

Direct Deposit

White Paper

February 2005

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Overview

You work in the payroll department of a successful communications business that is divided into three separate companies for telephones, cable, and Internet services. Every two weeks you process the paychecks for every employee in each company, and are starting to wonder if electronic bank deposits are really worth the hassle. You send the bank three separate files for each company and the bank called and claimed a file you sent two months ago was not properly transmitted, even though employees did receive their money, and now you can't determine which file to look through for the verification. Eighteen new employees' deposits did not work last week because the bank did not accept the transmitted file, forcing you to print live checks for each of the employees. And today, two employees requested to be removed from direct deposits because they want to place certain amounts into their savings and the rest into their checking accounts.

While direct deposit is the norm for employee paychecks, businesses are still struggling with computerized banking problems.

With all the electronic banking advances available for personal finances, it's difficult to understand why businesses are still struggling with direct deposits of payroll checks. Especially since most businesses have been offering direct depositing of payroll checks much longer than banks have been offering online banking to customers for personal finances. The problem is that many businesses are still using the same, archaic software for direct deposits that they used when they started direct deposits, while employees have grown accustomed to the modern software available through their banks. Modern payroll direct deposit programs should allow:

- Verification of data
- Posting to multiple bank accounts
- Multi-company processing

With the proper software, your business can quickly move from an obsolete direct depositing system to a more modern and convenient system. This white paper covers each of the listed direct depositing software goals and the solution you need from a direct deposit software program. This white paper also offers the recommendation of using MAS 90® or MAS 200® Payroll module with the Direct Deposit enhancement, and details how certain features can help you eliminate direct deposit issues.

Verifying Data

When processing financial data electronically, we all want to receive verifications that our finances have been properly transmitted. This section offers recommendations and features needed in a direct deposit software program to verify that finances have been processed correctly.

Validating Employee Bank Accounts

Mistakes are bound to happen, especially when processing data for a new employee, but selecting the correct software program can help your business minimize the number of errors that can occur. When reviewing different direct deposit software products, select a product that allows employees to verify the information your accounting, human resources, or payroll department enters as the employee's bank account. When employees validate their bank account numbers, you reduce the possibility of errors caused by inaccurate account numbers.

Confirming Banks' Routing Numbers

Each employee paycheck will require at least two routing numbers – the routing number of the business' bank sending the money and the routing number of the employee's bank(s) receiving the money. Employees should verify their banks' routing numbers, while your business should verify the company's routing number.

Even after confirming the banks' routing numbers, an error can still occur while transmitting the data, especially when processing new account information. Select a direct depositing program that allows you to process a test run with no money involved, to ensure the two banks can accept the deposit information as configured in your direct deposit system. If an error does occur, you can contact the two banks and correct any data before an actual payroll cycle.

Proof of Direct Deposit Transmittals

When sending important data, such as paychecks, to a bank electronically, you want to make sure the bank received the data. Select a direct deposit program that allows you to verify that banking information has been properly transmitted, and allows you to store reports of past transmittals just in case a bank questions a past transaction.

Posting to Multiple Bank Accounts

Employees work hard for their money and they should be able to determine where their money should be posted. Employees have the right to select their own banks and to split their paychecks into as many bank accounts as they own. This section offers recommendations and features needed in a direct deposit software program to allow companies to post employees' payroll checks into multiple accounts.

Transmitting Files in Correct Bank Format

Employees should be able to continue depositing money into their favorite banks, and not be forced to switch banks or receive live checks because your software cannot process data in the correct file format required by the bank. Most banks process direct deposits according to the National Automated Clearinghouse Association (NACHA) standards. Select a software program that can, at least, process NACHA files.

Electing Amount to Send to Specific Account

Most people have at least two banking accounts – a savings account and a checking account. If direct depositing of payroll checks is supposed to limit the number of visits the employee has to make to the bank, then why select a program that can send deposits to only one account? If employees select their savings accounts, then every time they need to write checks they will need to transfer funds to their checking accounts. If employees deposit all their money into their checking accounts, then they are deterred from saving their money. When selecting a direct deposit processing software program, select a program that allows employees to enter a specific amount or percentage to deposit into each of their accounts.

Multi-Company Processing

There are plenty of direct deposit software programs that can handle the needs of a smaller business, but larger businesses need some additional tools to handle multiple companies. This section offers recommendations and features needed in a direct deposit software program to help larger businesses process direct payroll deposits just as easily as smaller companies.

Ability to Process All Companies in One Transmittal

When you're a larger business, processing payroll for every employee is hard enough without having to transmit multiple files. Select a direct deposit software program that allows you to batch all the employee information from each separate company into one transmission. That way, you don't have to be concerned with ensuring multiple files have been processed – you will only need to concentrate on one file.

Selecting Companies to Include

If there is a company that does not utilize direct depositing of payroll checks, or if a company wants the bank to receive a separate file for their data, your direct deposit software program should allow you to select which companies will send data into one file. Any company not selected should be processed in separate files or not at all.

Direct Deposit for MAS 90 or MAS 200

Direct Deposit contains many of the features that can help you solve the problems of data verification, posting to multiple bank accounts, and multi-company processing. Direct Deposit follows the technology standards set by Best Software® with their MAS 90® or MAS 200® application.

