

Handling an NSF – Department Process

An agency that receives payment by way of check may run into a situation where a check is returned by the Treasurer’s Office for non-sufficient funds (NSF). The Treasurer’s Office will process a State Treasurer – Treasury Adjustment (STADJ) document that will reduce the agency’s cash and set up an NSF receivable, similar to the process in legacy AFIS. Here is the entry on the posting line of the document:

Debit: NSF Receivable (Balance Sheet Account 0582)

Credit: Cash (Balance Sheet Account 0070)

Receiving an NSF check can lead to one of three possible activities by the agency: an NSF redeposit, an NSF Accounting Correction, or an NSF Receivable Write-off. This Quick Reference Guide will provide instructions for proceeding through each of these potential activities. You can find more detailed information in each section as to under which circumstances each of the activities will be used.

If the Treasurer’s Office recorded the NSF in a fund, other than the fund to which it relates, then an Internal Exchange Transaction (IET) document can be processed to transfer the revenue or expenditure to the correct fund. Follow the steps for processing an IET document, as explained in the Processing Internal Transfers Quick Reference Guide.

NSF Redeposit Cash Receipt

If the agency receives a replacement for the NSF check, then a CR document type should be processed. The process described in this section should be used to complete this CR.

If the special event types described below are not used when redepositing an NSF, then revenues will be overstated. The event type can be fixed by modifying the original CR document type, if an error is made. See the instructions in this section, under Modify a CR Document, to make the appropriate corrections.

The following event types are available to use on the CR document type for an NSF check redeposit or replacement:

- ARC1 (NSF Redeposit – revenue source not allowed) – replaces legacy AFIS TC 162; no revenue source entered
- ARC2 (NSF Redeposit – revenue source required) – replaces legacy AFIS TC 175; revenue source entered

Procedure

Process a New CR Document:

A. Log into AFIS

Handling an NSF - Department Process

- B. **Create** the CR document for an NSF redeposit
1. **Navigate** to the Document Catalog
 2. In the **Code** field, enter **CR**
 3. Click **Create**
 4. In the Dept. field, enter *your department code*
 5. In the **Document ID** field, enter **D**
 6. Click **Auto Number** checkbox to generate a unique ID
 7. Click **Create**. A new document is generated
- C. Complete the **Header** component
1. At a minimum, enter the following information:
 - Document Total – Total of deposit
 - Bank Account - BK01
- D. Complete the **Vendor** component
1. Click **Insert New Line**
 2. At a minimum, enter the following information on the **General Information** tab:
 - Line Amount - full amount by payment type
 - Payment Type – Options: Cash, Check, Direct Deposit or Wire Transfer. Use Wire Transfer for payments received by Wire, ACH or Remote Check Scanning.
 3. Click **Save**. Notice that the vendor customer information populates.
 4. On the **Payment Information** tab, for payment type = Check or Direct Deposit, enter the following:
 - **Check/EFT Number** – If multiple checks are included in deposit, this can be left blank.
 - **Check Date** – Date of check being deposited. If multiple checks are included in deposit, this can be left blank. For payment type = direct deposit, enter the deposit validation date, using separate vendor lines if needed for multiple direct deposits.
 5. On the **Wire Transfer** tab, for payment type = Wire Transfer, enter the following:
 - Wire Transfer Number – Enter the wire ID.
 - Wire Transfer Date – Select the date the money was received at the bank.
- Note:** *The wire ID will be required for deposits of wires and ACH transactions. This number will be included on the wire statements sent to the agencies by the Treasurer's Office.*
- E. Complete the **Accounting** component
1. Click **Insert New Line**
 2. Enter the **Event Type** of **ARC1 or ARC2**, for **NSF Redeposit**. See description of event types in opening summary for this section.
 3. At a minimum, enter the following information on the **General Information** tab:

