

<b>Volume No. 1—Policies &amp; Procedures</b>	<b>TOPIC NO. 20910 – Cardinal</b>
<b>Section No. 20900—Reconciliation Procedures</b>	<b>TOPIC General Warrant and Payroll Stop Payments and Bank Deposit Reconciliations</b>
	<b>DATE September 2014</b>

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## Overview

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**Introduction** This topic provides information about the Cardinal Account that functions as a suspense account solely to clear bank reconciliation items as well as the accounts and processes for General Warrant Stop Payments and Payroll Stop Payments.

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## Suspense Accounts

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**Cardinal Account 255650 Purpose** Cardinal Account 255650 – *Suspense Account – Bank Reconciling Items*, was established to correct bank reconciliation items resulting from deposit transactions of state agencies and institutions. The establishment of Cardinal Account 255650 serves to resolve bank reconciling items timely by:

- Highlighting bank reconciling items so that agencies can resolve individual items more timely, while addressing the underlying causes of the reconciling items, and
  - Allowing state agencies to be accountable for resolving and correcting bank reconciling items resulting from their deposit transactions.
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**Cardinal Account 255630 Purpose** Cardinal Account 255630 – *Stop Pay Clearing – Payroll*, was established to function as a suspense account dedicated solely to account for payroll stop payments. **This does not impact the payroll VOID check process handled through CIPPS nor does it impact direct deposit.**

The establishment of Cardinal Account 255630 serves to:

- allow agencies greater control over the issuance of replacement checks,
  - provide added information to agencies related to the issuance of replacement checks; and,
  - reduce manual stop payment processing by the Department of the Treasury and the Department of Accounts.
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**Cardinal Account 255640 Purpose** Cardinal Account 255640 – *Stop Pay Clearing – General Warrant*, was established in Cardinal to function as a suspense account dedicated solely to account for CARS general warrant stop payments.

The establishment of Cardinal Account 255640 serves to:

- allow agencies more control over the issuance of replacement checks,
- provide better customer service to the state’s vendors; and
- reduce manual processing of stop payments by the Department of the Treasury.

## Bank Reconciliation Procedures

**Bank Reconciliation Process**

The bank reconciliation items are identified by the Department of the Treasury during its routine monthly reconciliation of bank accounts.

The following table illustrates the monthly bank reconciliation process performed by the Department of the Treasury.

<b>Stage</b>	<b>Description</b>
1	Identifies bank reconciling items during the routine reconciliation of bank accounts.
2	Processes deposits to post bank reconciling items to the suspense accounts of those agencies generating the reconciling items.

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## Bank Reconciliation Procedures, Continued

### Bank Reconciliation Process (continued)

Stage	Description
3	Prepares one deposit form semi-monthly for each Treasurer of Virginia bank account with reconciling items.  <u>Note</u> If an agency has three reconciling items and each one relates to a separate deposit at the same bank, the three items will be recorded in Cardinal with the same Deposit ID number.
4	Records the Deposit in Cardinal Fund 01000
5	Routes a spreadsheet to the agency fiscal officer within two days after posting the deposit in Cardinal. The spreadsheet outlines the nature of the reconciling items and includes supporting documentation.

### Suspense Account Examples

Some examples of suspense account items include:

- Treasury receives a debit memorandum from the bank. The Agency's bank deposit was \$25 less than the deposit ticket processed at the bank.
- The Agency erroneously keys the wrong amount into Cardinal for the deposit.
- Treasury reconciles bank statements and finds a \$500,000 deposit recorded on its March statement. Treasury contacts the bank for information and finds that an agency made the deposit.

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## Bank Reconciliation Procedures, Continued

### Supporting Documentation & DOT Contact

The Department of the Treasury will route to the agency fiscal officer its reconciling item spreadsheet with supporting documentation. The supporting documentation may consist of copies of

- Bank statements,
- Debit and credit memoranda from the bank, or
- Agency deposit information for entries in Cardinal.

The reconciling item spreadsheet will indicate who to call at Treasury if you have questions about the suspense account transaction.

### Agency Responsibility

It is the responsibility of each agency to clear the suspense account on a monthly basis. Agencies must identify the nature of any balance remaining in the account at fiscal year end; this is similar to other suspense accounts in Cardinal.

