

**BOROUGH OF DEAL  
MONMOUTH COUNTY, NEW JERSEY**

**ORDINANCE NO. 1203**

**AN ORDINANCE AMENDING CHAPTER II OF THE  
“REVISED GENERAL ORDINANCE” OF  
“THIRD-PARTY PAYROLL DISBURSEMENT”**

WHEREAS, the Local Finance Board of the State of New Jersey adopted formal rules regarding “Electronic Disbursement Controls for Payroll Purposes” in order to provide formal authority for local governments to hire third-party payroll services/disbursing services to disburse funds to payroll agencies; and

WHEREAS, in order to have a payroll servicer provide disbursement services, the Board of Commissioners of the Borough of Deal (“Borough”) must formally approve the principle of a third-party having access to Borough funds, formally assigning responsibility to an official to oversee the process by enacting an ordinance, and approving all contracts or extensions.

NOW, THEREFORE, BE IT ORDAINED, by the Board of Commissioners of the Borough of Deal, County of Monmouth and State of New Jersey that Chapter II be amended as follows:

CHAPTER 2-14 “Third-Party Payroll Disbursement”

2-14.1 Purpose; definitions.

- A. 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.
- B. Definitions. As used in this chapter, the following terms shall have the meanings indicated:
  - “Approval Officer” - Person(s) responsible for authorizing and supervising the activities of the payroll service.
  - “Payroll Service” - Third-party payroll service organization.
  - “Borough” – Borough of Deal

2-14.2 Authorization.

- A. The Borough 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 disbursements for the Borough;

- (2) Payroll service providers who use a third-party processor to execute disbursements for the Borough.

#### 2-14.3 Borough Requirements.

- A. The appointment of a payroll service shall be pursuant to the Local Public Contracts Law, See 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.

#### 2-14.4 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.

#### 2-14.5 Establishment of service.

Upon the adoption of these regulations, the Borough Clerk / Administrator, with the assistance of the Chief Financial Officer and Borough Attorney, as necessary, is 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.

BE IT FURTHER ORDAINED, that if any section, paragraph, subsection, clause or provision of this Ordinance 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 Ordinance shall be deemed valid and effective; and

BE IT FURTHER ORDAINED, that any ordinances or parts thereof in conflict with the provisions of this Ordinance are repealed to the extent of such conflict; and

BE IT FURTHER ORDAINED, that this Ordinance shall take effect upon passage and publication in accordance with applicable law.

Introduced by Commissioner Ades on January 10, 2020

Seconded by Commissioner Simhon

Roll Call: Ayes 3; Cohen, Ades & Simhon

Motion to Adopt by Commissioner Ades on February 5, 2020

Seconded by Commissioner Simhon

Roll Call: Ayes 3; Cohen, Ades & Simhon