

Direct Deposits

The FOUNDATION Payroll Module is capable of creating direct deposits in place of paper checks. The direct deposit feature assists clients with distributing their direct deposits from the bank into employees' accounts.

How Do Direct Deposits Work?

After you post payroll, the direct deposits are translated into the Automated Clearing House file format, which is commonly referred to as ACH. ACH is a network for processing large numbers of payments, and most of them use the exact same type of filing format, which is why it is called ACH.

*You may sometimes hear this referred to as a NACHA file as well. NACHA, the North American Clearing House Association, creates the rules that govern automated clearing houses that operate in the USA.

With the correct setup in FOUNDATION, you can produce an ACH file to send to the bank, which allows them to process direct deposit transactions, including payments to vendors.

Where Do I Set Up a Direct Deposit?

You need to set up direct deposits in two places; (1) your employees' accounts and (2) the clients' bank/checking account. By setting it up on your employees' accounts, you are telling FOUNDATION where the money is being sent. By setting it up on clients' bank/checking account, you are telling FOUNDATION where the money is being sent from.

Setting Up Direct Deposit for an Employee

Follow the steps below to tell FOUNDATION where to send an employee's paycheck:

1. From the Main Menu, go to **Payroll > Maintenance > Employees > "Direct Deposit" tab.**
2. Enable the *Pay by Direct Deposit* checkbox. This tells FOUNDATION that this employee will be paid by direct deposit.
3. In the table, right-click and select "Add" to create a new line where you will enter the employee's banking information.
4. In the *Description* field, enter the name of the employee's bank, or a general description for your own reference.
5. In the *Bank Routing No* field, enter the employee's bank account routing number.
6. In the *Bank Account No* field, enter the employee's bank account number.
Note: It is recommended that the employee provide a voided check to verify the account information.
7. In the *Acct Type* field, classify the account as a "Savings" account or a "Checking" account.
8. Determine how much money should be sent to each bank account.
 - ▶ If the employee only has one account, in the *% or \$* field, select "Remaining."
 - ▶ If the employee has multiple accounts to which parts of their paycheck will be direct deposited, in the *% or \$* field, make the appropriate selection, then in the *Amount* field, enter the appropriate amount. The account that receives any remaining amount should be the last account.

- Determine if you want to run a prenote report. A prenote is an opportunity to send a “test file,” which allows you to create a file without having to complete a real transaction for testing. Some banks may require a prenote to verify the banking information.

If you want to run a prenote report, in the *Prenote* field, select “Yes.” If you do not want to run a prenote report, select “No.”

General | Deductions | Add 1 | Add 2 | History | ER Contribution | Extra Burden | **Direct Deposit** | Divisions | Accruals | Recurring | UDF

2 Pay by Direct Deposit: This employee's next payroll will generate a paycheck.

4 Description	5 Bank Routing No	6 Bank Account No	7 Acct Type	% or \$	Amount	9 Prenote
Savings Acct. Bank Name	1234567890	9876543210	Savings	\$	139.00	Yes
Checking Acct. Bank Name	9876543210	1234567890	Checking	Remaining	.00	Yes

Based on the account information above, the following distribution will occur: [Print Summary](#)

Direct Deposit Summary

Employee: adfvads sdfasf 1/30/2015

- Apply 139 dollars of the check amount to savings account 9876543210 at bank 1234567890.
- Apply any remaining check amount to checking account 1234567890 at bank 9876543210.

- Repeat for each necessary account.

Setting Your Company's Account Information

Follow the steps below to tell FOUNDATION where the money for your employees' paychecks is coming from:

- From the Main Menu, go to **General Ledger > Maintenance > Accounts**.
- Switch to **Modify Mode**.
- In the *Account* field, select the account from which the direct deposit will be produced/credited.
- In the *Account No* field, enter the account number.

General | Direct Deposit | Add | UDF

3 Account: 1100

Description: Checking

Force Job Costing: Do Not Allow Job

Bonding Class:

Debit or Credit: Debit Credit

Apply Subdivision

Account Type: Checking

4 Account No.: 1234567890

5. Click on the “Direct Deposit” tab. On this tab, you will set up any ACH file variations the bank may want. In this example, you will see how we would set up the client if they were using direct deposits with our Payroll Service. You should copy this setup.
6. In the *Format* field, select “ACH.”
7. The remaining fields on this tab vary by the financial institution to which the file is sent. When working with a client, we recommend they print a screen shot of this window and/or print out the current help (<Shift> + <F1>), then coordinate with their financial institution.

For training purposes, please fill in the information in your database based on the data below.

8. After all information is entered, click [OK].

Running a Prenote Report

A prenote report allows you to test the ACH file you will upload to your bank without having run an actual payroll. Follow the steps below to run a prenote report:

1. From the Main Menu, go to **Payroll > Daily > Payroll Functions > General > Export Direct Deposits**.
2. In the *Include* groupbox, disable all checkbox **except for** the *Prenotes* checkbox.
3. Click on the “Report” tab.