Handling an NSF - Department Process

- Line Amount - full amount for accounting line. Multiple accounting lines can be added for one payment type/vendor line. The total of all accounting lines for a given payment type should equal the line amount entered for the specific vendor line.
 - Currency - The amount of currency and coins does not need to be separately recorded here. Recording your total for the accounting line in the line amount will suffice.
 - Budget FY – Enter the applicable appropriation year (e.g., 2016)
4. At a minimum, enter the following information on the **Fund Accounting** tab:
- Department
 - Revenue – Enter only if using event type ARC2; otherwise leave blank
 - Additional elements required are the Fund, Unit and Appropriation Unit, if not inferred by the Function
5. At a minimum, enter the following information on the **Detail Accounting** tab:
- Any department required elements, such as Function
- Note:** If additional receipts will be recorded on the CR document type, other than the redeposit, then repeat the steps for additional Vendor and Accounting lines described in steps P and Q above. Additional vendor lines will be added to include additional payment types on a CR document.*
- F. Prior to submitting the document, if needed, attach any department specific and Treasurer's Office required backup documents (required where payment type = Direct Deposit or Wire Transfer).
- Note:** Payment Type = direct deposit; attach validated deposit slip and bank receipt.
Payment Type = wire transfer; attach applicable wire, ACH or remote check scanning statement/report.*
- Click on **File** and select **Attachments**
 - Select **Upload**
 - Select **Browse** and select the file
 - Click **Upload**
 - The Treasurer's Office preferred naming convention for their attached documents is Treasurer 1, 2, 3 etc. (Use sequential numbering if there is more than 1 attachment). Attachments for the Treasurer's required backup must be first in the listing of attachments (if there are more than just the attachments required by the Treasurer's office).
 - Click **Return to Document**
- G. **Validate** CR document
1. Confirm that the document is validated successfully in the upper left-hand corner. If the document was not validated successfully, please see your accounting supervisor
- H. **Submit** CR document

Handling an NSF - Department Process

Note: The document will be handled through workflow and will be pending the approval of the Department Approver and the Treasurer Approver

- I. Print the CR Form for delivery to the Treasurer's Office
 1. Click the **Print** button.
 2. Choose a Print Output Type – PDF
 3. Print Job - CR Printing (PDF Format)
 4. Then click on the **Print** link
 5. Confirm in the upper left-hand corner of the CR Form that the document print job was successfully submitted
 6. Click on the Document Menu (small downward facing triangle in the Document Title Bar) and select **Document Forms**



7. Click on **View PDF**, and then print the first page of the displayed PDF. Print the first page twice, if you are delivering cash to the Treasurer's Office.
- J. Deliver the CR form printed (2 forms if the deposit includes cash) above to the Treasurer's Office along with the same backup that is currently required. Note: Given the changes in process using workflow and the use of attachments, the Treasurer's Office may need to verify the information that an agency delivers to their office.
- K. Agencies will no longer receive a "validated" deposit copy.

Modify a CR Document:

The instructions in this section should be used to correct a CR document that recorded an NSF redeposit to an event type other than ARC1 or ARC2. Additionally, the instructions in this section can be followed exactly, in order to reopen a receivable (RE) document and simultaneously close the generic NSF Receivable.

- A. Locate CR document on document catalog
 1. **Navigate** to the Document Catalog
 2. In the **Code** field, enter **CR**
 3. Click **Browse**
 4. In the **Dept.** field, enter **your department code**
 5. Enter the **Document ID** that needs to be modified
 6. Click **Browse**. The document should appear in the grid. Click on the **ID** link to open the document.
- B. Click **Edit** to modify the document
- C. Make adjustments to the **Vendor** component