Problems Solved

Direct Deposit allows your company to process all direct deposits according to the National Automated Clearinghouse Association (NACHA) standards while tying the data into your MAS 90 or MAS 200 accounting, distribution, and manufacturing system. This section lists the features required for verifying data, posting to multiple bank accounts, and multi-company processing, and how Direct Deposit includes and handles the requirements.

Verifying Data

Features Required	Direct Deposit
Validate employee bank account numbers	The Direct Deposit module offers several aids and features to ensure employee bank account numbers are accurate before an actual payroll cycle: <ul style="list-style-type: none">• The Direct Deposit manual includes an employee worksheet to assist employees when entering bank account numbers and routing numbers.• The Employee Direct Deposit Verification feature allows you to print a report for the employee to sign that validates the bank account information entered into MAS 90 or MAS 200 is correct.
Provide test cycle for direct deposits	Direct Deposit follows the standards set by the National Automated Clearinghouse Association (NACHA). With the Direct Deposit enhancement, you will be able to test the accuracy of deposit transactions by submitting zero amount entries for an employee 10 days before a live transaction as required by NACHA rules.
Confirm routing numbers	With the NACHA required test cycle and the Employee Direct Deposit Verification report, you will be able to confirm bank routing numbers before an actual pay cycle.

Features Required	Direct Deposit
Supply proof of transmittals	<p>The Batch Re-Transmission Utility and the Generate Direct Deposit Interface File features in Direct Deposit offers you proof of file transmission.</p> <ul style="list-style-type: none"> • The Batch Re-Transmission Utility feature lists all the files that have been transmitted and allows you to retransmit the files as necessary. • The Generate Direct Deposit Interface File feature creates a copy of the file that was transmitted to the bank. If a file is not transmitted, the Generate Direct Deposit Interface File will list that information.

Posting to Multiple Banks

Features Required	Direct Deposit
Produce bank formatted files	<p>The Direct Deposit allows you to produce several types of bank files including:</p> <ul style="list-style-type: none"> • The standard NACHA bank file, a fixed length ASCII file, a comma-delimited ASCII file, or a DataExpress NACHA file. • Select how to end a bank file – end it with carriage return, a line feed delimiter, a combination of carriage return and line feed delimiter, or end it without a character-based finish.
Elect amounts to send to accounts	<p>With Direct Deposit, employees can select how much money they want to post to different accounts (such as a savings account and checking account) and can even have any remaining amount posted as a live check.</p>

Multi-Company Processing

Features Required	Direct Deposit
Process all companies into one transmitted file	<p>Direct Deposit allows your business to transmit all your companies' files in one transmission. As a result, you won't have to worry about which files did or did not get transferred.</p>
Select companies to include in the one transmittal file	<p>The Multi-Company Setup Maintenance feature allows you to select which companies' data will be included in the same transmission. Companies not included will be able to send their own transmitted file.</p>

Technology Features

The Direct Deposit program requires MAS 90 or MAS 200. Direct Deposit is installed as a separate menu option to the Payroll module. For full technology features and requirements for MAS 90 and MAS 200, visit Best Software's website at www.bestsoftware.com.

MAS 90 or MAS 200 Integration

Recommended by more CPAs than any other business management application in its class, Best Software's MAS 90 offers a broad selection of feature-rich solutions, including accounting, financial reporting, distribution, manufacturing, and e-business management. The software is widely recognized for its ease of use and its ability to empower customers with insightful information.

MAS 200 offers all the functionality of MAS 90, but incorporates all the benefits of a client/server platform, including more efficiently distributed processing, high performance, enhanced data integrity and reliability, remote access support, and scalability. MAS 200 is also available on the Microsoft SQL Server platform.

Direct Deposit handles all your direct depositing needs for Payroll checks. The Direct Deposit enhancement requires the Payroll module. The following table describes the data shared between Direct Deposit and Payroll.

Module	Data Shared
Payroll	The Direct Deposit module is accessible from the Payroll module. Seven additional options appear on the Payroll Direct Deposit menu including Direct Deposit Bank Maintenance, Multi-Company Setup Maintenance, Employee Direct Deposit Verification, Direct Deposit History Report, Batch Re-Transmission Utility, History/Batch File Purge, and Generate Direct Deposit Interface File. These options allow you to setup and process direct deposits of payroll checks.

Open Architecture

Unlike most accounting software packages, the Direct Deposit source code is available to all Best Software Master Developers to further modify the software to suit a particular company's specific needs.

Conclusion

This section details final recommendations for selecting a direct deposit software program and summarizes the topics discussed in this white paper.

Recommendations

- If you are interested in purchasing Direct Deposit, have your reseller perform a system review of your current accounting system to ensure Direct Deposit is the right software for your company.
- Sign-up your accountant for training courses to use Payroll and Direct Deposit modules to their fullest potential.
- Learn about each setup option available in Direct Deposit and how it affects the entire accounting system.

Summary

By selecting a software program like Direct Deposit, your business will be able to advance your direct depositing routine into a more current system that can handle the progressive needs of your employees.

We are committed to helping your company succeed. Your reseller will help you choose the right products and training to suit your current and future business needs.