The Direct Deposit Export List will be generated.

4. Review the list and verify that all of the necessary employees are on the list, and that their banking information is correct.
5. When you are ready to export the test file to ensure your direct deposit will work, click on the floppy disk icon.

Employee No	Account Description	Bank Routing No	Bank Account No	Account Type	Distribution Method	Distribution Amount	Deposit Amount
Employees with Prenote Verification:							
1 - Rambo, John E.	Pay Day Bank	5954525625	5214524555	Checking	Remaining		Prenote
2 - Dubois, Blanche R.	Tenn. Williams Bank	9638520741	7539518621	Checking	Remaining		Prenote
3 - Kent, Clark S.	Metropolis Savings	8962148647	1452145214	Savings	\$	850.00	Prenote
	Krypton Credit Union	7898412563	7852410001	Checking	Remaining		Prenote

FOUNDATION will inspect the direct deposit information to ensure you have the minimum standards for exporting a direct deposit. If there are any errors on your cash account or an Employee Record, you will receive an error report that details what needs to be corrected.

Employee No	Employee Name	Error
	G/L Cash account 1100	The Federal Reserve Information Routing No. (12485458) must be 9 or 10 digits.
	G/L Cash account 1100	The Financial Institution Information Immediate Origin (12485458) must be 9 or 10 digits.
558	Moleman, Hans	Bank Routing No (999999999) is incorrect based on the LUHN (modulus 10) formula validation.

If everything is correct, you will not receive an error report and the Export Direct Deposits dialog box will open.

6. In the *Export Filename* field, select where on your computer or network you want to store the file. Please note that you can set a default for this on the "Direct Deposit" tab of the G/L Account Record.
7. In the *Clear Prenotes* field, select "Yes." This will change the prenote setting to "No" for each employee on the list.
8. Click [Export].

Export Direct Deposits

Export Template: ACH Format

6 Export Filename: C:\Users\bta\Desktop\Weekly PR Folder

7 Clear Prenotes: Yes

8 Export Cancel Help

Running a Direct Deposit

The steps for sending your actual direct deposit to the bank are similar to those for running a prenote. **After** your payroll is complete and all of your direct deposits are correct, follow the steps below:

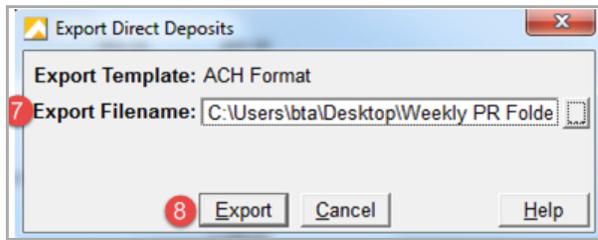
1. From the Main Menu, go to **Payroll > Daily > Payroll Functions > General > Export Direct Deposits**.
2. In the *Pay Period No* field, verify the correct pay period is selected.
3. In the *Check Date Range* field, verify the correct check date for your direct deposit run is selected.
4. In the *Include* groupbox, disable all of the checkboxes except for *Direct Deposits*.
5. Click on the "Report" tab. The Direct Deposit Export List will be generated.

6. Review the list. If everything is correct, click on the floppy disk icon to export the ACH file.

Employee No	Account Description	Bank Routing No	Bank Account No	Account Type	Distribution Method	Distribution Amount	Deposit Amount
1 - Rambo, John E.	Pay Day Bank	5954525625	5214524555	Checking	Remaining		349.52
					Direct Deposit No: 16		349.52
1 - Rambo, John E.	Pay Day Bank	5954525625	5214524555	Checking	Remaining		51.36
					Direct Deposit No: 20		51.36
2 - Dubois, Blanche R.	Tenn. Williams Bank	9638520741	7539518621	Checking	Remaining		845.21
					Direct Deposit No: 17		845.21
3 - Kent, Clark S.	Metropolis Savings	8962148647	1452145214	Savings	\$	850.00	850.00
	Krypton Credit Union	7898412563	7852410001	Checking	Remaining		516.76
					Direct Deposit No: 18		1,366.76
5 - Wayne, Bruce A.	Gotham National	4965666961	5525252569	Checking	Remaining		1,431.13
					Direct Deposit No: 21		1,431.13
558 - Moleman, Hans	Springfield Savings and Loan	9999999990	9999999999	Checking	Remaining		1,100.05
					Direct Deposit No: 19		1,100.05

The Export Direct Deposits dialog box will open.

7. In the *Export Filename* field, select where on your computer or network you want to store the file.
8. Click [Export].



9. To upload the ACH file to your bank, go to the folder to which you saved the ACH export and proceed with the steps required by your financial institution.