPOSIT DATE: 06/01/20
 VENDOR NUMBER: EE00123456-00

OFFICE OF STATE TRAINING -- 9990

PAYMENT #:	410222!	BATCH:	1B-756	PHONE #:	(360) 407-1234	PYMT TOTAL:	\$ 103.10
INV DATE	INVOICE NUMBER / MESSAGE	ACCOUNT NUMBER	DOCUMENT #	AMOUNT			
05 27 20	JAN TRAVEL MILEAGE		12345678-90	28.10			
05 27 20	JAN TRAVEL LODGING/SUBSISTENCE		12345678-90	65.00			
05 30 20	JAN TRAVEL PARKING		12345678-90	10.00			
OFFICE OF STATE TRAINING TOTAL							103.10

IV. Deposit Date of Employee EFT Payments

One of the most important factors from the employee perspective is “*When will the money be deposited in my account?*” The timing of employee EFT payments is the same as EFT payments for vendors with one minor difference. For both types of EFT payments, the date the money will be deposited to their account (referred to as “effective date” or “settlement date”) is the second state business day after successful processing in AFRS. For more details on the steps, see the Frequently Asked Questions #6 on page 9.

The minor difference is when the financial institution (bank, credit union, etc.) is required to post the credit to the individual’s account. Since these employee payments are mainly reimbursements as opposed to commercial payments, the type of EFT file we send is different than the vendor payments file. For employee payments, financial institutions are required to make funds available *at opening of business on the settlement date* (or by 9:00 a.m. local time in the case of Automated Teller Machines). For the vendor payments, financial institutions have to credit the customer’s account no later than the settlement date, but they can credit it at any time during that day.

For travel reimbursement, per the Statewide Administrative and Accounting Manual, section 10.80.30.b, the agency fiscal office is responsible to “Process the payment to pay the employee no later than ten (10) work days after receipt of the properly completed Travel Expense Voucher.”

Please note that employees are considered paid on the settlement date. Therefore, in order to meet this requirement, the reimbursement transactions must be posted to AFRS no later than six working days after agency receipt of the properly completed Travel Expense Voucher.

Questions and Answers

Following are some questions you might have about paying employees by EFT and the answers to these questions. If you have additional questions, we welcome you to send them via e-mail to Heretohelp@ofm.wa.gov or to call the OFM Helpdesk at (360) 407-9100.

1. Do I have to use a special batch type for employee EFT payments?

No, you don't have to use a special batch type for employee EFT payments. These payments can be combined with any other type of payment (vendor EFT, Inter-Agency Payment (IAP), inserted warrant or regular warrant payments).

2. How will I know which method an employee was paid by?

The Agency Payment Register (available through Enterprise Reporting Portal) will display the payment type next to each payment. You can also tell by the last digit of the payment number/warrant number shown on the Payment Register, remittance advices, and on various AFRS screens and reports. Warrants always have 6 numbers + an alpha character (for example, 123456A) while EFT payments are 6 numbers + an exclamation mark (for example, 987654!).

3. If the employee vendor record shows EFT AVAILABLE: Y, why would that employee receive a warrant?

First, make sure you entered the employee's vendor number on the AFRS payment transaction. If you did and the EFT AVAILABLE: Y on that employee's VE.2 record, the most likely explanation is that the employee changed bank accounts in payroll and the new bank account is in the process of being pre-noted (verified with the bank). This is a temporary condition. If the employee stopped direct deposit for payroll, AFRS will continue to pay this employee by warrant.

4. What if I pay the wrong employee?

If you pay the wrong employee, it is your responsibility to contact that employee and make arrangements to recover the funds. OFM and the State Treasurer will NOT do a reversal for an erroneous payment except in extreme situations. However, if you use the AFRS tools as they are designed, this should not happen.

Your first line of defense is verifying the employee name and SSN are correct when making your payment. If you need to Change the field to 'Y', contact the OFM Helpdesk.

The second line of defense is verifying the vendor names on transactions within a batch prior to release. This can be done using the Browse function (or the Payments function) on the Batch Header Summary screen. These options are also available to agencies that interface batches to AFRS.

