



# GAO Technical Bulletin

Arizona Department of Administration ♦ General Accounting Office

Subject:	<b><i>Electronic Deposit of Employee Payments</i></b>	Issued:	08/25/11
Manual Section(s):	N/A	Effective:	07/20/11
Supersede(s):	N/A	Page:	1 of 3

TO: Technical Bulletin Administrators Human Resources Personnel Payroll Personnel All Agencies	FROM: D. Clark Partridge State Comptroller
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## **AUTHORITY**

A.R.S. § 23-351	Designation of paydays for employees; payment; exceptions; violation; classification
A.R.S. § 41-703	Duties of director
A.R.S. § 41-722	Powers and duties relating to finance
A.R.S. § 41-761	Personnel administration
A.R.S. § 41-763	Powers and duties of the director relating to personnel
TB No. 04-02	HRIS: Valid Accounts for Direct Deposit

## **DEFINITIONS**

Authorized payroll system: Any method of recording and reporting upon employee compensation, withheld taxes, other deductions, etc. approved for use by any agency.

Direct deposit program: The State's system of electronically crediting employees' net pay, reimbursements, and other payments to its employees' accounts. An employee's election and participation is evidenced by a properly executed Form GAO-65.

Employee: Any employee or officer of the State of Arizona.

Form GAO-65: A form entitled, "Authorization for Direct Deposit," used by employees to communicate to their employing agencies their elections to deposit their net pay or other amounts directly to a financial institution or their choosing or to their payroll card account.

GAO: General Accounting Office; a division of the Arizona Department of Administration.

Payroll card: A card or similar device, encoded to an employee, allowing an employee to withdraw funds from his or her payroll card account.

Payroll card account: An account, established in an employee's name, at a financial institution of the State's choosing, into which an employee's net pay will be deposited.

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**INTRODUCTION**

A recent amendment to A.R.S. § 23-351.D.5. now enables employers in the State to require their employees to receive compensation by direct deposit. If an employer has offered to credit an employee's account at an institution of the employee's choosing and the employee has not provided written consent or has not designated a financial institution, the employer may credit the employee's net compensation and other payments to a payroll card account in the employee's name.

This technical bulletin addresses the State's decision to mandate that its employees enroll in the State's direct deposit program.

**POLICIES & PROCEDURES**

1. All newly hired employees must enroll in the State's direct deposit program at the time of hire.
2. On or before September 30, 2011, all employees, who are not already participating in the State's direct deposit program, must properly execute a Form GAO-65 for the full amount of their net pay and file it with their agencies. The Form GAO-65 will be completed and processed in accordance with the guidelines provided in Technical Bulletin Number 04-02 and the instructions provided on the form itself.
3. The dollar value of the net pay of any employee for whom a properly executed Form GAO-65 is not on file may, without his or her consent, be transferred to a payroll card account in the employee's name. The employee's payroll card will be sent by the State's contracted financial institution for the administration of such services to the employee's physical home address contained in the paying agency's authorized payroll system.

**ON-LINE AVAILABILITY**

Copies of all Technical Bulletins and many GAO Forms are available for viewing and downloading from the General Accounting Office Website located at:

<http://www.gao.az.gov>

**AREAS IMPACTED**

All State agencies.

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**CONTACTS**

If you have any questions concerning this Technical Bulletin, please contact your GAO Liaison. You may also e-mail questions or comments concerning State policy and procedure to us at:

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