Handling an NSF - Department Process

1. Select the vendor line with the NSF from the grid. On the General Information tab, decrease the **line amount** by the amount of the NSF
 2. On the Payment Information tab select a **Reason Code** from the pick list.
- D. Make adjustments to the **Accounting** component for this vendor line
1. On the General Information tab, decrease the **accounting line** amount by the amount of the NSF.
 2. If this lines references an RE document, change the Ref Type on the **Reference** tab to **Partial**, to reopen the RE.
 3. Return to the vendor section
- E. Add new vendor line in the **Vendor** component
1. Click **Insert New Line**
 2. At a minimum, on the General Information tab, enter the **line amount** and **payment type**
 3. Go to the **Payment Information** tab and select a **Reason Code** from the pick list
- F. On the **Accounting** component add a new accounting line
1. Click **Insert New Line**
 2. On the General Information tab, enter the **Event Type** of ARC1 or ARC2
 3. Enter the **Line Amount**
 4. On the Fund Accounting tab, enter the Department, Fund, Unit and Appr Unit, or use the Function code on the Detail Accounting tab to infer these elements.
 5. Leave the revenue blank if using event type ARC1
- G. **Validate** CR document
1. Confirm that the document is validated successfully in the upper left-hand corner. If the document was not validated successfully, please see your accounting supervisor
- H. **Submit** CR document
- Note: Since the overall amount of the CR document did not change, the CR will be handled through workflow and will be pending the approval of the Department Approver only.*

NSF Accounting Correction

If the NSF was received and does not involve a tax, fine or penalty and no goods or services were rendered (e.g., a professional license was revoked when notification of the NSF was received), then an accounting correction should be completed. The accounting correction entails the Department's processing a Department – Treasury Adjustment (DADJ) document. Please note, an accounting correction need not be processed in order to correct the accounting recorded on an NSF redeposit. Instead, follow the instructions in the last section, under Modify a CR Document.

The following event types are available to use on the DADJ document for NSF adjustments:

Handling an NSF - Department Process

- ARD3 (Write-Off NSF Receivable) - Revenue
 - Debit: Revenue
 - Credit: NSF Receivable
- ARD4 (Write-Off NSF Receivable - Expenditure)
 - Debit: Expenditure
 - Credit: NSF Receivable

Procedure

- A. Log into FIS
- B. **Search** for the STADJ document created by Treasurer's Office
 1. **Navigate** to the Document Catalog
 2. In the **Code** field, enter **STADJ**
 3. Click **Browse**
 4. In the **Dept.** field, enter **your department code**
 5. In the **ID** field, enter the STADJ **document ID**, as provided on documentation from the Treasurer's Office
 6. Click **Browse**
 7. Click on the **ID** link, from the grid, to open up the STADJ that will be copied forward to a DADJ
- C. **Click** the Copy Forward button
 1. In the Dept. field, enter your department code
 2. Click **Auto Number** checkbox to generate a unique ID
 3. Click **Okay** to generate a DADJ document
- D. Complete the **Header** component
 1. At a minimum, enter the following information:
 - Document Description – Enter description for the document that provides the reason for this request.
- E. Complete the **Accounting** component
 1. At a minimum, enter the following information on the **General Information** tab:
 - Enter the **Event Type** select **ARD3 or ARD4**. See a description of the event types in the opening summary to this section.
 - Line Amount
 - Budget FY – Enter the applicable appropriation year (e.g. 2016)
 2. At a minimum, enter the following information on the **Fund Accounting** tab:
 - Department
 - Object – Enter only if using event type ARD4
 - Revenue – Enter only if using event type ARD3

Handling an NSF - Department Process

- Additional elements required are the Fund, Unit and Appropriation Unit, if not inferred by the Function
3. At a minimum, enter the following information on the **Detail Accounting** tab:
- Any department required elements, such as Function
- F. Prior to submitting the document, attach a letter or form providing further details that justify this correction request, as required by the General Accounting Office (GAO) . See an example form provided in the appendix to this document
- Click on **File** and select **Attachments**
 - Select **Upload**
 - Select **Browse** and select the file
 - Click **Upload**
 - Click **Return to Document**
- G. **Validate** DADJ document
1. Confirm that the document is validated successfully in the upper left-hand corner. If the document did not validate successfully, please see your accounting supervisor
- H. **Submit** DADJ document
- Note: The document will be handled through workflow and will be pending the approval of the Department Approver and the GAO Approver*

