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Direct Deposits (Bank Transfers)

There are two types of Direct Deposits or Bank Transfers.

1. Income from customers
2. Payment of bills to vendors, employee payroll checks, and payroll tax liabilities.

For detail information on general customer deposits, go to

http://extension.missouri.edu/acctmanual/Deposits/Receiving_Depositing_Money.pdf

For detail information on general check payments, go to

http://extension.missouri.edu/acctmanual/Checks/Write_checks.pdf

Fees

- Consult with the **council's local bank** to determine if there is a fee for either type of bank transfer.
- **Intuit Payroll Service** provides direct deposit of employee paychecks for QuickBooks users with payroll plans. There is an initial small activation fee. For current per-check fee, review the [Intuit Internet site](#) periodically for revisions.
- **Assign a class code** in the transaction for above-mentioned fees.

Setting up Direct Deposit

 County Program Director and Council approval are recommended before establishing the direct deposit process for either bank transfer type and included in the Council's Minutes.

When establishing the direct deposit, the council's bank routing number and the account number may be requested. The routing number is the first set of numbers on the bottom left of the council's check. The routing number is followed by your account number and the number of the check itself. A sample check may be requested.

Important: The routing and account numbers on your checks may appear in a different order than mentioned here. If you are not sure which number is the routing number, contact your financial institution.

Authorization

- Login name, password or personal identification (PIN) access code for online bank transfers should be stored in a safe place. The County Program Director and the Bookkeeper share authorized status.
- For most extension offices, the Bookkeeper processes payroll checks. **To preserve data integrity**, when Direct Deposit is utilized, it is recommended that the County Program Director...
 - Submit the bookkeeper's paycheck for direct deposit, or
 - Review, approve, and sign and date each online document.

Consider storing all bank transfer access codes, employee bank data, and vendor email addresses in a safe location. The County Program Director and the Bookkeeper have access to this information.

Direct Deposits from Customers

Use the **county extension office's email address as the contact** when establishing an online bank transfer and notification procedure with a customer.

When notification is received from the customer that a direct deposit or transfer has been made to the council's bank account, post the transaction to QuickBooks as an **individual deposit**.

Use the document date as the posting date.

Use appropriate class and account numbers and customer name.

The Payment method may be entered as EFT, DD or Direct Deposit. (see next section to learn to create a new Payment Method)

Add "Direct Deposit" as a new Payment Method (optional)

Otherwise, go to section, "Direct Deposit from University of Missouri"

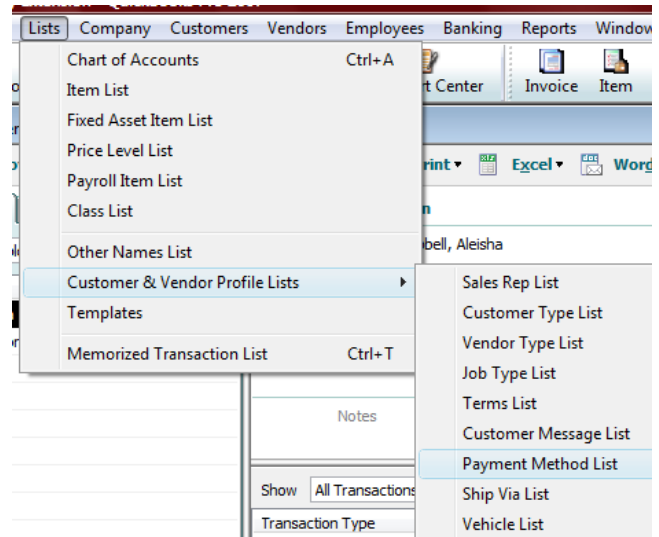
A new payment method may be added to the pull-down list in the Deposit screen.

From the menu bar, select...

- **Lists**
- **Customer and Vendor Profile Lists**
- **Payment Method list.**

Method	Type
Cash	Cash
Check	Check

In the Payment Method screen, Select the **Payment Method button**. Select **New**.



Payment Method: DD

Payment Type: Other

For Payment type, enter **DD** or **Direct Deposit** or **EFT**. Select **Other** for Payment Type.

Direct Deposit from University of Missouri

Instead of check payments, a county extension office may elect to have university payments directly deposited to the council's bank account. Once a county is setup for direct deposit, any voucher or statement that is processed for the office will be paid by direct deposit until they request the direct deposits be stopped.

