

## Department of Finance and Administration Policy 1

### Automatic Deposit of Paychecks for Employees

*(Revised June, 2020)*

#### Applicable State Law

1. Tennessee Code Annotated, Section 8-23-202 authorizes the Commissioner of Finance and Administration to require that salaries of State employees be paid through direct deposit procedures in accordance with policies established by the commissioner.

#### Background and Purpose

2. The use of direct deposit and Employee Self-Service (ESS) to access electronic "pay stub" information, instead of paper checks and stubs, results in cost savings to the State by reducing purchasing, processing, distribution, and operational costs. State employees also benefit as confidential payroll information is more secure and immediately available on payday regardless of vacation, illness and/or inclement weather.

As provided for by the aforementioned statute, this policy statement establishes the requirement that all State employees be paid through direct deposit, and delineates protocol associated with this requirement.

#### Applicability and Effective Date

3. The requirements of this Policy Statement are applicable to all State employees paid through the Edison Human Capital Management (HCM) central payroll system, and, are to be enforced by the accounting and payroll or human resource offices of all State agencies, departments, boards and commissions. This policy statement is applicable to both full-time and part-time employees, and shall become effective when signed.

#### Policy

4. Participation in direct deposit is a condition of State employment. All State employees paid through the Edison HCM payroll system will be required to use direct deposit to receive payroll related payments, and, shall utilize ESS to access their wage/salary statements (i.e. "pay stubs").

Options for enrolling in direct deposit include:

- Personal checking/savings account at, or a prepaid debit card from, a financial institution of the employee's choice; or,
- A prepaid debit card ("Payroll card") issued by a financial institution under contract with the State of Tennessee

An employee may set up multiple accounts at the same or different financial institutions for receipt of direct deposits, but is required to receive 100% of his or her net pay through direct deposit. In certain cases the initial pay for a new employee may be provided by paper check to allow for sufficient time to process direct deposit information with the participating financial institution.

#### Exemptions and Exceptions

5. Only employees working for less than one month and deceased employees may be considered as automatically exempted from direct deposit participation.

The State's Chief of Accounts has exclusive authority to grant any other limited exception to the direct deposit requirement. These exceptions will be considered on a case-by-case basis.

An employee can request an exception from the direct deposit requirement by completing a "Direct Deposit Exception" form. This form must contain a full explanation of why neither direct deposit option is acceptable to the employee.

In general, exceptions will only be granted in the case of documented religious or ethical objections or extreme personal hardship. Requests that merely state a preference for receiving a paper check will not be approved. Also, an employee whose account may have been compromised should work with the financial institution to change his or her direct deposit information as soon as possible. Issuing a paper check would not be any more effective than working with the financial institution.

Employees granted an exception from participating in direct deposit will receive a paper check. All paper checks will be mailed via the United States Postal Service. The State assumes no responsibility for any delay in receiving a paper check through the postal service. Should a paper check have to be reissued due to a lost check, the employee may have to wait up to seven business days before a replacement check will be issued.

Approval of the Commissioner of Finance and Administration

I, Howard H. Eley, hereby approve of this Policy Statement 1 of the Department of Finance and Administration, and as such agree with and authorize actions necessary to implement its requirements.

Signed Howard H. Eley Date 5/27/20

Approval of the Comptroller of the Treasury

I, Justin P. Wilson, hereby approve of this Policy Statement 1 of the Department of Finance and Administration, and as such agree with and authorize actions necessary to implement its requirements.

Signed Justin P. Wilson Date 5/27/2020