

# Learn



## Job Aid – Accounts Receivable *Handle a Bad Check – Track 3 AFNS Agencies*

### Scenario

A bad check is returned from the bank to the Treasurer’s Office and needs to be reversed in AFNS and STAARS.

This job aid explains how to handle normal 2016 bad checks, and bad checks received during the 13<sup>th</sup> APD for 2015.

**This job aid pertains to Track 3 AFNS Agencies only.**

### Steps

1. The bank will return the bad check to the Treasurer’s Office.
2. The Treasurer’s Office will scan the bad check and email the image of the check to the agency to conduct research. **In the email, the Treasurer’s Office will include the bank that received the bad check and the date the check was charged back to Treasury. The date is important, as it is needed to reconcile the charge back to the bank.**
3. The agency will research to determine the accounting that was used initially to receipt in the money.
4. The agency will process a negative cash receipt in AFNS for the bad check to back out the accounting from the original cash receipt for the amount of the bad check. This will consist of one (1) or more negative accounting lines. See below for guidelines:
  - a. Record the bank code where the check was deposited in the **Bank** field of the cash receipt.
  - b. Record the **deposit ticket number** in the **Comments** field on the header of cash receipt using the following elements:
    - N
    - Agency Number
    - Charge-back date provided in Treasury email, in mmddyy format
    - Sequential number (if there are multiple NSF checks in one day, one cash receipt per returned check)

For example, if an agency 032 has a bad check charged back on August 13, 2015, they would provide the following deposit ticket number on their cash receipt document: **N0320813151**.



- c. No backup is required for these transactions as the Treasury will have the scanned images of the bad checks on file.
5. The cash receipt will interface into STAARS as a **CR1I** document, backing out the original cash receipt for the amount of the bad check. The Treasurer's Office will approve the CR1I document.

**Note: The 1215 bad checks receivable will no longer be used in this process.**

## First 13<sup>th</sup> APD in STAARS

1. Agencies will receive scanned copies of checks returned after September 25, 2015 from the Treasurer's Office.
2. The agency should record all checks originally deposited in FY 15 that are returned after September 25 with two cash receipts in AFNS.
3. The first cash receipt should be for the negative amount of the bad check and use balance sheet code 1006. In the **Comments** section on the header of the cash receipt, number the deposit ticket with "N + original CR number". For example, **N50060000001**.
4. A 13<sup>th</sup> accounting period zero dollar cash receipt is also required in **AFNS** with two lines: "D" for the original coding and "I" for balance sheet 1006. Use the same bank code and deposit ticket number that was provided on the first cash receipt.