Accounts Payable Checks – Check Stock Control Procedures

FORMS:

*Blank Check Stock*
The blank check stock is stored in a secured location with limited access. There is a pre-printed control number on the back of each check that is used for inventory purposes.

*Check Stock Control Log*
This form is used to keep a running inventory of the check stock. All check stock received and used is recorded on this form. The inventory balance is periodically checked against the physical inventory. The log form is maintained in the following network directory: `\\Cn-share\g3\CO\Controllers\BusSvcs\Check Stock\AP Check Stock`

*Check Stock Control Form*
This form is used for each group of checks printed. The Check Stock Control Form and Check Stock Control Log are completed by the person running the checks. Another employee verifies the document numbers.

PROCEDURES:

*Record shipment of check stock received*
- When check stock is received, two employees open the boxes and verify the first and last check stock control numbers.
- The blank check stock is transferred to secured storage.
- The employee responsible for maintaining the *Check Stock Control Log* completes the form as follows:
  - a. Enter date and description that shipment is received.
  - b. Enter the number of checks in the “Balance or Received” column
  - c. Under the “Control Numbers Unused” columns, enter the first and last control numbers. Verify the total.
  - d. Employee initials entry on log.
  - e. Confirm that the three “verification” totals are zero.

*Use check stock (to print checks)*
- Complete the *Check Stock Requested* section of the *Check Stock Control Form*. Enter check issue date, number of checks requested, print name, and date of request.
• Print checks
  
a. Retrieve check stock from storage.
b. Request a designated employee, who does not have check printing access, to retrieve the check-printer key and signature disk from the safe.
c. Print the checks
d. Complete Check Stock Issued section of the Check Stock Control Form. Enter the beginning and ending Control Numbers from the check stock (preprinted) and the total number used. Enter the beginning and ending check numbers and the total number used. Sign “prepared by”.
e. Enter the check stock used in the Check Stock Control Log:
   o Enter the date and reason the check stock is issued
   o Enter the “Control Numbers Issued” From and To
   o Enter the first check number under “Check Numbers Written”.
   o If there is unused or ruined check stock, enter the number of unused checks in the “Not Used” column.
   o Check to see that the inventory balances changed and make sure the three verification columns are zero.

• Verification
  
a. A business services employee, other than the one processing the checks, verifies the following:
   ▪ Reviews the printed checks and matches the document numbers and total checks against the Check Stock Control Form. Signs the Control Form.

Disposition Check Stock Used for Testing Purposes
  
a. For checks sent to Treasury, note on “check request” form whether or not checks are returned to CO.
b. If they are returned (or for any internal test checks), 2 people initial and date a note on “check request” form, indicating the date they witnessed them being shredded.
c. Any paystubs remaining should be shredded and the date noted on the “check request” form.
**Semi-Annual Audit:**
On a semi-annual basis, a supervisor or an employee other than the one responsible for check stock maintenance performs an audit of the check stock.

- Verify first and last control numbers on the check stock.
- Verify that the next available control number immediately follows the last used control number on the Check Stock Control Log.
- Calculate the amount of check stock in inventory, based on first and last control numbers. Compare balance with the Check Stock Control Log.
- Spot check at periodic intervals to verify control numbers are sequential.
- Spot check the check Stock Control Forms against entries on the Check Stock Control Log.
- Verify that the last Check Stock Control Form matches the last entry on the Check Stock Control Log.

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