

## ORDINANCE #991

### AN ORDINANCE OF THE BOROUGH OF OCEANPORT COUNTY OF MONMOUTH, STATE OF NEW JERSEY ESTABLISHING ELECTRONIC DISBURSEMENT CONTROLS FOR PAYROLL PURPOSES PURSUANT WITH N.J.S.A. 52:27D-20.1 AND N.J.A.C. 5:30-17.1 ET. SEQ.

**WHEREAS**, the Borough is required to comply with N.J.S.A. 52:27D-20.1 and N.J.A.C. 5:30-17.1 et seq., governing electronic disbursement controls for payroll purposes; and

**WHEREAS**, N.J.S.A. 52:27D-20.1 and N.J.A.C. 5:30-17.1 et seq. sets forth standards for local governments to follow when contracting with an organization to make disbursements on behalf of the local unit; and

**WHEREAS**, the Borough Council recognizes the risks associated with electronic disbursements and feels it is in the best interest of the Borough of Oceanport to apply sound fiscal and control practices governing such disbursements for third-party preparations and calculations for and the disbursement of salaries and wages, all withholdings and additional related liabilities; and

**NOW THEREFORE BE IT ORDAINED**, by the Borough Council of the Borough of Oceanport, County of Monmouth, State of New Jersey as follows:

#### **THIRD-PARTY PAYROLL DISBURSEMENT**

##### **I. Purpose.**

The purpose and intent of these regulations is to abide by the requirements of N.J.S.A. 52:27D-20.1 and N.J.A.C. 5:30-17.1 et seq., governing electronic disbursement controls for payroll purposes.

##### **II. Definitions.**

As used in this chapter, the following terms shall have the meanings indicated:

*“Chief Financial Officer”* or “CFO” means the individual statutorily responsible for supervising the accounts and finances of a local unit and shall include any certifying and approval officer appointed pursuant to N.J.S.A. 40A:5-17(a), any individual appointed in accordance with N.J.S.A. 18A:19-4.1, or such individual in similar capacity legally appointed by the governing body of a local unit.

*“Contract”* means any written agreement entered into by a local unit and a disbursing organization for the purposes authorized in these rules.

*“Dedicated cash account”* means a demand deposit bank account owned by the local unit and funded solely for use by a disbursing organization in performing its duties and responsibilities in accordance with the contract.

*“Disbursement”* means any payment of moneys, including any transfer of funds, by any means, to the dedicated cash account established for use by a disbursing organization.

*“Payment documentation”* includes transmittals, remittance forms, tax returns, releases,

filings, reports, and tapes supporting the disbursement of funds.

“*Payroll*” means the object and result of all preparations and calculations for, and the disbursement of salaries and wages, all withholdings therefrom, and additional liabilities related thereto.

“*Third-party disbursement service organization or disbursing organization*” means an organization engaged either directly or indirectly to perform any of the services indicated in these rules.

“*Third-party disbursement service*” means such service or services of the type described in these rules. Such service or services may include the processing and disbursing of payroll and payroll agency obligations.

“*Transaction*” means any activity that, in accordance with sound fiscal practices, affects the general books of entry, ledgers, records, or logs of a local unit.

### **III. Authorization to use payroll service.**

- A. The Borough of Oceanport, Monmouth County, is authorized to use a payroll service to prepare payment documentation, take possession of Borough funds, and make such disbursements itself on behalf of the Borough.
- B. The following payroll service providers shall be required to comply with these regulations:
  - (1) Payroll service providers who use their own customized programming process to execute disbursement for the Borough;
  - (2) Payroll service providers who use a third-party processor to execute disbursements for the Borough.

### **IV. Borough requirements.**

- A. The appointment of a payroll service shall be pursuant to the Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq., and shall require the contractor to do the following, not by way of limitation: data collection, agency report preparation, calculation of withholding, direct deposit of payroll disbursements, and/or transfer of Borough funds to contractor's account for subsequent disbursement of payment.
- B. Any renewal or extension of a contract under these regulations shall be by resolution.
- C. The Chief Financial Officer is hereby appointed the approval officer and is responsible for authorizing and supervising the activities of the payroll service and shall further be charged with the reconciliation and analysis of all general ledger accounts affected by the activities of the disbursing organization.
- D. If required by the contract between the Borough and the payroll service, the payroll service is permitted to hold Borough funds pending transmittal to a payee.

### **V. Payroll service requirements.**

- A. A payroll service must meet all of the following requirements:

- (1) Report any irregularities that may indicate potential fraud, noncompliance with Appropriate laws, dishonesty or gross incompetence on the part of the approval officer.
  - (2) Report circumstances that could jeopardize its ability to continue operations or otherwise interrupt the services provided to the Borough.
- B. A payroll service must meet the requirements of N.J.A.C. 5:30-17.5, requiring that the approval officer be assured that the servicer has its own internal controls and appropriately guard against theft and other adverse conditions.
- C. All contracts entered into pursuant to these regulations and the laws authorizing the same shall comply with the requirements of N.J.A.C. 5:30-17.6, which sets out a series of mandatory contractual terms and conditions.

**VI. Establishment of service.**

Upon the adoption of these regulations, the Borough Administrator and Purchasing Agent, with the assistance of the Chief Financial Officer and the Borough Attorney, as necessary, are hereby authorized and directed to enter into a contract for payroll service in accordance with all local public contracting laws and N.J.A.C. 5:30-17. Appointment of the payroll service shall be by separate resolution of the Borough.

**VII. Repealer.**

If any section, paragraph, subsection, clause or provision of this chapter shall be adjudged by the courts to be invalid, such adjudication shall apply only to the section, paragraph, subsection, clause or provisions so adjudicated, and the remainder of the chapter shall be deemed valid and effective.

**VIII. Severability.**

Any ordinances or parts thereof in conflict with the provisions of this chapter are repealed to the extent of such conflict.

**IX. Effective Date.**

This chapter shall take effect upon passage and publication in accordance with the applicable law.

**APPROVED ON FIRST READING**

DATED: August 16, 2018

JEANNE SMITH

Clerk of the Borough of Oceanport

**ADOPTED ON SECOND READING**

DATED: September 20, 2018

JEANNE SMITH

Clerk of the Borough of Oceanport

APPROVAL BY THE MAYOR ON THIS  
\_\_\_\_\_ DAY OF \_\_\_\_\_, 2018

\_\_\_\_\_  
JOHN F. COFFEY, II, Mayor