Prepared by the Disbursing Office
This replaces Administrative Procedure A8.848
dated October 1999

A8.848   Special Departmental Checking Account Procedures

1.   Purpose

      To provide procedures to address special requirements/
      situations in Departmental checking account operations
      including:

      a.   enfacing a check,

      b.   stop payment orders,

      c.   voiding a check,

      d.   altered checks, forgery situations, and

      e.   embezzlement situations.

2.   Responsibilities

      a.   The custodian or (in his/her absence) the alternate, is
            responsible for the proper execution of procedures to
            address special situations in the administration of the
            Departmental checking account.

      b.   The Fiscal Officer is responsible for ensuring that the
            Departmental checking account is being properly
            administered and that the duties of the
            custodian/alternate are being properly executed. The
            Fiscal Officer must also provide guidance for the
            custodian/alternate in detailed record-keeping duties
            and must also coordinate activities in altered check,
            forgery, and embezzlement situations.

      c.   The reconciler is responsible for the review of the
            Check Reconciliation Report, outstanding checks, the

check register, and canceled checks (unauthorized signatures, alterations, irregular endorsements).

3. Guidelines/General Rules

    a. A Departmental check can be voided if the custodian possesses the original check and the check has not been cashed. Departmental checks are voided through FMIS screen 480(refer to the Departmental Check User Guide for detailed instructions).

    b. A stop payment order is initiated if the custodian does not possess the original check and needs to withhold payment (e.g. check lost, stolen, etc.). Upon confirmation of the stop payment, the check is voided in FMIS.

        A stop payment order cannot be issued if a check has already been cashed. Further investigation on the canceled check is necessary to determine if forgery has been committed.

    c. If a Departmental check is cashed (for a purchase of goods or services) and a cash/check refund is issued by a vendor, the refund must be deposited back to the account code that was originally charged through the processing of a UH Departmental Deposit form as a reimbursement of expenditure (REX).

        If the original Departmental check is returned (e.g. order canceled) the check can be voided in FMIS.

    d. A stale dated check may be enfaced to change the date if the custodian possesses the original check.

Note: Attachment 1 is a table that summarizes the situations that require special maintenance activities.

4. Procedures

    a. Enfacing a check

        This is the altering of the date on the Departmental check by the custodian to make it negotiable. Enfacement is limited to the alteration of the check date.

1) Line through the date on the check.

2) Type or legibly write in the new date above (Attachment 2).

3) The custodian/alternate who signed the original check must initial the change. The change is to be reflected on audit copies of the Departmental check.

4) Note on the hard copy check register and the audit copy of the Departmental check "updated to _ _/_ _/_ _".

Note: The voucher file and check file in EMIS cannot be updated with a new check date.

b.   Stop Payment Order

This is an order to the bank to withhold cash payment on a Departmental check. The Stop Payment Order is issued if checks have been lost, missing, stolen, or for some reason payment is to be withheld. Contact the General Accounting and Loan Collection Office for the form and guidance on the process.

1) Call the Bank and inform them verbally of the stop payment.

2) Complete the Bank Stop Payment Order form and FMIS-625DC (Attachment 3).

3) Submit the original Stop Payment Order form to the Bank, retaining a copy for departmental files.

4) Void the check. If a replacement check is required, issue the new check (Reference can be made to the original check in the "Description" field of the voucher).

5) On the check register, manually cross reference the new check and the original check. Note on the audit copy of the Departmental check (original check) "Replaced by X____ on _ _/_ _/_ _".

c.   Voiding a Check

A Departmental check is voided when an error exists on the check that cannot be corrected, the check is damaged, or the payment is no longer required. A check can be voided, without a stop payment if the custodian possesses the original check and it has not been cashed or the check is stale-dated.

1)   Write the word "Void" in large letters diagonally on both the top and bottom sections of the check voucher (Attachment 4). If the check has been signed, also write the word "Void" directly over the custodian/ alternate signature.

2)   Note that the check has been voided on the audit copy of the Departmental check.

3)   Complete the DCS Stop Payment/Cancellation Request Form, FMIS-625DC (Attachment 3) and void check through FMIS screen 480. (Refer to the Departmental Check User Guide for detailed instructions).

d.   Altered Checks, Forgery Situations

Altered checks are checks that have been altered by the payee (or endorser). The name of the payee, the amount, or the date are the critical sections of the check that may have been altered. A check forgery involves a check that has been endorsed in the payee's name by another individual. Altered checks will normally be detected by the reconciler in the review of canceled checks while check forgery will normally be detected through investigations of non-payment claims by vendors.

