

**TOWNSHIP OF MONTGOMERY
ORDINANCE NO. 18-1577**

**AN ORDINANCE AUTHORIZING AND RATIFYING
THE USE OF THIRD PARTY ELECTRONIC
PAYROLL SERVICES.**

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

WHEREAS, The Township of Montgomery wishes to confirm its authorization for a third-party service to have access to Township funds, to formally assign responsibility to an official to oversee the process, and to authorize and ratify a contract for third-party payroll services as permitted by and in compliance with N.J.A.C. 5:30-17.1 et seq.

NOW, THEREFORE, BE IT ORDAINED By the Township Committee of the Township of Montgomery, County of Somerset, State of New Jersey, as follows:

1. The Township is authorized to use a payroll service to prepare payment documentation, take possession of Township funds, and make such disbursements itself on behalf of the Township, as permitted by and in compliance with N.J.A.C. 5:30-17.1 et seq.
2. 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, by way of example and not by way of limitation: data collection, agency report preparation, calculation of withholding, direct deposit of payroll disbursements, and/or transfer of Township funds to contractor's account for subsequent disbursement of payment; preparation of the necessary payment documentation and execution of disbursements from the Township's bank account on behalf of the Township.
3. 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 payroll service.
4. If required by the contract between the Township and the payroll service, the payroll service is permitted to hold Township funds pending transmittal to a payee.

5. The payroll service is obligated to report any irregularities that may indicate potential fraud, noncompliance with appropriate laws, dishonesty or gross incompetence on the part of the approval officer, and to report any circumstances that could jeopardize its ability to continue operations or otherwise interrupt the services provided to the Township.

6. The payroll services 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.

7. All contracts for payroll services 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.

8. Upon the adoption of this ordinance, the appropriate Township personnel are hereby authorized and directed to enter into a contract for payroll services in accordance with all local public contracting laws and N.J.A.C. 5:30-17.1 et seq. Award of a contract to a specific payroll service shall be by separate Township resolution.

9. The Township hereby ratifies its past and current contracts for electronic payroll services which it understands were entered into pursuant to the Local Public Contracts Law and in compliance with N.J.A.C. 5:30-17.1 et seq. and under the supervision of the Township's Chief Financial Officer.