Implementing ACH Direct Deposit

Introduction

The Fiscalsoft software products FiscalPay and FiscalExpress provide our municipalities with the ability to process payroll direct deposit transactions through the Federal Reserve's ACH network with local banking institutions.

This document describes the general steps required to insure a smooth setup and efficient operation of your ACH network applications.

Your Bank

Each FDIC Institution is required to submit entries into the ACH network. Each Institution may have it's own methods of submitting the e-file to them. You need to contact your ACH representative at your banking institution to find out the required method of file submission. FiscalExpress supports 4 different ways of submitting (Transmitting) the ACH e-File:

- Local Area Network – Copy your ACH file to diskette, CD-RW, external hard drive, etc.
- Email Address – Send your ACH e-file via email attachment to your banking institution.
- Web Page URL – Upload your ACH e-file to your bank's secure, published web site.
- FTP Site URL – Upload your ACH e-file to your bank's secure, published FTP site.

Of particular interest is the Immediate Destination ID and Name in the ACH Deposits tab of the Options/FiscalPay window in FiscalExpress. This is usually the Federal Reserve's Routing No. 041000014, and the name FEDERAL RESERVE. However, due to the way many banks batch their ACH submissions, you may be asked to change these values in order to submit to your bank. The Immediate Originating ID and Name (i.e. the submitter's bank account routing number and bank name – in other words, your payroll checking account info) is retrieved from the 01-1000 account in the Bank Accounts window in FiscalPay, so you need to make sure this information has been entered correctly.

You will be required to sign a contract with your banking institution before you can participate in the ACH Network.

Your Employees

Each employee desiring to participate in your direct deposit payroll must sign an authorization form granting you permission to transmit both debits and credits to the employee's bank account. You will also need a photocopy of an employee's check (voided) in order to prove the Institution Name, Account and Routing Number.
Participation in the ACH transfer is not required for all employees. You can selectively include/exclude employees from direct deposit payroll by simply checking/unchecking the "Direct Deposit" checkbox in the Employee window (Wages tab) in FiscalPay. Those employees not participating in direct deposit will still get a payroll check printed; whereas employees participating in direct deposit will get a plain-paper voucher printed instead.

What to expect

Expect to be asked to send a test file submission with your bank. They normally are willing to assist you until a clean e-File has been submitted to them and processed without errors in the ACH Network. Also, we highly recommend that you Compress (i.e. .zip) and Passwordprotect your direct deposit text file. If you do, you will need to provide any passwords to your banking institution so they can open your e-file.

Most banks will pre-process your e-file for obvious errors before submitting your e-file to the ACH network for processing. If any errors are found prior to submission into the ACH network, your bank's ACH rep will most likely contact you to indicate a problem with the file.

In situations like these, your bank may simply delete this file and ask you to prepare and transmit a corrected file. You may also need to do this and contact the bank ASAP if there were any entry detail record errors discovered after the file was transmitted.

Once the file is submitted to the ACH network and has been processed with no errors, you should receive some kind of confirmation from your bank, most likely an email.

Should you ever need to "reverse" any of the employee direct deposit credits, click on the "Reverse Entry" checkbox in the Info group of the Prepare Files window in FiscalExpress (the ACH Direct Deposit group must be opened to see the Info group). See below for more information.

Generally, ACH direct deposit credits should be sent at least one day but not more than 2 days prior to the effective (credit) date. If your posted paychecks/vouchers are dated for Friday, you should prepare and transmit the ACH direct deposit file at least by closing time on Thursday, but not earlier than Wednesday morning.

Preparing an ACH e-File

Select the Prepare Files window and open the ACH Direct Deposit group. Enter a valid Credit Date (matching a posted payroll voucher date in FiscalPay) and click the "Prepare e-File" button at the bottom of the group. If you entered an existing voucher date, a window is displayed listing each employee paid for that date, and their net pay. If you are preparing a brand new e-file, click the "Check All" item in the Action group. This places a checkmark next to each employee in the list. Otherwise, to credit only selected employees (e.g. when you forgot to pay one or more employees and have processed and posted their payrolls), click each employee you want to credit (i.e. place a checkmark next to the employee in the list). Click the Prepare File item in the Action group and confirm the process by clicking "Yes". The window closes automatically upon completion of preparing the file.

Reverse Entry

You may need to reverse an entry or entries in a file already transmitted to and processed by the ACH network (e.g. due to voiding payroll vouchers, or an employee closed their checking account and didn't inform you). Suppose Joe Smith was paid with the weekly payroll instead of the bi-weekly payroll. You have already prepared and transmitted the payroll file and the bank processed it with no errors. But, you need to void Joe's voucher in FiscalPay and "reverse" his entry in the direct deposit file. This will take the money out of Joe's bank account and put it back into yours. To do this, select the Prepare Files window and open the ACH Direct Deposit group. Click the "Reverse Entry" checkbox in the Info group and the Reverse Entry window is displayed listing the entries in the (most recently prepared) original ACH direct deposit file. You simply check the box next to each entry you want to reverse and click the Prepare File item in the Action group. You can also View the file, Print reports and Transmit the Reversing Entry file all in that window. If the file is archived, it will be saved as "REV-" plus the original file name.

File Archiving

One of the very nice new features in FiscalExpress 4.1 is the File Archiving system. You should always archive an ACH file after sending it. If a question ever arises about the file you can access it via the new Archive Manager in FiscalExpress 4.1. Also, the Archive Manager will allow you to rename archived files, in case you ever need to send the same file name twice on the same day. This may be necessary if you "forget" to pay someone and need to prepare and transmit a 2nd ACH direct deposit file on the same day. In this case you rename the archived file already sent so that the newly created file doesn't overwrite the original when it gets archived to the same dated folder.

The Archive Manager supports Windows drag-n-drop, file clipboard functionality (i.e. you can cut, copy and paste files to different folders), and is basically a Windows Explorer plugin to FiscalExpress. As with Windows Explorer, right-clicking your mouse displays a pop-up menu loaded with items for manipulating files and folders.