Any such incident should be immediately reported to the Bank. The bank will require that an affidavit be completed with a police investigation to follow.

If any altered check/forgery situation is suspected, the Campus/Department Head is to be informed. The Disbursing Office, the General Accounting and Loan Collection Office, and the Internal Auditor's Office

should be immediately informed of the situation (by memorandum), and a joint investigation initiated.

e.   Embezzlement, Fraud Situations

Embezzlement situations involve the stealing of funds entrusted to an individual's care. The separation of duties of the custodian/alternate from the approving authority, the Fiscal Officer, and the Campus/Department Head reduces embezzlement possibilities. The independent vendor administrator, the independent reconciler and the review of the monthly reconciliation by the Fiscal Officer further reduces the risk.

Campus/department units are responsible for Department check disbursement transactions which are direct, real time entries into the official University Financial Management Information System (FMIS). Fiscal Officers and Program Managers are responsible for fiscal transactions processed on all accounts under their purview. They are to review all encumbrance and expenditure reports to ensure that only appropriate transactions (no unauthorized charges) have been processed against accounts within their purview. Refer to the General Accounting and Loan Collection Office APM A8.661 - Funds Control.

If any embezzlement situation is suspected, the Campus/Department Head is to be informed. The Disbursing Office, the General Accounting and Loan Collection Office, and the Internal Auditor's Office should be immediately informed of the situation (by memorandum), and a joint investigation initiated.

5.   System Generated Departmental Check Printing Problems

Check printing errors may occur during system generated Departmental check printing due to mechanical failures (paper jams/check damage, double paper feeds, etc.) and human errors (not loading check stock, entering the wrong starting check number, loading check stock in the wrong orientation, etc.). In situations with printing errors on checks, the checks will have to be voided. Refer to the Departmental Checking Account — Listing of Special

Situations (Attachment 1) for details on required corrective action.

If proper procedures are followed in auditing and reviewing Departmental checks immediately upon completion of check printing, all of these check printing problems will be immediately detected. If immediately detected, the checks that needed to be voided may be reprinted again using the Restart feature. Refer to the Departmental Check User Guide for detailed instructions. If the check printing errors are not detected immediately, the checks will have to be individually voided on screen 480 and voided check transactions will have to be re-entered into FMIS for check production.

6. Availability of Forms

    A PDF fillable DCS Stop Payment/Cancellation Request, FMIS-625DC is available on-line at:

    www.fmo.hawaii.edu/FMIS/formfair.html

Situation	Specific Conditions	Action Required:		
		Bank/Check	FMIS DC Input	Other Action
1. Check Lost	Check outstanding (not cashed) • Vendor never received check • Requests new check	Place a stop payment order on original check. After bank confirmation, reissue new check.	Void original check on screen 480. Create new voucher to reissue check (reference old check number in "Description" field on voucher.)	Notate voided check on Check/Batch Log. Complete FMIS-625DC, obtain necessary approvals. Give validated FMIS-625DC to reconciler for reconciliation.
	Check cashed • Vendor never received check • Requests new check			Review canceled check. If forgery, contact bank. Do not reissue check until clarified.
2. Check damaged	Check damaged during printing • Possess check • Check not issued to vendor • Batch printed completely (all checks printed)	Mark check as "Void" and retain for records.	Answer "NO" to question "Did your checks print successfully?" Input the number of the last good check printed. Load check stock and print new check. System will void all checks within the specified range. Verify on screen 114 that checks were voided.	Notate voided check on Check/Batch Log. Give voided checks to reconciler for reconciliation.
	Check damaged during delivery • Check issued to vendor • Vendor returns original check	Mark check as "Void" and retain for records.	Void damaged check on screen 480. Create new voucher to reissue check (reference old check number in "Description" field on voucher.)	Notate voided check on Check/Batch Log. Complete FMIS-625DC, obtain necessary approvals. Give validated FMIS-625DC and check to reconciler for reconciliation.

Situation		Action Required:		
	Specific Conditions	Bank/Check	FMIS DC Input	Other Action
3. Check returned by vendor – Payment no longer required	• Possess original check	Mark check as "Void" and retain for records.	Void check on screen 480.	Notate voided check on Check/Batch Log. Complete FMIS-625DC, obtain necessary approvals. Give validated FMIS-625DC and check to reconciler for reconciliation.