To sign up for the university's direct deposit, print and complete the form located at <http://accounting.missouri.edu/word/nonpayrolldirectdeposit.doc> Instructions and contact information is on the form.

- Enter the county extension **office's email address** on the form, as the contact. Email deposit notifications will go to the office's email address.
- Look up your county's university [Vendor ID number](#). ← (Click this link to see list)

Sample Direct Deposit transaction for University's Postage Allotment

Note "DD" in the Pmt.Method column. (see earlier section, 'Add "Direct Deposit" as a new Payment Method.')

The screenshot shows the 'Make Deposits' window with the following data:

Received From	From Account	Memo	Chk No.	Pmt Meth.	Class	Amount
University of Miss...	1500 · Postage - P...	Annual postage All...		DD	2000- ...	1,000.00
University of Miss...	6400 · Other Contr...	Internet connection		DD	1000 -...	-300.00
Deposit Subtotal						700.00

A **Deposit Summary report** may be printed. However, a Deposit Slip cannot be printed because you are not taking the money to the bank. The money already is deposited in the council's bank account.

The **Monthly Deposit Detail Report** may be revised to include the Payment method column.

The screenshot shows the 'Modify Report: Deposit Detail' dialog box with the following settings:

- Report Date Range: Custom, From 06/01/2009, To 07/10/2009
- Columns: Account, Pay Meth, Aging, Open Balance, Qty, U/M
- Sort by: Default
- Sort in: Ascending order, Descending order

- Open the Monthly Deposit Detail Report
- Select **Modify Report** button.
- Under the **Display** tab and under the **Columns** section, scroll down and insert a checkmark preceding **Pay Meth**.

The Report can be sorted by Payment Method (Optional)

- At top of report, select down arrow for **Sort by**.
- Select **Pay Meth**.
- Remember to **Memorize & Replace** the Report. Or, save as another report name.

Sample Deposit Detail Report

Deposit Detail						
April 1 - 24, 2009						
Type	Date	Name	Account	Pay Meth	Amount	
Deposit	04/24/2009		0050 · Mid-Misso...		700.00	
		University of Misso...	1500 · Postage - P...	DD	-1,000.00	
		University of Misso...	6490 · Internet Con...	DD	300.00	
TOTAL					-700.00	
Deposit	04/20/2009		0050 · Mid-Misso...		3,020.00	
		Amos Farms, Inc.	0920 · Soil Test Fe...	Cash	-20.00	
		County Court Warr...	0210 · County App...	Check	-3,000.00	
TOTAL					-3,020.00	

Direct Bank Transfer for Vendor, Employee, or Tax Payment

Bank transfers for vendor, employee or tax payment may be established with the approval of the county program director and the Extension Council and included in the council's minutes. A bank transfer may be....

1. **Vendor withdraws money** from council's bank account for payment of utilities, phone, credit card, or other necessary expenses.
2. **Employee Payroll Check** – direct transfer to employee's bank account.
3. Payroll Federal and State **Taxes** - online

Contact the council's bank to determine if there are fees for the vendor, employee, or tax payment transfers. Assign a class code to the QuickBooks fee transaction.

The **County Program Director is responsible** for supervision and approval of the bank transfers, similar to signing purchase orders, vendor invoices or bills, payroll vouchers or reports, or other pertinent documentation.

The document generated as a result of the **bank transfer must be signed by two Council officers**, similar to signing checks.

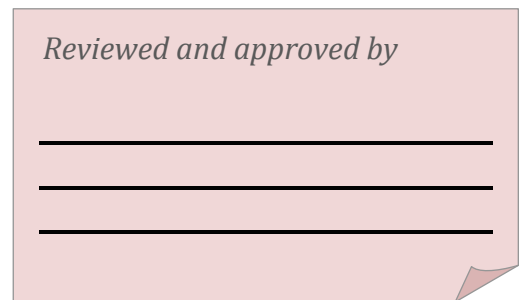
1) Vendor withdraws Money from Council's Bank Account

For direct bank transfer vendor payments, when the invoice or bill is received, the county program director approves the invoice or bill and two council officers approve the bill payment.

- Post the transaction as a check type transaction.
- Uncheck the "to be printed" option.
- In the check number field, enter EFT followed by a document source number, if available. EFT = electronic file transfer. for example, EFT-J4593

In lieu of signing a check, **a pre-printed (i.e. every) label**, with text similar to this sample, may be applied to the ...

- Vendor invoice or bill to allow for the County Program Director's signature and date.
- Online source document for two council officers' signatures and date.



