

Reducing Fraud and Errors in Payroll Initiation: A Checklist Approach

A checklist approach to initiating a payroll can help ACH Originators and Third-Party Senders comply with rules and regulations, avoid errors, and reduce fraud. This checklist from Nacha's Risk Management Advisory Group (RMAG) may mitigate the risk of fraud schemes that attempt to redirect payroll transactions to accounts controlled by fraudsters. Although the sample checklist below addresses a single transaction, its steps apply equally well to a batch of transactions.

Sample Electronic Payroll Origination Checklist

- 1 >> Authenticate the requestor when adding or updating a Receiver (i.e., a payee).
- 2 >> Confirm any change request through a separate channel, using known contact information.
- 3 >> Verify the account number of Receiver prior to the first payment.
- 4 >> Verify the routing number of Receiver prior to the first payment.
- 5 >> Confirm the effective date of the transaction.
- 6 >> Confirm the effective date of the transaction.
- 7 >> Confirm payment-related information.
- 8 >> Confirm sufficient funds in the payroll funding account.
- 9 >> Obtain approval for the transaction.
- 10 >> Initiate the transaction.



You'll find additional RMAG guidance, and can download Nacha's Risk Management Framework, at [Nacha.org/RiskFramework](https://nacha.org/RiskFramework)