Corporate Accounting Manual Policy

Purpose

For accurate recordkeeping, [Company Name] has established check-voiding procedures.

Standard

- Stale checks are defined as:
    - Checks payable to supplier partners that have been outstanding for more than 90 days.
    - Security deposit refund checks that have been outstanding for more than 180 days.
- The Accountant is responsible for determining if there are any stale checks when reconciling the bank
- account. When escheating unclaimed security deposits refunds, all state requirements must be followed.
- Accounts Payable (AP) is responsible for voiding and reissuing all voided checks.

Procedure

Voiding Supplier Partner Checks
1. Stop and void supplier partner checks that are 90 days old.
    a. Ask AP to determine if the invoices that were paid with the check are outstanding.
        - If the invoices have not been paid, prompt AP to reissue a check.
        - If the invoices have been paid, prompt AP to:
            - Reverse the invoices.
            - Pull the check/invoice copy from the file, mark it as void, then initial and date the copy.
    b. Stop payment on the check via the online banking site.
    c. Prompt AP to void the check in the property management software.

Voiding Security Deposit Refund Checks
1. Void security deposit refund checks that have been returned or that are over 180 days old and have not cleared the bank account.
2. Verify with AP whether the check has been returned.
    a. If the check has been returned, AP will:
        - Scan the check and the envelope.
        - Save the scanned copies in the AP folder.
    b. If the check has not been returned:
        - Stop payment on the check via the online banking site.
        - Prompt AP to void the check.
3. Send the Community Manager the returned security deposit refund check information and ask them to obtain the proper address for resubmission.
    a. If the proper address is obtained, AP will reissue the check.
    b. If the proper address is not available, the Accountant will reclass the check to a liability account.

Unreturned Stale Checks
1. Ensure that unreturned stale checks have a stop payment issued against them.
2. Ensure AP voids the check and reverses the invoice in the property management software.
3. Complete a journal entry to move the amount of the voided check out of the Security Deposit Liability account and into the Security Deposit: Void Checks account.
4. When a property is sold or the state-allowed time limit has passed, remit all voided security deposits refunds to the state as applicable.