NSF Receivable Write-off

If the conditions for an accounting correction do not apply (see above), and the NSF receivable represents an enforceable debt, the debt must ultimately be collected or forwarded to the Office of the Attorney General (OAG) for collection or approval for write-off. For example, if the NSF was received, and goods or services were rendered and cannot be recovered or revoked, an accounting correction cannot be processed. The receivable is still valid. If the agency has performed, to no avail, those steps required to effect collection, then a write-off of the receivable can be requested. Requesting a write-off for the receivable involves a few steps that are summarized immediately below and later described in detail:

- Create an RE document for the customer with the NSF, if one does not already exist. If an RE already exists, see the instructions in the NSF Redeposit – Cash Receipt section, under Modify a CR Document, to reopen the RE.
- Copy Forward the RE document created above to a write-off (WO) document and submit the Uncollectible Debt Detail spreadsheet and Uncollectible Debt Referral Certification & Recommendation coversheet to the OAG.
- Create a DADJ document following the instructions in the NSF - Accounting Correction section above. Include a document description that identifies the pending WO document ID.

Handling an NSF - Department Process

Please note: Properly processing a request to write-off an NSF requires the use of the AR module in AFIS. If your agency is not currently using the AR module for all of its billing and collection, you will, nonetheless, have to enter the write-off for the NSF into the AR module for proper processing.

Procedure

- A. Log into AFIS
- B. **Navigate** to the Document Catalog
 1. In the **Code** field, enter **RE**
 2. Click **Create**
 3. In the **Dept.** field, enter ***your department code***
 4. Click **Auto Number** checkbox to generate a unique ID
 5. Click **Create**. A new document is generated
- C. Complete optional fields on the **Header** component.
- D. Complete the **Vendor** component.
 1. At a minimum, enter the following information:
 - Vendor Customer - As an alternative the miscellaneous customer code can be used, 'MISCCUSTOM'
 - Billing Profile – billing profile must be an available Billing Profile for vendor customer as recorded on the Customer Account (CACT) table. The billing profile 'AROAG' is a statewide billing profile that is available to all agencies to use with the miscellaneous customer code, where accounts are referred to the OAG for collection or write-off.
 - Legal Name – required if the miscellaneous customer is used
 - Address Line 1, City, State, Zip and Country are required if the miscellaneous customer is used.
 2. Click **Save**.
 - AR Dept (will default)
 - AR Unit – If the Billing Profile is not available for ALL Units, then change the Unit to the specific Unit allowed on the Billing Profile.
- E. Complete the **Accounting** component.
 1. Click **Insert New Line**.
 2. At a minimum, enter the following information on the, **General Information** tab:
 - Event Type will default to AR01 (Billed Earned Revenue).
 - Line Type will default to A (Principal). Change the line type, if needed.
 - Line Amount

Note: If using Accounting Template or Function to infer other COA fields, enter value and then **Validate** to complete inference.

Handling an NSF - Department Process

3. If not using an Accounting Template or Function, at a minimum, enter the following information on the **Fund Accounting** tab or enter the Function on the **Detail Accounting** tab:

- Fund
- Revenue will be used primarily
- Department
- Unit
- Appr Unit

Note: Other chart of account elements may be required by your agency. Enter all of the required elements.

Note: For additional accounting lines repeat step E.