### Cardinal Transaction Coding

The Department of the Treasury will process a deposit in Cardinal to post bank reconciling items as individual suspense account transactions. This will be done one of two ways:

<b>Debit Account</b>	<b>Credit Account</b>
Cardinal Account 101010 – <i>Cash with Treasurer of Virginia</i>	Cardinal Account 255650— <i>Suspense Account - Bank Reconciling Items</i>

Or

<b>Debit Account</b>	<b>Credit Account</b>
Cardinal Account 255650— <i>Suspense Account - Bank Reconciling Items</i>	Cardinal Account 101010 – <i>Cash with Treasurer of Virginia</i>

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**General Ledger Journal to Clear Suspense Account**

Agencies will clear Cardinal Account 255650—*Suspense Account - Bank Reconciling Items* by processing a general ledger journal. Agencies cannot clear Cardinal Account 255650 other than by using a general ledger journal.

If Cardinal Account 255650—*Suspense Account - Bank Reconciling Items* has a debit balance then credit Cardinal Account 255650 and debit Cardinal Account 101010—*Cash with Treasurer of Virginia*. Note: The agency must provide the offsetting entry to credit Cardinal Account 101010 and debit the appropriate Cardinal Account.

If Cardinal Account 255650—*Suspense Account - Bank Reconciling Items* has a credit balance then debit Cardinal Account 255650 and credit Cardinal Account 101010—*Cash with Treasurer of Virginia*. Note: The agency must provide the offsetting entry to debit Cardinal Account 101010 and credit the appropriate Cardinal Account.

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**Interim Procedure until Full Transition to Cardinal with Wave 2 in February 2016**

The Department of the Treasury (Treasury) will continue posting deposit transactions to CARS for Wave 1 agencies. Treasury will notify the agency by e-mail along with sending the reconciling item spreadsheet. The Wave 1 agency will see the deposit posted in CARS and will enter a corresponding deposit in Cardinal that is marked “Do Not send to CARS”. This transaction will mirror what Treasury entered in CARS by either:

Debiting Cardinal Account 101010 – *Cash with Treasurer of Virginia* and crediting Cardinal Account 255650—*Suspense Account - Bank Reconciling Items*

**OR**

Debiting Cardinal Account 255650—*Suspense Account - Bank Reconciling Items* and crediting Cardinal Account 101010 – *Cash with Treasurer of Virginia*.

**Marked “Do Not Send to CARS”**

The Wave 1 agency then needs to research and correct the transaction in Cardinal using a general ledger journal as described above in subtopic “General Ledger Journal to Clear Suspense Account”.

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## General Warrant Stop Payment Procedures

### Interim Procedure: Stop Payments on General Warrant Checks issued from CARS

Even after an agency has transitioned to Cardinal it will be very likely there will be stop payments that must be placed on general warrant checks issued from CARS. The agency must submit the **Stop Payment Authorization Form** found on Treasury’s website and follow the directions found on the form. Once an agency is on Cardinal, the clearing of the Stop Payment Account, Cardinal 255640, will be different. Once Treasury has keyed and released a CARS batch type 7 to post a transaction for the stop payment to the agency that requested a stop by debiting CARS GLA 101, *Cash with the Treasurer of Virginia* and crediting CARS GLA 564, *General Warrant Stop Pay Clearing* in Fund 0100, Treasury will notify agencies by email that their stop payment requests were processed and that cash in the amount of the stop payment(s) has been credited to CARS GLA 564 to await further action by the agency.

The agency will enter the same transaction in Cardinal by crediting Cardinal Account 255640 – *Stop Pay Clearing – General Warrant* and debiting Cardinal Account 101010 – *Cash with Treasurer of Virginia* and **mark “Do Not Send to CARS”**.

The agency will then either issue a replacement check in Cardinal using a Voucher (or Expense Report if it is to an employee) coded to Cardinal Account 255640 or enter a general ledger journal to reverse the original charge and clear the suspense transaction.

### Agency Responsibility

It is the responsibility of each agency to clear the suspense account in Cardinal on a monthly basis. Agencies must identify the nature of any balance remaining in the account at fiscal year-end; this is similar to other general ledger suspense accounts in Cardinal.

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## General Warrant Stop Payment Procedures, continued

**Stop Payments on General Warrant Checks issued from Cardinal**

For general warrant checks issued from Cardinal, the agency must submit the **Stop Payment Authorization Form (Cardinal)** found on Treasury’s website and follow the instructions on the form. The agency will then follow the steps detailed in the Cardinal Accounts Payable Job Aid “*Canceling a Payment – Disbursing Agency*” on the Cardinal website.

