

University of Missouri System

Accounting Policies and Procedures



Policy Number: APM-50.22

Policy Name: Payments Processing – Stop Pay and Replacement Payroll Checks

General Policy and Procedure Overview:

Accounting or Payroll offices infrequently stop payment or void checks that have been issued from PeopleSoft Payroll. This policy establishes procedures to stop payment on, or void a check and the process to reissue the check when needed.

Definition of Key Terms:

Cash Receipt Report (CRR): Entry into the accounting system by departments to record a receipt of cash.

Commerce Connections: an online tool provided by Commerce Bank for viewing payment status and managing the positive pay system for checks issued by the University.

Replacement Check: a check reissued to an employee when the original check is determined to be missing or destroyed.

Reversed Check: a check that has been voided in Payroll. The PeopleSoft Human Resources System (HR) uses a reversal process to make a copy of the original payroll check and reverses the sign (plus/minus) on the amount fields. The process effectively reverses the check in the HR System.

Stop Pay: the act of notifying the bank that the check should not be honored if the payment is presented to the bank. This stop payment takes effect immediately with no delay.

Void: the process of notifying the bank that a payment is voided and should not be honored. The term for a void check is a “Reversal” in the payroll system. If a payee presents the check for payment at the bank, the bank will contact the University to confirm the intention to void the check presented for payment. This process takes effect no later than the next regular business day.

Detail Policy:

Banks charge the University a fee to stop payment on checks and so the use of this procedure should be exercised with prudent stewardship. To “stop payment” means that once the University notifies the bank to stop payment of a check, the check is technically still outstanding but effective immediately, the bank will honor the check. As an alternate procedure that does not

cost the University a fee, a check can be voided and the bank will not honor the check beginning the next regular business day.

This policy does not specify when a stop pay must be issued. It is at the discretion of management, with the knowledge that a stop payment takes affect immediately and the drawer bank assesses a stop payment fee for each check that is stopped. There are several factors that may be considered in deciding to issue a stop payment. A few examples may be whether the check was issued to someone still employed by the University, employee reliability, or the imminent likelihood of fraud or alteration of a check. If management feels that there is a significant financial risk that must be mitigated before the next business day (since the no-cost procedure of voiding the check is effective within 24 hours), then a stop payment may be issued, otherwise, the following detail procedures are to be followed.

Payroll ACH Payments

BANK INITIATED

The bank may reject a direct deposit for a few reasons. If the account number or the transit routing number is incorrect the ACH will not be processed. If the bank knows the payee to be deceased, the ACH will be rejected. When either of these events occur:

- The System Payroll Office will:
 - Create a CRR on the appropriate campus clearing ChartField strings and a source of UPR, and
 - notify the appropriate campus payroll office.
- The campus Payroll Office will pay the employee by issuing a non-PO voucher using the appropriate clearing ChartFields used for the CRR in the previous step.

UM INITIATED

UM requested the money back—wrong amount

- The System Payroll Office will reverse the advice and will notify the campus Payroll Office.
- The campus Payroll Office will initiate an on-line payroll check for the corrected amount.

UM requested the money back—wrong bank information

- The System Payroll Office will:
 - request the amount back from the bank,
 - enter a CRR with the campus clearing ChartFields and a source of UPR, and
 - notify the campus Payroll Office.
- The campus Payroll Office will pay the employee by issuing a non-PO voucher using the appropriate clearing ChartFields used for the CRR in the previous step.

UM requested the money back—employee deceased

- The System Payroll Office will:
 - request the amount back from the bank,
 - reverse the advice in the payroll system, and
 - notify the campus and System Benefits Offices to discuss appropriate action.

For Payroll Paper Checks:

1. To replace a normal pay-cycle payroll check that has been lost, stolen or never received:
 - a. Verify through Commerce Connections website (in the Payroll account) that the check has not been paid.
 - b. If check being replaced was processed in the normal pay-cycle (not an on-line check) and is not in the University's possession, obtain a signed [affidavit](#) and reprint the check. The HR Paycheck Reprint process will print a check with a new number but to the same payee and for the same amount.
2. To replace a normal pay-cycle payroll check that is in the possession of the University or was torn during processing or mailing, use the payroll system to reprint the check. The HR Paycheck Reprint process will print a check with a new number but to the same payee and for the same amount.
3. To replace an off-cycle/on-line payroll check when the University does not have possession of the check:
 - a. Verify that the check has not paid through Commerce Connections website (in the Payroll account).
 - b. The Payroll Office requesting a replacement check will initiate a non-PO voucher charged to the Replacement Checks Clearing ChartFields, MoCode A0227 and Account 742000 (UMSYS, 0090, A1508017, 0, 0, 00) and send it to the Controller's Office with a completed affidavit. Alternatively, the Payroll Office will present a request for replacement with the completed affidavit to the Controller's Office where the Controller's Office will enter the non-PO voucher, obtain a signature and process the voucher.
 - c. The Controller's Office will void the payroll payment (unless a stop payment has been requested—see previous Detail Policy discussion) and process a CRR using Replacement Checks Clearing ChartFields, MoCode A0227 and Account 742000 (UMSYS, 0090, A1508017, 0, 0, 00) with a source of PPC.
4. To replace an off-cycle/on-line payroll check when the University has possession of the check:
 - a. Follow the steps above, omitting the steps for checking the bank status and requiring the affidavit.

RESPONSIBILITY

Campus Payroll Office

- Verify that the subject check has not as yet been paid
- Obtain a lost check affidavit and forward to the Controller's Office

Controller's Office

- Process the required CRRs
- Reconcile and control the Clearing ChartFields
- Enter and process appropriate non-PO vouchers

Effective Date: July 1, 2006

Revised Date: September 8, 2009

Questions and Comments?

Questions regarding interpretation and implementation of the Accounting Policy should be directed to the Campus Accounting Office. Suggested edits or revisions to the policy should be directed to the Office of the Controller.