

Subject: Electronic Delivery of Wages, Salaries, Reimbursements, and Refunds

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**1. Purpose**

This policy defines the university’s direct deposit requirements for students and employees. Direct deposit (electronic fund transfer) is a quick, efficient, and secure method to disburse funds to students and employees. Benefits of direct deposit to students and employees include fewer lost, stolen, unclaimed or un-cashed checks; electronic notification of deposit; and assurance that payments will be automatically deposited to designated bank accounts.

Benefits of direct deposit to the university include: reduced processing time and requirements for check reconciliation; elimination of forged, stolen or lost checks; reduced operating costs; and enhanced cash management by increasing predictability of cash flows.

**2. Policy**

Virginia Tech requires that payment of wages or salaries, travel or expense reimbursement, and student refunds be processed by direct deposit in lawful money of the United States into an account in the name of the employee or student at a financial institution in the United States designated by the employee or student.

It is the responsibility of the employee or student to enroll in direct deposit. Direct deposit enrollment allows funds to be deposited into an employee or student designated bank account. Funds will not be withdrawn from the account to pay any amounts due to the university.

Except for Federal Work-Study (FWS) compensation, if an employee hired after January 1, 2010, fails to designate an account at a financial institution, the university may at its discretion pay wages or salaries by crediting a prepaid debit card or card account from which the employee is able to withdraw or transfer funds.

The university will provide electronic notification of direct deposit payments unless the recipient elects not to receive this notification. Email notification of direct deposit(s) will be sent to employees and students for reimbursement and refunds including the amount and date of transfer.

Employee earnings and deductions statements will be available electronically at least two days prior to the scheduled pay date.

Students or employees are responsible for verifying that funds transferred electronically are available at their financial institution before spending the funds.

### **3. Procedures**

Electronic deposit of funds can be made to any financial institution in the United States. Students and employees enroll in direct deposit by going to the on-line enrollment system within Hokie SPA ([www.hokiespa.vt.edu](http://www.hokiespa.vt.edu)) or My VT ([www.myvt.edu](http://www.myvt.edu)). Once enrolled, they will be able to view their designated bank account(s), add additional account(s) and delete existing account(s). Students and employees are allowed a maximum of two payroll deposit accounts and a third additional account for student refunds or travel reimbursement. Students and employees can change their designated account(s) at any time to become effective on the system indicated dates.

If an employee has incurred travel and/or meals expense(s), the Commonwealth of Virginia requires the university to reimburse the employee through direct deposit. When the employee enrolls in direct deposit for the first time, the university automatically assigns their payroll deposit account to be their reimbursement deposit account. The employee can designate a different account for expense reimbursements by going into Hokie SPA or My VT.

It is the employee's responsibility to verify that the bank account information on-file is up to date and to make any changes as needed. It is the employee's responsibility to furnish and keep up to date an email address to which direct deposit notifications can be sent electronically.

#### **3.1 Exceptions**

In order to accommodate changes in employee authorizations and to comply with federal financial aid regulations, this policy allows for the following exceptions:

- Wage employees who do not have a bank account and will only be employed one or two pay cycles.
- Employees can receive a paycheck for one to two periods while establishing a new account.
- Federal Work Study students are not required to provide authorization for direct deposit at hire.
- Federal Student Aid (FSA) refunds. Students who do not provide banking information by enrolling in direct deposit, and are owed a refund of FSA, will receive a refund check that will be mailed to the permanent address on the student record at the time the refund is processed. Requests for replacement checks will not be accepted by the Bursar's Office until 14 calendar days after the date the check was issued.

### **4. Definitions**

**Hokie SPA and My VT** are Virginia Tech student, faculty, employee and alumni information gateways providing access to establish and view information and notifications such as benefits, job data, paystubs, direct deposit enrollment or changes, W2 forms, W-4, and VA-4 data.

**Prepaid debit card or card account** is a card that the employee uses to access money paid by the university. If the employee fails to designate an account at a financial institution in accordance with this policy, the university may at its discretion arrange for such prepaid debit card or card account to be issued through a network system through which the employee shall have the ability to make at least one free withdrawal or transfer per pay period using such card or card account at financial institutions participating in such network system.

## **5. References**

Code of Virginia, §40.1-29, “Time and medium of payment”.

<http://law.lis.virginia.gov/vacode/40.1-29/>

Title 34 of the Code of Federal Regulations Chapter VI, Part 675.16 “Payment to Students”

<http://www.ecfr.gov>

Title 34 of the Code of Federal Regulations Chapter VI, Part 668.164 “Disbursing funds”.

<http://www.ecfr.gov>

*Commonwealth Accounting Policies and Procedures Manual*, Section 50445, “Direct Deposit” dated September 2014 and as revised.

[http://www.doa.virginia.gov/Admin\\_Services/CAPP/CAPP\\_Topics/50445.pdf](http://www.doa.virginia.gov/Admin_Services/CAPP/CAPP_Topics/50445.pdf)

## **6. Approval and Revisions**

Enacted June 20, 1989, by University Bursar, Mary K. Thompson.

- Revision 1

Section 2.0 deleted information on when payday falls on a weekend and information on the statement of earnings. Section 3.0 was moved to the University Bursar web site, and a link was provided to that web site.

Approved June 17, 1999, by Vice President for Finance and Treasurer, Raymond D. Smoot, Jr.

- Revision 2

Policy underwent a complete revision and expansion in all significant areas. Key changes are: defining the purpose of the policy and the benefits to students, employees, and the university; description of the university’s direct deposit requirements for wages, salaries, refunds and reimbursements for students and employees; the process for enrolling in direct deposit; and the allowed exceptions to the policy in order to comply with state and federal law.

Approved June 9, 2016, by Vice President for Finance and Chief Financial Officer, M. Dwight Shelton, Jr.