

## Direct Deposit for Vendors

# Policy

A vendor or local government entity can request that payments from the State be sent electronically to the financial institution authorized by the vendor or local government to receive payments.

# Definitions

### **Agency**

Within the State of Florida, an entity of the legislative, executive, or judicial branch of state government over which the Legislature exercises full budgetary and statutory control.

### **Automated Clearing House**

A nationwide electronic funds transfer network that enables participating financial institutions to distribute electronic credit and debit entries to bank accounts and to settle such entries. Also known as ACH.

### **Direct Deposit**

Electronic deposit of payments to the payee's financial institution.

### **Taxpayer Identification Number**

A nine-digit number used by the Internal Revenue Service (IRS) to identify employers and taxpayers. Also referred to as TIN. This is the Social Security Number for individuals. This is the Federal Employer Identification Number (FEIN or FEID) for employers and is also referred to as the Employer Identification Number (EIN).

### **Vendor**

1. A supplier of goods and/or services. 2. A vendor is anyone required to provide a Taxpayer Identification Number (TIN) to the State of Florida for W-9 purposes. 3. In the context of federal grant awards, a vendor, generally, is a dealer, distributor, merchant, or other seller providing goods or services that are required for conducting a federal program. These goods or services may be for an organization's own use or for the use of beneficiaries of the federal program. However, in some cases a state agency employed

by the prime agency to perform tasks, provide services, carry out a program, etc. may be classified as a vendor by the federal government if certain criteria outlined by the Federal Office of Management and Budget are met (see Circular A-133 for more information). 4. Information as to vendor classification in the context of state financial assistance programs is outlined in the Florida Single Audit Act Checklist for Non-State Organizations – Recipient/Subrecipient Vs. Vendor Determination checklist. The checklist is available electronically from the Appendix of Forms section of the Financial Management Manual.

### **Voucher**

Transaction used to record invoice details in Aspire and to initiate the payment process. There is a 1:1 relationship between a voucher and an invoice (i.e., a voucher contains details for just one invoice).

## **Background**

Direct deposit does not give the State access to a payee's bank account. The State creates an Automated Clearing House (ACH) transaction and sends it to the State's bank. The State's bank then sends the ACH transaction to an authorized ACH transmitter. The payee's financial institution retrieves its ACH transactions from the authorized ACH transmitter and posts those transactions to the payee's account.

## **Procedures**

These procedures are provided for the establishment of direct deposit for a vendor or local government entity in Aspire. The procedure is not applicable to State employees. See the procedures in the *Mandatory Direct Deposit of Employee Payments policy* for additional information on the direct deposit for State employees.

1. The vendor or local government entity must submit the original signed Direct Deposit Authorization form to the Department of Financial Services (DFS). The ***Direct Deposit Authorization form***, instructions for completing it, and contact information for questions are available in Appendix for Forms or on the DFS website at [http://www.fldfs.com/aadir/direct\\_deposit\\_web/index.htm](http://www.fldfs.com/aadir/direct_deposit_web/index.htm). A confirmation letter from the vendor's financial institution must accompany the authorization form stating that the account information is correct and that the person signing the authorization is

authorized to sign on the account specified. The confirmation letter must be on the financial institution's letterhead.

- a. The vendor's name and the Federal Employer Identification Number or Social Security Number on the direct deposit authorization form must exactly match the name and Taxpayer Identification Number on the vendor's W-9 Form. See the ***Taxpayer Identification Number policy*** for additional information.
  - b. The State will not be responsible for any loss that may arise solely by reason of error, mistake, or fraud regarding information provided on the direct deposit authorization form. The form authorizes the State to initiate credit entries and, if necessary, a reversing entry (debit) to correct a credit entry made in error, in accordance with National Automated Clearing House Association (NACHA) rules Article II, Sections 2.4 and 2.5.
2. DFS will maintain the direct deposit information for the vendor in the statewide accounting system.
  3. DFS will conduct a pre-notification with the vendor's financial institution prior to making the first direct deposit payment in order to verify the accuracy of the financial institution information.
  4. Agencies will record and approve vouchers in the statewide accounting system for payments due to the vendor. If the Vendor ID and Location on a voucher has been designated to be paid via direct deposit, the payment will be sent electronically as authorized by the payee. Otherwise, payment will be made by warrant.
  5. Information regarding payments made by direct deposit is available to vendors from several sources:
    - a. Vendors can view information on payments that have been issued or are pending by accessing the Vendor Payment History on the DFS website at <https://flair.dbf.state.fl.us/>.
    - b. A remittance advice is provided for each payment made by direct deposit. It shows details regarding the payment such as invoice number, invoice date, and amount paid.
    - c. The Vendor Ombudsman program is available through DFS to check the status of pending payments.
  6. A Vendor or Local Government may cancel Direct Deposit by submitting a written request to the DFS Direct Deposit Office on business stationary by an authorized person.

## Policy Approval Dates

Department of Financial Services

Approved (insert date)

# Authority and References

## Document Version Control

Version Number	Release Date	Version Number Description	Description of Changes
V1-V6			Revisions by Developer
V7			Reviewed by FPC and ASW
V8-9			Final Proof
V10			Publish to WEB

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