01/26/00

Situation	Specific Conditions	Action Required:		
		Bank/Check	FMIS DC Input	Other Action
4. Check amount in error	Discovered before check printed • Voucher awaiting check printing.		Delete voucher on screen 476. Create new voucher for the correct amount.	
	Discovered before check distributed • Possess original check	Mark check as "Void" and retain for records.	Void check on screen 480. Create new voucher to reissue check for the correct amount.	Notate voided check on Check/Batch Log. Complete FMIS-625DC, obtain necessary approvals. Give validated FMIS-625DC and check to reconciler for reconciliation.
	Check distributed to vendor • Vendor returns original check	Mark original check as "Void" and retain for records.	Void check on screen 480. Create new voucher to reissue check for the correct amount.	Notate voided check on Check/Batch Log. Complete FMIS-625DC, obtain necessary approvals. Give validated FMIS-625DCand check to reconciler for reconciliation.
	Check amount higher than should be • Original check cashed by vendor. • Vendor issues refund check/cash.			Deposit refund check/cash into account charged for disbursement as a REX.
	Check amount lower than should be • Original check cashed by vendor. • Vendor requests additional amount		Issue new check for the difference. Reference original check in voucher ("Description" field). Copy of invoice for support.	
5. Stale dated check	• Vendor returns original check	Custodian to enface original check, changing date and initial.		

Situation	Specific Conditions	Action Required:		
		Bank/Check	FMIS DC Input	Other Action
	Check outstanding (not cashed) • Vendor never received check • Requests new check	Stop payment not required.	Void original check on screen 480. Create new voucher to reissue check (reference old check number in "Description" field on voucher).	Notate voided check on Check/Batch Log. Complete FMIS-625DC, obtain necessary approvals. Give validated FMIS-625DC and check to reconciler for reconciliation.
6. Manual Check entered with the erroneous data	Prepaid voucher amount in error • Original check cashed by vendor.		<u>Contact Disbursing</u> - Special processing required. Check will be listed on Exception Listing (VBMU001) since amounts do not match. Void prepaid voucher check on screen 480. Re-enter prepaid voucher with a pseudo check number in the correct amount then manually reconcile check.	**Critical to enter prepaid vouchers for manual checks correctly since entered after checks are manually prepared. Complete FMIS-625DC, obtain necessary approvals. Give validated FMIS-625DC to reconciler for reconciliation.
	Prepaid voucher vendor in error • Original check cashed by vendor.		<u>Contact Disbursing</u> - Special, complex processing required. Cannot void check since cashed and reconciled. Must unreconcile check, void check, re-enter prepaid voucher with a pseudo check number then manually reconcile check.	**Critical to enter prepaid vouchers for manual checks correctly since entered after checks are manually prepared. Complete FMIS-625DC, obtain necessary approvals. Give validated FMIS-625DC to reconciler for reconciliation.

Situation	Specific Conditions	Action Required: Bank/Check	FMIS DC Input	Other Action
7. Altered Check	• Original check cashed			Reconciler will note that name of the payee, the check amount or date has been altered compared to FMIS records. Contact the Bank to file an affidavit with a police investigation to follow. File a report with the Disbursing Office, GALC, and the Internal Auditor's Office.
8. Forgery	• Original check cashed			Forgery involves a check that has been endorsed in the payee's name by another individual. Detected through non-payment claims. Contact the Bank to file an affidavit with a police investigation to follow. File a report with the Disbursing Office, GALC, and the Internal Auditor's Office.
9. Embezzlement, Fraud				Program managers and Fiscal Officers detect embezzlement through review of all transactions and documentation on accounts under their purview. File a report with the Disbursing Office, GALC, and the Internal Auditor's Office.

Situation	Specific Conditions	Action Required:		
		Bank/Check	FMIS DC Input	Other Action
10. Check printed on blank paper	• Error detected immediately • Batch printed completely (all checks printed)		Answer "NO" to question "Did your checks print successfully?" Input the number of the last good check printed. Load check stock and print new check.	**Critical that this restart feature not be abused as it may result in duplicate checks being produced. Notate voided checks on Check/Batch Log.
11. Check printing misaligned or wrong paper orientation	Check printing misaligned to the point where it is non-negotiable or printed on the back of the check stock or upside down • Error detected immediately • Batch printed completely (all checks printed)	Mark checks as "Void"and retain for records.	Answer "NO" to question "Did your checks print successfully?" Input the number of the last good check printed. Load check stock and print new check. System will void all checks within the specified range. Verify on screen 114 that checks were voided.	**Critical: These checks must never be released. Always review checks to ensure that this type of erroneously coded check is never issued. **Critical that this restart feature not be abused as it may result in duplicate checks being produced. Give voided checks to reconciiler for reconciliation.

