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State Agency - Vendor Payment Requirements

To ensure timely payment of employee deductions, Vendors must provide specific data to Central Payroll Bureau (CPB). Upon receipt, a payment profile will be created in the State's financial system. This information will be used to generate paper check payments to the Vendor. To establish the profile, the following information is required:

1. Company's mailing address, phone number, fax number and email address.
 - Source documents/adjustments may be directed to the individual/section responsible for the accounting and posting processing of participant accounts.
 - There are occasions whereas payments are sent to a different department than where supporting documentation is forwarded. By providing a direct mailing address, delays may be minimized when posting to participant accounts.
2. Name, direct phone number and email address of the person who is the point of contact (POC) for payments. CPB may contact them for payment reconciliations, problem resolution(s) and/or alerts. A direct contact may help expedite this process.
3. When CPB receive notice of employee retroactive adjustments, these transactions will be reduced [or increased] against the next available payment that is made to the Vendor. The terminology that CPB uses is "Net-to-Payroll". Examples include check cancellations, refunds, mistake-of-fact, and/or other retroactive adjustments that were reported after the employee's original pay period. Vendors may be notified of adjustments through our payroll deduction file, confirmation letters, or written correspondence.
 - Check cancellations and adjustments are submitted to CPB randomly by various 250+ State agencies. It is difficult to predict when an adjustment may occur. At the point of discovery, CPB will process these adjustments. They will be netted against the Vendor's next payroll payment.
 - Whenever CPB adjust a Vendor's payment, the Vendor will need to recover directly from the participants' accounts (employee). In the event that a Vendor is unable to collect, they shall provide CPB with written notice (email, fax or mail). Then, CPB will recover the funds directly from the employing agency and remit the funds to the Vendor in the next available payroll Vendor payment.

4. For employee deductions, CPB will only process adjustments and refunds for the current calendar year.
 - Upon notification and valid explanation of an administrative error, CPB will issue a refund to the employee for an erroneous deduction.
 - Regarding prior calendar year deductions, the Vendor shall be responsible for refunding directly to the employee. For pre-tax deductions, please contact CPB Accounting & Reporting for guidance.
 - 401(k), 403(b), 457(b) plans – CPB is prohibited from making direct payments that occurred outside of the payroll process to any Vendor on behalf of an employee due to regulations mandated by IRC §1.401(k)-1(a)(3)(iv) and IRC §1.402(a)-1(d)(3)(ii)(A).

5. **Payment through R*STARS (State Agencies)** – Some State of Maryland government agencies may be entitled to receive their payments through the State’s interagency process. This method transfer funds from CPB to the State agency. For more details, please refer to [Vendor Payments \(R*STARS\)](#).

6. **Payment by Paper Checks** – Unless specified, Vendor payments will be sent as paper checks. The company information that is provided will be used for this purpose. It’s important that CPB have current address information at all times. If not, checks may be mailed to an incorrect address. It will be the Vendor’s responsibility to alert CPB of any address changes.

7. **Payment by ACH/Direct Deposit** – For Vendors that wish to receive their funds via ACH/Direct Deposit, they must complete an Electronic Funds Transfer (EFT) Registration Request Form. This process is exclusively managed by the Comptroller of Maryland’s General Accounting Division (GAD). To establish, the Vendor must do the following:
 - Contact CPB to obtain their Vendor # as established in the State’s financial system.
 - Complete Form GAD X-10 (**ACH/DD Authorization For Vendor Payment**) to provide the necessary banking information. In lieu of SSN or FEIN, please record CPB’s Vendor #.
 - For questions about completing Form GAD X-10 (**ACH/DD Authorization For Vendor Payment**), please contact GAD. Their contact email and phone number is provided on the form.