

Michigan Civil Service Commission

Regulation 5.17

Subject: Electronic Funds Transfer		
SPDOC No.: 16-06	Effective Date: January 1, 2017	Replaces: Reg. 5.17 (SPDOC 07-14, October 7, 2007)

1. Purpose

This regulation establishes standards and guidelines for the payment of salary or wages to employees hired after October 1, 2002.

2. CSC Rule References

5-15 Electronic Funds Transfer

The salary or wages of an employee hired after October 1, 2002, shall be paid by means of an electronic funds transfer (EFT) into an account at a financial institution designated by the employee. The appointing authority may waive the requirement of payment by an EFT if payment by an EFT causes an undue hardship for the employee.

3. Standards

A. Payment.

1. Net salary or wages shall be directly deposited via electronic funds transfer (EFT).
2. The appointing authority shall inform all newly hired employees that direct deposit via EFT is mandatory and a continuing condition of employment.
3. The appointing authority shall provide all newly hired employees with necessary information and requisite paper form or on-line application.
4. The employee shall designate the financial institution routing number and account number to which the employee's net payment will be deposited.

Note: Under § 13(1) of the Freedom of Information Act, these records are personal in nature and exempt from disclosure. The appointing authority shall not disseminate this information pursuant to any written or oral request without written authorization of the employee.

5. The employee shall either complete the on-line direct deposit application or return the completed paper form to the appointing authority prior to the end of the first pay period in which the employee is hired.

6. The appointing authority shall verify the on-line application process or process the necessary information from the paper form into the Human Resource Management Network (HRMN) within the first pay period of the employee's hire date.

B. Effective Date. The direct deposit of the employee's net pay via EFT begins with the second payday following the employee's date of hire.

C. Exceptions.

1. The appointing authority may waive the requirement of direct deposit payment via EFT for the following reasons:
 - a. If it causes an undue hardship to the employee, including, for example, a physical or mental disability; geographic, language, or literacy barrier; or financial hardship.
 - b. If an employee is hired for a position expected to last less than a four-week period.
2. An employee seeking to waive direct deposit payment via EFT must submit a written request to the appointing authority.
3. The appointing authority must provide a written response to an employee seeking to waive direct deposit payment via EFT.
4. The appointing authority shall retain waiver documentation in the personnel file.
5. Exceptions are subject to Civil Service audit.

D. Compliance.

1. Any employee hired after October 1, 2002, must complete an on-line direct deposit application through self-service access in HRMN, or submit the requisite paper form or request for waiver to the appointing authority prior to the end of the pay period in which the employee is hired.
2. The appointing authority shall notify any employee who fails to comply with § 4.D.1 that failure to do so by the end of the first full pay period following the date of notification will result in separation for just cause as provided in rule 2-6.
3. The appointing authority shall notify any employee, hired after October 1, 2002, who cancels an EFT that failure to reapply either on-line or by submitting a direct deposit form, or request seeking to waive direct deposit payment via EFT by the end of the first full pay period following the date of notification will result in discipline, up to and including separation as stated in § 4.D.2.
4. EFT records are subject to Civil Service audit.

4. Procedures

Responsibility	Action
Appointing Authority	1. Informs employee of mandatory EFT and provides employee with on-line application or paper form.
Employee	2. Completes on-line direct deposit application or submits paper form. May submit written request for waiver.
Appointing Authority	3. Verifies that on-line application has been completed or enters necessary information in the Human Resource Management Network (HRMN), or approves request for waiver. Provides written response for waiver requests. 4. Provide written notice to an employee who does not comply with § 4.D.1 that failure to do so will result in the employee's separation. 5. In the event of an EFT cancellation, provides written notice to the employee that failure to reapply by on-line application, submission of the paper form, or written request for waiver will result in discipline, up to and including separation. 6. If necessary, process separation in HRMN. 7. Retains documentation in the personnel file.
Civil Service	8. Conducts audit of EFT records.

CONTACT

Questions on this regulation may be directed to Compensation, Civil Service Commission, P.O. Box 30002, 400 South Pine Street, Lansing, Michigan 48909; by telephone at 517-241-0837 or 517-284-0102; or to MCSC-Compensation@mi.gov.