

“GovConnect” means the electronic network established by the State that permits the conduct of official business by and between agencies of government and covered local officials.

“Covered local official” means those positions required to participate in the GovConnect initiative (see N.J.A.C. 5:30-16.2(c)).

5:30-16.2 GovConnect

(a) GovConnect is an electronic government initiative that uses the Internet and advanced communication technologies for the conduct of official business between agencies and local government officials. Use of GovConnect will improve the efficiency, effectiveness and productivity of government business. GovConnect is expected to reduce the cost to local units of dealing with State agencies.

(b) Pursuant to (c) below, the covered local officials must register in their official capacity with the GovConnect website (<http://mynewjersey.state.nj.us/>) by the date shown herein. Additionally, these individuals must have Internet access for the conduct of local unit business. Registration means being enrolled as an authorized user of the GovConnect system. Covered local officials will receive information from the Division of Local Government Services on how to register on the system.

(c) Covered local officials and the date by which they must be registered in GovConnect are as follows:

1. Chief financial officer of a municipality: April 30, 2002.
2. Chief financial officer of a county: April 30, 2002.
3. Municipal Clerk: April 30, 2002.
4. Clerk to the County Board of Chosen Freeholders: April 30, 2002.
5. Tax collectors of a municipality: November 30, 2002.
6. Representative designated by the Board of Commissioners from each local authority: October 1, 2004.
7. Representative designated by the Board of Fire Commissioners from each Fire District: March 1, 2005.

Amended by R.2003 d.34, effective January 21, 2003.

See: 34 N.J.R. 2915(a), 35 N.J.R. 397(b).

In (c), added 5.

Amended by R.2004 d.353, effective September 20, 2004.

See: 36 N.J.R. 2607(a), 36 N.J.R. 4297(a).

In (c), added 6 and 7.

5:30-16.3 Grants

Local units whose covered local officials do not have access to an Internet capable computer, service with an Internet service provider, or are in need of appropriate computer and Internet training, may, subject to availability of funds, be eligible for grants of up to \$1,000 from the

Division. The grants will be provided to eligible municipalities and counties, local authorities and fire districts for the purchase of computer hardware and software necessary to access the GovConnect website. Appropriate training costs and Internet access subscription costs may also be defrayed through the grant. Information on grants can be obtained on the Division’s website at www.state.nj.us/dca/lgs/egg, by contacting the Division at (609) 943-4724 or by writing to the Director of the Division of Local Government Services, PO Box 803, Trenton, NJ 08625-0803.

Amended by R.2004 d.353, effective September 20, 2004.

See: 36 N.J.R. 2607(a), 36 N.J.R. 4297(a).

Inserted “, subject to availability of funds,” after “may” and substituted “\$1,000” for “\$1, 500” in the first sentence, inserted “, local authorities and fire districts” after “counties” in the second sentence.

SUBCHAPTER 17. ELECTRONIC DISBURSEMENT CONTROLS FOR PAYROLL PURPOSES

Subchapter Historical Note

Petition for Rulemaking. See: 47 N.J.R. 2004(b), 2395(a).

5:30-17.1 Purpose

This subchapter sets forth standards for local governments to follow when contracting with an organization to make disbursements on the local unit’s behalf, as permitted by N.J.S.A. 52:27D-20.1. The subchapter is intended to ensure that local units understand the risks associated with electronic disbursements and implement sound fiscal and control practices governing such disbursements. This subchapter is limited in application to third-party preparations and calculations for and the disbursement of salaries and wages, all withholdings, and additional related liabilities.

5:30-17.2 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

“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.

"Governing body" means the board, commission, council or other body having control of the finances of the local unit. In those local units in which a chief executive officer is authorized by law to participate in such control through powers of recommendation, approval or veto, the term includes such chief executive officer to the extent of such participation.

"Local unit" means a municipality, county, school district, authority subject to the "Local Authorities Fiscal Control Law," P.L. 1983, c.313 (N.J.S.A. 40A:5A-1 et seq.), or a school district as defined in N.J.S.A. 18A:18A-2(d).

"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.

5:30-17.3 Authorization to use a third-party disbursement service organization for payroll

(a) The governing body of a local unit may enact policies for contracting with a disbursing organization to process payroll disbursements on its behalf. Such policies shall be formally authorized by ordinance or resolution of the governing body, as appropriate to the form of government and shall specify the tasks that may be performed by a disbursing organization. Such policies may involve the use of a disbursing organization:

1. To prepare the necessary payment documentation and execute disbursements from the local unit's bank account on behalf of the local unit;
2. To prepare payment documentation, take possession of local unit funds, and make such disbursements itself on behalf of a local unit; or

3. Any combination of (a)1 and 2 above.

(b) This subchapter applies to disbursing organizations and local units who contract with one another for the determination and disbursement of payroll and related funds.

1. The following service providers are not required to comply with this subchapter:

- i. Payroll service providers that perform payroll calculations and do not control the disbursement of payroll funds; and

- ii. Tax pay and file service providers that are certified users of the Electronic Federal Tax Payment System (EFTPS) batch filer program and the State of New Jersey EFTPS batch filer program, that do not release, transfer or otherwise execute disbursements of the local unit.

2. The following service providers are required to comply with this subchapter:

- i. Payroll service providers who use their own customized programming process to execute disbursements for the local unit; and

- ii. Payroll service providers who use a third party processor to execute disbursement for the local unit.

5:30-17.4 Local unit requirements

(a) Local units shall meet the following terms and conditions prior to executing contracts with disbursing organizations:

1. Prior to the execution of a contract with a disbursing organization, the governing body shall approve the use of disbursing organizations for the payment of claims pursuant to N.J.A.C. 5:30-17.3(a). Such approval shall describe those tasks to be performed by a disbursing organization to meet the governing body's objectives, including specific authorization to use electronic means for the disbursing of funds. Permissible tasks can include and are not limited to data collection, agency report preparation, calculation of withholding, direct deposit of payroll disbursements, or local unit transfer of funds to disbursing organization's account for subsequent payment.

- i. The governing body shall, by resolution, approve any renewal or extension of a contract under this subchapter.

2. Pursuant to N.J.S.A. 40A:5-17(a)(1) or 18A:19-4.1, the governing body shall designate an approval officer to be responsible for authorizing and supervising the activities of the disbursing organization. For authorities operating under N.J.A.C. 5:31-4.1, the governing body shall designate an approval officer to authorize and oversee the activities of disbursing organizations.