5. What documentation will we receive for EFT payments to employees?

EFT payments will be included along with warrants on the Agency Payment Register and on remittance advice documents both from Enterprise Reporting.

6. Why does it take two business days for the money to get to the employee's bank account?

There are several steps the payment file has to go through before it reaches the final destination of the employee's bank account. Here's a summary of what happens behind the scenes:

- An agency inputs and releases a payment batch (let's use Monday as our example)
- That night AFRS creates the payment file and forwards it to the Office of State Treasurer (OST).
- OST receives the file the next morning (Tuesday) and forwards it to the State's bank.
- The State's bank forwards the file to the ACH Operator (Federal Reserve Bank).
- The ACH Operator performs certain basic edits (ensures data is present in required fields), verifies the settlement date meets certain guidelines, sorts payments based the routing numbers for each bank and forwards the transactions to the appropriate banks.
- The receiving banks edit the transactions received against their files to make sure the account numbers are valid and, on settlement date (Wednesday), credit the customers' accounts.
- The ACH Operator (Federal Reserve Bank) makes the actual electronic transfers of funds from the paying banks to the receiving banks on the settlement date (Wednesday).

7. What are the benefits of receiving payments by EFT?

There are benefits for each of the following:

- For employees - the main benefit is convenience and security. Having travel and other payments directly deposited saves them a trip to the bank and eliminates lost or stolen warrants.
- For the agency - there are direct cost savings in paying by EFT such as elimination of warrant production and mailing costs. In addition, staff time can be redirected from mailing warrants to higher priority tasks.
- For the State as a whole - it is less expensive for the State Treasurer to process EFTs than warrants.

8. Can taxable non-payroll payments to employees be made by EFT?

Yes, but the taxation of the payment must be done through the Payroll Office/System. Discuss this with your agency fiscal officer. Some agencies tax the taxable portion of the employee's payment by making the payment through AFRS (by warrant or EFT) and informing the Agency Payroll Office as to which employees must be taxed, for what event, and the value to be taxed. Other agencies process taxable payments directly through the Agency Payroll Office. Still others do a combination of processes, depending on the payment type.

Some examples of taxable non-payroll payments may include taxable tuition reimbursements, travel and meal reimbursements, commute trip cash incentive payments, and moving expense payments/reimbursements. The taxation of any taxable vendor payment for an employee must be processed through the Agency Payroll Office with the appropriate federal employment taxes withheld from the employee's payroll.

This information is required to be reported on IRS Form W-2 or W-2c. Do not attempt to report these payments on Form 1099-MISC. Questions related to this issue should be directed to your OFM Statewide Consultant.

9. What if my agency paid an employee by EFT but the employee says they did not receive the money?

In general, this is an issue either with timing or confusion about which account is being used. Ask the employee if they received a Direct Deposit Notification. If so, ask them to locate where it says "Deposit Date" and ask them what date it shows. They may have received the notification a day or two before the deposit date.

If the deposit date is today or earlier, the employee needs to be sure they are looking at the correct bank account. Some employees have more than one account. The rule now is wherever account gets their net pay also gets the AFRS EFT payments. The employee should contact the ACH Department of their financial institution for assistance.

If the problem cannot be resolved by the financial institution, contact the Statewide Payee Desk by email at PayeeRegistration@ofm.wa.gov or by phone at 360-407-8180.

Contact List

AFRS/EFT QUESTIONS:

OFM Helpdesk

(360) 407-9100

Heretohelp@ofm.wa.gov

For general questions about AFRS processing, errors, payments, Statewide Employee vendor records and AFRS reports (such as warrant registers and remittance advices).

Statewide Payee Desk (360) 407-8180

Payeeregistration@ofm.wa.gov

For questions about specific EFT payments or statewide vendor records.

Please note that the help lines are designed so that your call will be answered by a person, not voice mail, during normal business hours. If it is imperative that you speak to someone right away, we recommend using one of these help line numbers.

FOR QUESTIONS REGARDING TAXABLE EMPLOYEE PAYMENTS:

Steve Nielson

(360) 725-0226

steve.nielson@ofm.wa.gov