The choices on the **Stop Payment Authorization Form (Cardinal)** for Cardinal action are:

- Re-Open Voucher(s) / Re-issue – This option is selected if the payment was lost, mutilated, etc. and no change is required for remit information (name, address).
- Do Not Re-issue / Close Liability – This option is selected if the payment should not have been processed. **All accounting entries (accrual and payment) are automatically reversed.** (Treasury does not enter deposit transactions for Cardinal stop payments.)
- Re-Open Voucher(s) / Put on Hold - Select this option when remit information (name, address) needs to be updated so it can be properly delivered and/or deposited by the vendor.

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## Payroll Stop Payment Procedures

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### Interim Procedure until Full Transition to Cardinal with Wave 2 in February 2016

Even after an agency has transitioned to Cardinal it will be very likely there will be stop payments that must be placed on payroll checks issued from CIPPS. After the agency has verified the check status with Treasury, the agency must submit the **Stop Payment Authorization Form** found on Treasury’s website and follow the directions found on the form for Payroll checks. Once an agency is on Cardinal, the clearing of the Stop Payment Account, Cardinal 255630, will be different. Once Treasury has keyed and released a CARS batch type 7 to post a transaction for the stop payment to the agency that requested a stop by debiting CARS GLA 101, *Cash with the Treasurer of Virginia* and crediting CARS GLA 563, *Payroll Stop Pay Clearing* in Fund 0100, Treasury will notify agencies by email that their stop payment requests were processed and that cash in the amount of the stop payment(s) has been credited to CARS GLA 563 to await further action by the agency.

The agency will enter the same transaction in Cardinal by crediting Cardinal Account 255630 – *Stop Pay Clearing – Payroll* and debiting Cardinal Account 101010 – *Cash with Treasurer of Virginia* and **mark “Do Not Send to CARS”**.

The agency will then either issue a replacement check in Cardinal using an Expense Report with an expense type of “Other Employee Reimbursement” coded to Cardinal Account 255630 or enter a general ledger journal to reverse the original charge and clear the suspense transaction.

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**Stop Payments on Payroll Checks after Full Transition to Cardinal in February 2016**

After an employee has contacted the agency and the agency has verified the check status with Treasury, the agency must submit the **Stop Payment Authorization Form** found on Treasury’s website and follow the directions found on the form for Payroll checks. Once the stop payment is complete, Treasury will debit Cardinal Account 101010 – *Cash with Treasurer of Virginia* and credit Cardinal Account 255630— *Stop Pay Clearing – Payroll* and notify the agency fiscal officer by email that their stop payment requests were processed and that cash in the amount of the stop payment(s) has been credited to Cardinal Account 255630 to await further action by the agency.

The agency will then either issue a general warrant replacement check in Cardinal using an Expense Report with an expense type of “Other Employee Reimbursement” coded to Cardinal Account 255630 or enter a general ledger journal to reverse the original charge and clear the suspense transaction.

**Agency Responsibility**

It is the responsibility of each agency to clear the suspense account in Cardinal on a monthly basis. Agencies must identify the nature of any balance remaining in the account at fiscal year-end; this is similar to other general ledger suspense accounts in Cardinal.

## Internal Control

**Internal Control**

As with all accounting processes performed by agencies, it is the responsibility of each agency to ensure adequate internal controls are in place to monitor and process stop payment transactions and deposit reconciliations.

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## Records Retention

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**Time Period** Retain for 5 years or until audited.

Retention and destruction of records must be in accordance with the Virginia Public Records Act (VPRA), Code of Virginia § 42.1-76–§ 42.1-91, which governs the creation, maintenance, and disposition of public records.

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## Contacts

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**Treasury Contact** Manager, Bank Reconciliation  
Voice: (804) 225-3175  
Email: [Recon-mngr@trs.virginia.gov](mailto:Recon-mngr@trs.virginia.gov)

**DOA Contact** Director, General Accounting  
Voice: (804) 225-2376  
Email: [gacct@doa.virginia.gov](mailto:gacct@doa.virginia.gov)

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## Subject Cross Reference

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**References** CAPP – Cardinal Topic No. 20205 – *Cash Receipts Accounting*  
CAPP – Cardinal Topic No. 21005 – *Records and Retention*

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**Suggested  
Forms and Job  
Aids**

The following forms can be found on the Treasury Website, under Forms:

- Stop Payment Authorization Form**
- Stop Payment Authorization Form (Cardinal)**

The following can be found on the Cardinal Website, under Statewide Toolbox – Job Aids:

- Canceling a Payment – Disbursing Agency**

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Please note: The Cardinal job aids, training materials and forms on the Cardinal website are not policy of the Department of Accounts and are not part of the Commonwealth Accounting Policies and Procedures Manual (CAPP).