- F. **Validate** RE document.
- G. **Submit** RE document.
- H. The RE document will become Final, after the Department Approver approves the document.
- I. **Locate** the Final RE document for further processing
 1. **Navigate** to the Document Catalog
 2. In the **Code** field, enter **RE**
 3. Click **Browse**
 4. In the **Dept.** field, enter **your department code**
 5. In the **ID** field, enter your **RE Document ID** created above
 6. Click **Browse**. The RE document will appear in the grid
 7. Click on the **ID link** to open the RE document
- J. **Copy Forward** the RE document to a WO to create the write-off
 1. Select the **Target Document Type** of **WO**
 2. In the **Doc Department Code** field, enter **your department code**
 3. Click **Auto Number** checkbox to generate a unique ID
 4. Click **Okay**. A new document is generated
- K. Review the details of the **WO** document and ensure all pertinent information is provided
- L. **Validate** WO document.
- M. **Submit** WO document.

Note: *The document will be handled through workflow and will be pending the approval of the Department Approver and the GAO Approver*

- The GAO approval will not occur until an off-system, lengthy review process is completed. The OAG, upon receiving the agency's uncollectible forms (see next step), will review the documents and include the debt on their report to the JLBC. The WO document will stay

Handling an NSF - Department Process

pending until a favorable review by JLBC. If a favorable review is received, then the GAO Approver will approve the WO document and it will become final.

- N. Complete the Uncollectible Debt Detail spreadsheet and Uncollectible Debt Referral Certification & Recommendation coversheet and remit to the OAG. These forms and instructions can be found on the OAG website, at: <https://www.azag.gov/bce/client-agency>.

Please note the DADJ document in the next step should be completed now. Do not wait until the WO is approved to complete this step.

- O. **Create** the DADJ document to close the generic NSF Receivable
1. Follow the instructions provided above in this manual for NSF - Accounting Correction to create a DADJ document
 2. In addition to the instructions in that section, enter the Document ID of the WO document created in the description field (i.e., Referencing - WO, ADA, 16000000012).

Handling an NSF - Department Process

Appendix

Accounting Correction form example

Request for an Accounting Correction

For Checks Received That Involve an NSF, a Redeposit and/or a Duplicate Payment

Requestor's Name		Agency		Phone	
Requestor's Title		Email		Request Date	
<i>Information about the check for which the accounting correction is to be made.</i>					
Document JCN		Document Date		Amount	
Remitter's Name			Check Number		

Please attach all supporting documentation, including deposit documents, copy of check, correspondence, etc.
 No accounting corrections can be approved if the remitter owes any amount to the State related to the transaction for which the original check was presented.
 Requests to write-off or modify the amount of any debt must be sent to the Office of the Attorney General.
 If this request is approved, you will be notified by your agency's GAO Liaison. If it is not approved, it will be returned to the requestor.

Please check the box that corresponds with the reason for this request / justification for the correction.					
<input type="checkbox"/>		1. The remittance was for a license or renewal fee that was either never issued or immediately revoked.			
<input type="checkbox"/>		2. The check represents a duplicate payment. Please enter the information relating to the <u>original check</u> in the "Original Check" section provided below.			
<input type="checkbox"/>		3. A replacement check was erroneously recorded as revenue instead of settlement of an NSF receivable. Please enter the information related to the <u>original NSF check</u> this check replaces in the "Original Check" section below.			
Original Check	Remitter				
	Check Number		Amount of Check		
	Deposit Document		Document Date		
<input type="checkbox"/>		4. The remittance was for goods or services—other than license or renewal fees—that were not delivered or rendered. Please explain in the "Detailed Explanation" section below.			
<input type="checkbox"/>		5. Other. Please explain in the "Detailed Explanation" section below.			
Detailed Explanation					

IMPORTANT: Sections of Form Found Below Are for GAO Use Only!

Approved	Rejected	Released	Status Updated	By	EIN	Signature	Date
<input type="checkbox"/>	<input type="checkbox"/>			P&C			
<input type="checkbox"/>	<input type="checkbox"/>			Mgt			
		<input type="checkbox"/>		AFIS			
			<input type="checkbox"/>	Opns			
Reason for Rejection				<input type="checkbox"/> A debt may still exist <input type="checkbox"/> Other			
Instructions to Requestor				<input type="checkbox"/> Send Request to Attorney General <input type="checkbox"/> Other			

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