



CIRCULAR

STATE OF NEW JERSEY DEPARTMENT OF THE TREASURY

NO: 20-08-OMB	ORIGINATING AGENCY: OFFICE OF MANAGEMENT AND BUDGET	PAGE 1 OF 1
EFFECTIVE DATE: 11-25-19	EXPIRATION DATE: INDEFINITE	SUPERSEDES: 02-11-OMB
SUBJECT: AUTOMATED CLEARINGHOUSE (ACH) PAYMENT PRE-NOTIFICATION		
ATTENTION: DIRECTORS OF ADMINISTRATION AND CHIEF FISCAL OFFICERS		
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This circular letter sets forth information to be used by agencies when processing off-line payments that will employ the Automated Clearinghouse (ACH) method of payment. The National Automated Clearinghouse Association (NACHA) has made the pre-notification time for ACH payments optional. This circular letter formally establishes the State's policy to continue to use the pre-notification period and further to set that period at three workdays. These standards should be adhered to by agencies in developing off-line systems.

I. DEFINITIONS

- A. ACH payment - An electronic payment made directly to the bank account of the vendor.
- B. Pre-notification period - The number of days that must elapse from the time a vendor is first registered as an ACH recipient to the time an ACH disbursement will automatically be generated for that vendor. The pre-notification period allows for a zero-dollar ACH record to be processed through the banking system for the vendor prior to the transmission of a true dollar payment. If any processing errors occur with the zero-dollar record, the bank will notify the State of the required corrections so that no subsequent dollar amount ACH payments will fail for that vendor.
- C. Off-line system - A subsidiary payment system maintained by an agency to permit the generation of certain vendor payments and that is subsequently reflected in the New Jersey Comprehensive Financial System (NJCFS).

II. POLICY

- A. Since NACHA has made the use of the pre-notification period for ACH payments optional to users, the State of New Jersey has elected to continue to utilize the pre-notification period with all new ACH vendors.
- B. The period recommended for pre-notification when establishing new ACH vendors is three workdays in both NJCFS and related off-line systems.
- C. Agencies that are presently using off-line payments should ensure that the provision for the pre-notification period is a part of their procedures.
- D. Agencies that are in the process of designing off-line payment systems should adhere to these guidelines when developing those


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