Reviewed and approved by

2) Payroll Transfer

Consult with the Council's bank regarding online procedures, login and password or personal identification number. With the permission of the employee, payroll checks may be deposited to an employee's bank account. **To preserve data integrity, Bookkeepers are encouraged to perform this process under the supervision of the county program director.** Recommended approvals.

- a. Employee permission for payroll transfer. The [Authorization for Direct Deposit-Employee form](#) may be used.
- b. County Program Directors signs and dates the QuickBooks Payroll Summary Report and/or the word-formatted Payroll voucher (if used).
- c. Two Council Officers sign and date the online source documents. A pre-printed label, as mentioned earlier, may be used.

The Intuit (QuickBooks) Employee Paycheck Direct Deposit Transfer

Before utilizing the QuickBooks Payroll Direct Deposit feature,

- Your office must have a payroll plan subscription for QuickBooks Enhanced payroll or Assisted Payroll.
- **Council and County Program Director approval** is required. It is recommended that approval be reflected in the council's minutes.
- If the employee who requested the direct deposit is the bookkeeper, it is recommended that the **County Program Director play an active role in either submitting the paycheck for direct deposit or scrutinizing, approving, and signing all source and online documents.**
- **Employee must give written approval** for direct deposit of paycheck. The [Authorization for Direct Deposit – Employee form](#) may be used.
- **Activate the Direct Deposit**
 - Select **Employees** from the menu bar.
 - Select **My Payroll Services**
 - Select **Activate Direct Deposit.**
 - Click **Continue** button. Follow the onscreen instructions. You will need the following information:
 - Company's Legal name and address
 - Contact information for the County Program Director or Council Officer. (The bookkeeper should not be the contact person).
 - Council's bank account and routing numbers.
 - For security purposes, during initial signup, **Intuit will apply two debits of less than \$1.00 each to the council's bank account.**

03/10/2009		QuickBooks Payroll Service	0.12	✓	
	LIAB CHK	2800 · Payroll Expenses	Created by Payroll Services on		
03/10/2009		QuickBooks Payroll Service	0.21	✓	
	LIAB CHK	2800 · Payroll Expenses	Created by Payroll Services on		

- Check the bank account to determine the amounts of the two debits. Transaction description will include "QuickBooks."
- Open the transactions in QuickBooks and **apply the appropriate Class Code.** Then the bank account is ready for authorized payroll transactions and fees.
- Wait 2 to 3 days for the debits to post to your account.

You cannot perform the next steps until you confirm that the two debits have posted to the council's bank account.

- **Add the direct deposit feature to employee's QuickBooks data file.**
 - Go to the **Employee Center**
 - Click the **Employee Tab** and double-click the employee name.
 - In the Edit Employee window, click the change tabs drop-down arrow and select **Payroll and Compensation Info.**
 - Select the **Direct Deposit button.**
 - In the Direct Deposit window, select **Use Direct Deposit** for the employee and enter appropriate bank information.
 - Click OK, OK.

- QuickBooks will create a **new payroll item for Direct Deposit** and a new payroll liability account 2110 (or you may change the account number to a 9xxx account number). **Be certain this new liability account is included in the Account filter for your Reports.**

Pay Employee using QuickBooks Direct Deposit

Employee paychecks for direct deposit to Intuit must be submitted **at least 2 business working days prior to paycheck date**. This allows Intuit and the Bank time to process the employee's paycheck.

- In the review paycheck transaction, place a checkmark preceding **Use Direct Deposit**.
- Complete the paycheck transaction. Then select **Save and Close**.
- Click the **continue** button to complete the payroll process.
 - To be printed** should not be checked.
 - Enter EFT or DD or Direct Deposit in the **check number field**.
 - When payroll transfer is complete, QuickBooks will add a line to the employee's summary on the paycheck transaction, as illustrated below.

The screenshot displays the QuickBooks Payroll interface. At the top, the 'Earnings' section shows a table with columns for Item Name, Rate, Hours, Customer:Job, and Class. A 'Use Direct Deposit' checkbox is checked and circled. Below this, the 'Other Payroll Items' section shows a table with columns for Item Name, Rate, and Quantity. The 'Employee Summary' section shows a table with columns for Item Name, Amount, and YTD. A line item 'Deposit to #010009039710' is circled. The 'Company Summary' section shows a table with columns for Item Name, Amount, and YTD. The 'Net Pay' is shown as 291.97.

