



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

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| TOPIC: Section 2 – Cash and Cash Equivalents 3.0 | EFFECTIVE DATE: 01/24/1986 |
| TITLE: Check Distribution and Non-Routine Voucher Authorization | REVISION DATE: 06/22/2015 |
| AUTHORIZED BY: Deputy Director, Bureau of Fiscal Services | |

BACKGROUND

This procedure provides a methodology for dealing with exceptions to normal vouchering policy and establishes procedures for check distribution. Good internal control dictates that checks are to be mailed directly to the appropriate vendor and not physically retrieved or given to an intermediate party or requester for later distribution.

POLICY

Separation of duties for payment processing or check distribution is essential for good internal controls and to prevent potential misappropriated funds or fraud. Generally, this means that the same person should not control the process from beginning to end. For example, both the check requester (the person sending the file to be entered into the accounting system) and the Bureau of Fiscal Services (BFS) person entering the payment cannot be the same person.

Goods and services must be received or services performed before invoices are submitted for payment. All contracts must be signed before any payments are made or advanced to any organization.

All input and output will be through the Department's central accounting system or, in the near future, through the central statewide accounting system.

Normally, all checks will be mailed to the vendor by BFS or the Department of Administration (DOA).

Any voucher that requests a check as an exception to the above-stated policy must include the written approval of the requester's division administrator and the Director's Office of BFS. In addition, it must be in compliance with APP Section 1 – Business Standards 4.0 (Control of Input and Output for Accounting Systems Policy).

PROCEDURE – PROCESSING EXCEPTIONAL VOUCHER APPROVAL

1. Submit a request for exceptional check processing together with explanations and justifications to the Director's Office of BFS.
2. Staff who prepare the request for a check write should be different from the person who approves and submits the request. The only exception to this would be individuals who are vetted and listed by the BFS Director's Office as designated staff.
3. The division administrator where the request originates must authorize each of the individual staff for check processing with the following information to be sent to BFS:

- Staff preparing special check writes (name, phone, work location)
 - Staff approving check writes (name, phone, work location)
4. The BFS Director's Office will review the request and indicate approval or non-approval.
 5. The BFS Director's Office will coordinate implementation of the request and provide direction to the BFS Cashier's Office for release of the check.

PROCEDURE – CHECK DISTRIBUTION

Exceptional Approval Process and Check Pickup

1. Checks produced as a result of exceptional approval process will be retained in BFS in the Cashier's Office and will not be released or mailed until documentation is provided insuring that all conditions for release of the check have been met. Actual release of checks is at the direction of the BFS Director's Office.
2. No check will be released to the requester for pickup. All checks will be handled by the central mailing process.
3. As the new statewide accounting system is phased in, there may be a need for rare check release exceptions to the above procedure. Any exception must be approved by the requesting division administrator and the BFS Director's Office. The division administrator where the check request originated must authorize the person delegated to pick up the check with the following information to be sent to BFS:
 - Staff authorized to physically retrieve check(s) with name, phone, work location
 - Division administrator approval (signature)
4. If the conditions have not been met or the request not approved by the BFS director in five working days, the check will be re-deposited by 9 a.m. on the sixth working day after receiving the check.
5. Written justification, addressing the items above, must be provided any time the check is not mailed to the payee. The justification shall be attached to the Check Distribution/Attachments (F-80188).

Specific situations may dictate decentralized check distribution (such as DHS institutions). BFS will consider requests for blanket authorization of decentralized check distribution in such situations. Written approval would permit the elimination of specific justification each time required under above

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