Situation	Specific Conditions	Action Required:		
		Bank/Check	FMIS DC Input	Other Action
12. Checks printed with wrong starting number	Preprinted check numbers do not match FMIS printed numbers on the checks • Error detected immediately • Batch printed completely (all checks printed)	Mark checks as "Void" and retain for records.	Answer "NO" to question "Did your checks print successfully?" Input the number of the last good check printed. Load check stock and print new check. System will void all checks within the specified range. Verify on screen 114 that checks were voided.	**Critical: These checks must never be released. Always carefully review checks, ensuring matching numbers, before signing and releasing. Avoid this by double checking the starting check number for all batches of checks. **Critical that this restart feature not be abused as it may result in duplicate checks being produced. Give voided checks to reconciler for reconciliation.
13. Printer double feed of check stock	Preprinted check numbers do not match FMIS printed numbers on the checks • Error detected immediately • Batch printed completely (all checks printed)	Mark checks as "Void" and retain for records.	Answer "NO" to question "Did your checks print successfully?" Input the number of the last good check printed. Load check stock and print new check. System will void all checks within the specified range. Verify on screen 114 that checks were voided.	**Critical: These checks must never be released. Always carefully review checks, ensuring matching numbers, before signing and releasing. **Critical that this restart feature not be abused as it may result in duplicate checks being produced. Notate voided checks on Check/Batch Log. Give voided checks to reconciler for reconciliation.

Situation	Action Required:			
	Specific Conditions	Bank/Check	FMIS DC Input	Other Action
14. Check printing errors cited in #10, 11, 12, 13 not detected immediately	Preprinted check numbers do not match FMIS printed numbers on the checks, checks printed on misaligned, or printed on blank paper. • Error detected after the next batch of checks printed • Batch printed completely (all checks printed)	Mark checks as "Void"and retain for records	Void checks on screen 480. Create new vouchers to print the checks correctly. **Restart feature PF10 on screen 491 cannot be used if the error is not detected immediately (before the next batch of checks printed)	**This should not occur if proper procedures are followed with the audit and review of checks initiated immediately after printing. Notate voided checks on Check/Batch Log. Complete FMIS-625DC, obtain necessary approvals. Give validated FMIS-625DC and check to reconciler for reconciliation.
15. Check printing errors cited in #12 and not detected immediately	Preprinted check numbers do not match FMIS printed numbers on the checks, checks printed on misaligned, or printed on blank paper. • Check issued to vendor • Check returned by the vendor	Mark check as "Void" and retain for records.	Void checks on screen 480. Create new vouchers to re-issue check (reference old check number in "Description" field on voucher.) **Notify the Disbursing Office immediately for instruction.	**Notify the Disbursing Office immediately for instruction. **This should not occur if proper procedures are followed with the audit and review of checks initiated immediately after printing. Notate voided checks on Check/Batch Log. Complete FMIS-625DC, obtain necessary approvals. Give validated FMIS-625DC and check to reconciler for reconciliation.

Situation	Specific Conditions	Action Required:		
		Bank/Check	FMIS DC Input	Other Action
16. Check printing errors cited in # 12 not detected immediately	Preprinted check numbers do not match FMIS printed numbers on the checks, checks printed on misaligned, or printed on blank paper. • Check issued to vendor • Check cashed by the vendor		**Notify the Disbursing Office immediately for instruction.	**Notify the Disbursing Office immediately for instruction. **This should not occur if proper procedures are followed with the audit and review of checks initiated immediately after printing. Notate voided checks on Check/Batch Log. Complete FMIS-625DC, obtain necessary approvals. Give validated FMIS-625DC and check to reconciler for reconciliation.