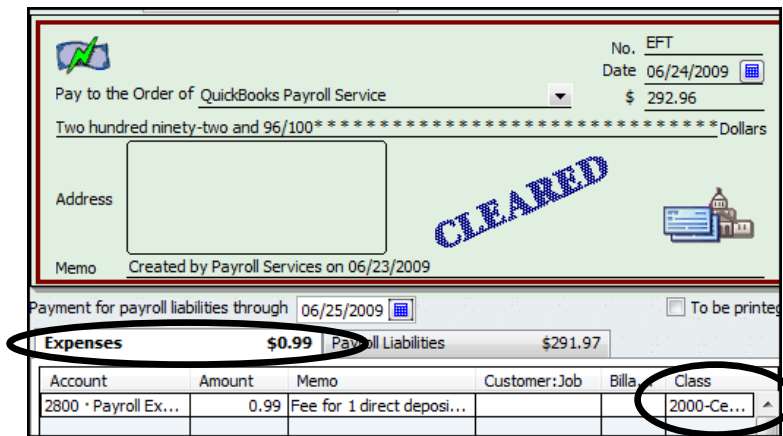
Send Direct Deposit Paychecks to QuickBooks Payroll

- After the employee direct deposit paycheck is completed, go to the **Employee menu bar** and then click **Send Payroll Data**.
 - Click **Send** and then enter your **PIN**. A confirmation message will follow.
 - Click OK. And then click Close when finished.
- The Intuit Direct Deposit paycheck transaction will remain a liability until it is deposited into the employee's bank account. When payment is made, it will be a Direct Deposit transaction.
 - Two transactions will appear in the Checking Register:**
 - The **Liability check** which will include the net salary plus the online transaction fee.
 - The **Direct Deposit transaction** which will appear as a zero amount. This transaction appears when the online bank transfer is completed. This may occur a day or two later.

See example:

06/24/2009		⚡ QuickBooks Payroll Service	292.96	✓	
	LIAB CHK	-split-			Created by Payroll Services on 1
06/25/2009		⚡ Ross, John	0.00	✓	
	PAY CHK	-split-			Direct Deposit

- QuickBooks automatically adds the **per-check fee to the liability check**. However, the bookkeeper will need to **apply the appropriate class code** to the transaction.



Print Pay Stubs

When printing the pay stubs, **change the date on the pay stub screen** to 2 or 3 days after the paycheck date. Otherwise, the pay stub may not display.

- Print Pay stubs from QuickBooks for your employee with details of the paycheck that will be deposited to employee’s bank account.
 - File, Print forms, Pay Stubs.
- Remember – Send direct deposit paychecks to QuickBooks **at least 2 business banking days before the paycheck date**.

Note: Federal Reserve Bank holidays may require that you send your direct deposit information sooner.

3) Federal and State Taxes Online

County extension offices may pay federal taxes and state withholding and unemployment taxes online. County Program Director and Council approval are recommended before establishing the online tax bank transfer and included in the council’s minutes

Where appropriate, login name, password or personal identification number must be on file with both the bookkeeper and the county program director.

All online source documents must be signed by the county program director and two council officers. A pre-printed label, as mentioned earlier, may be used.

For detailed information on paying federal taxes online, go to

http://extension.missouri.edu/acctmanual/Payroll/Federal_Tax_Online.pdf

For detailed information on paying state taxes online, go to

http://extension.missouri.edu/acctmanual/Payroll/State_Taxes_Online.pdf

The county program director, council officers, and bookkeeper should review the monthly bank statements for bank transfer transactions.

Turn off Direct Deposit for an employee

Follow these steps to turn off an employee's Direct Deposit paycheck.

1. Go to the **Employees** menu, then click the **Employee Center**.
2. On the **Employees** tab, double-click the employee for whom you want to stop creating direct deposit paychecks.
3. Click the **Change tabs** drop-down list and choose **Payroll and Compensation Info**.
4. Click the **Direct Deposit** button.
5. Clear the **Use direct deposit for** checkbox.
6. Click **OK** in the **Direct Deposit and Edit Employee** windows.

Summary of County Program Director's and Council's Direct Deposit Responsibilities

- Approve Setup for customer or vendor direct deposits.
- Review and approve all online bank transfer customer and vendor source documents, invoices, and bills.
- Review and approve employee paycheck bank transfers
- Review and approve online federal and state taxes.
- Review monthly bank statement for bank transfers.

Consult with your Regional Trainer or the QuickBooks Administrator for assistance.