

**UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM**

SECTION: Fiscal Affairs

NUMBER: 03.D.07

AREA: Payroll

SUBJECT: Direct Deposit of Salaries

1. PURPOSE

This administrative memorandum states policy regarding the direct deposit of employees' salaries. This policy is in accordance with Texas Government Code, section 403.016, which states that the comptroller "shall use the electronic transfer system to pay an employee's net state salary and their travel expense reimbursements." This results in salary payments being deposited directly into payees' accounts in financial institutions.

2. POLICY

2.1. Under section 403.016 of the State Government Code, salary payments to employees will be made through direct deposit to the employee's bank accounts, unless the employee meets an authorized condition for exemption.

The requirement for direct deposit applies to all employees - bi-weekly (including students and part-time hourly employees) and monthly (including part-time administrative staff and faculty).

2.2. All component university employees are required to enter their direct deposit information in [People Advantage Self Service \(PASS\)](#). Employees who are unable to enter their direct deposit in PASS may seek assistance from the component Human Resources/Payroll Office.

2.3. An employee may request an exemption from direct deposit and receive payment by check or warrant if he/she meets one of the following conditions for exemption:

- a. Holds a position classified below that equivalent to group 8 in the state position classification salary schedule. Each component university will determine the level appropriate in its classification schedule.
- b. Is unable to establish a qualifying account at a financial institution to receive electronic funds transfer, or
- c. Certifies that payment by direct deposit would be impractical and/or more costly than payment by check.

- 2.4. The Office of Human Resources at each component university is responsible for ensuring that employee requests for exemption from direct deposit are maintained for examination by the University of Houston System or State Comptroller or Auditor's offices.

3. PROCEDURES

- 3.1. The Office of Human Resources at each component university will provide procedures for direct deposit to new employees during the new employee orientation process.
- 3.2. On the first and possibly second payday following data entry of the direct deposit, a regular paycheck will be issued. Automatic direct deposit of payroll funds will occur following the successful "pre-note" test file sent to the employee's bank account and verification from the bank is received by the University that it is valid.
- 3.3. On the following regular and subsequent paydays, employees may print the Earnings Statement portion of their paycheck from PASS.
- 3.4. Employees are responsible for contacting the financial institution directly to confirm the deposit to their account prior to expending the funds. Although financial institutions normally make deposited pay available no later than payday, each financial institution has its own policy.
- 3.5. When a direct deposit is reversed, the System requires that the money be returned to the System from the bank before a replacement or corrected check can be issued to the employee.
- 3.5. If a problem occurs that cannot be readily resolved between the employee and the financial institution, the employee should contact the component university Payroll representative, who will coordinate problem resolution with the UH System Payroll Department and the Treasurer's Office.
- 3.6. It is important that Personnel Action Requests (PARs) to end assignments and terminate employment be processed promptly to ensure termination of direct deposit at the appropriate time.
- 3.7. Participants in the Direct Deposit Program may request that funds be deposited to more than one bank account. All financial information should be verified by the financial institution(s) to ensure that funds are deposited accurately and on time to the employee's account(s).

If bank account information changes, employees are responsible for updating the information in PASS in a timely manner and should contact the appropriate Human Resources or Payroll representative with any questions.

4. REVIEW AND RESPONSIBILITY

Responsible Party: Associate Vice Chancellor for Finance

Review: Every three years on or before July 1

5. APPROVAL

Approved: Jim McShan
Interim Vice Chancellor for Administration and Finance

John M. Rudley
Interim Chancellor

Date: October 16, 2007

6. INDEXING TERMS

Direct deposit
Payroll