UNIVERSITY OF HAWAII - Departmental Checking Account - 068
Financial Management, Disbursing & Payroll · Honolulu, Hawaii 96822

HILO   No.   000093

Document Number	Voucher Number	Invoice Number / Other Reference	Invoice Date	Discount Amount	Net Amount
Y056003	0056812	448 33225	01/20/00	0.00	84.21
		V0000056400 X00093 01/28/00	TOTAL	0.00	$ 84.21

BANK OF HAWAII
HONOLULU, HAWAII

UNIVERSITY OF HAWAII

V0000056400

Departmental Checking Account - 068
Financial Management, Disbursing & Payroll
1402 Lower Campus Road
Honolulu, Hawaii 96822

59-102
1213   000093

02/04/00
DATE   01/28/00   X00093

VOID AFTER 6 MONTHS

$********84.21

PAY

EIGHTY-FOUR AND 21/100 DOLLARS********************

NOT VALID IF OVER
100.00

DO NOT FOLD OR MUTILATE

TO THE ORDER OF:

CONRAD ENTERPRISES INC
301 SAND ISLAND ACCESS RD
HONOLULU   HI   96819

Authorized Signature

⑈000093⑈ ⑆1213010281⑇ 0081⑈015288⑈

UNIVERSITY OF HAWAII
STOP PAYMENT/CANCELLATION REQUEST
(See reverse side for instructions)

DATE: _____
(MM/DD/YY)

[X] SCREEN 480 - VOID DCS CHECK	DOCUMENT NUMBER
	V

ENTRY NO.	VENDOR NAME	VENDOR CODE	ACCOUNT CODE	SUB CODE	BANK NO.	CHECK NO.	CHECK AMOUNT	REASON FOR STOP PAYMENT/CANCELLATION
1					00xxx			
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								

TOTALS (All pages):   0.00

PREPARED BY: _____

Print Name and Sign   Department   Phone   Date

APPROVED BY: _____

Fiscal Officer/Financial Aid Officer   Department   Phone   Date

BATCH ID
BATCH DATE

Stop Payment Required? [ ] Yes   [ ] No   Date: _____

Origination Date: 5/20/99

A8.848 Attachment 3 P 17 of 18

Revision Date: 05/20/99

PURPOSE:	To process stop payment and cancellation check requests for Departmental Checking Account transactions.

DATA ITEM	**COMPLETION INSTRUCTIONS**
	All fields must be completed unless noted as otherwise.
CAMPUS	Enter campus code. Refer to A12.099.
Page 1 of ___	Enter total number of pages for this document.
DATE	Enter date form prepared.
SCREEN	Screen 480-DCS input screen, no additional information needed for this field.
DOCUMENT NUMBER	Enter remaining 6-digit document number. First 3 digits represent the Fiscal Officer code. Last 3 digits are sequential control number assignment.
ENTRY NO.	Pre-printed.
VENDOR NAME	Enter vendor name.
VENDOR CODE	Enter vendor code.
ACCOUNT CODE	Enter 6-digit account code.
SUB CODE	Enter 4-digit sub code.
BANK NO.	Enter DCS bank code.
CHECK NO.	Enter check number.
CHECK AMOUNT	Enter check amount. Do not use brackets for this amount.
REASON FOR STOP PAYMENT/CANCELLATION	Enter reason for stop payment or cancellation of check.
TOTALS (All pages):	Enter total for all pages.
PREPARED BY	Print name and sign, include department, phone number, and date.
APPROVED BY	Print name and sign, include department, phone number, and date.
STOP PAYMENT REQUIRED?	Check appropriate box. If stop payment required, enter date stop payment placed.
BATCH ID/DATE	Enter batch ID and batch date.

UNIVERSITY OF HAWAII - Departmental Checking Account - 068
Financial Management, Disbursing & Payroll - Honolulu, Hawaii 96822

HILO

No. **000094**

Document Number	Voucher Number	Invoice Number / Other Reference	Invoice Date	Discount Amount	Net Amount
Y056004	0056813	664 86624	01/23/00	0.00	95.41
		V0000279971 X00094 01/28/00		0.00	95.41
			TOTAL	$	

BANK OF HAWAII
HONOLULU, HAWAII

V0000279971

UNIVERSITY OF HAWAII

Departmental Checking Account - 068
Financial Management, Disbursing & Payroll
1402 Lower Campus Road
Honolulu, Hawaii 96822

59-102
1213

000094

DATE   01/28/00   X00094

VOID AFTER 6 MONTHS

$*******95.41

NOT VALID IF OVER
100.00

DO NOT FOLD OR MUTILATE

PAY   NINETY-FIVE AND 41/100 DOLLARS*********************

TO THE ORDER OF:

VANSTAR CORP

John H. Smith
Authorized Signature

⑈000094⑈ ⑆121301028⑆ 008⑈03528⑈