

# Void checks in AP and PR (and AR)

## Dangers and Controls

### Introduction – Core Issue/Danger

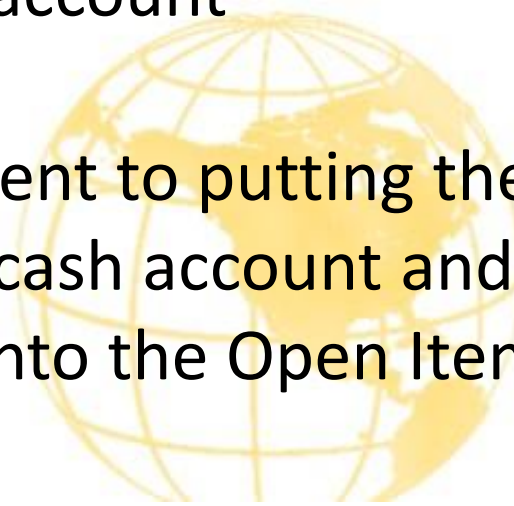
- Besides reversing the status of a check, these transactions also reverse General Ledger transactions for the Cash account along with a variety of other values esp. in PR (Wages, Withholdings, Hours worked, etc.)
- As a result, the date used in the Voiding can be much more of a problem than the original issuing of a check.

# Void checks in AP and PR (and AR)

## Dangers and Controls

### Danger

- For a Void check in AP, the General Ledger distributions will typically debit the Cash account and credit the AP account
- This is equivalent to putting the cash from the check back into the cash account and putting the offsetting liability back into the Open Item file.



# Void checks in AP and PR (and AR)

## Dangers and Controls

### Danger

- In PR, like AP, the cash account is debited and then the wage account is credited.
- This will reverse the payout to the employee and reverse the wage expense recorded. Since there will be additional deductions and earnings (taxes, medical etc.) some number of other accounts will be hit as well. Since many of these will be withholding accounts e.g. Federal Withholding, these are liability accounts (credits) and so reversing them will be debits.


# Danger

- Voids should be current
  - You should not be reversing “old sins, you should be correcting current problems
  - Be careful of posting to the prior period
- GAAP issue (best of knowledge, timely and accurate)
  - i.e. prior period posting usually unnecessary
- Practical issue – prior period GL balances
  - E.g. You are processing data in February 2025 but in cleaning up for your year-end you might be tempted to void an old uncashed check to a vendor issued back in November with a November void date – this will (automatically) change November, December, January balances for Cash, AP etc.
  - This can be a problem for AP and PR and even (returned checks) in AR. However, this most often happens in AP.


# Danger


- Why not A/R?
  - Bad checks – normally discovered in period and so corrected in the same month
  - Also, bad checks are explicitly recorded in history because of their effect on a customer's payment/credit history
  - The returned checks function allows for the default current date to be changed in the case the check was received in a prior period:


Entry period: 06/01/2024 thru 06/30/202

Customer ACELO  Ace Hardware - Lodi

Check # 113355 Balance method: Open item Terms: 1% 10 Prox N30

Receipt date 01/31/2025  Ref/Bank route #

Amount received 1,000.00 Return date 02/03/2025 

Cash account 1000-000  Checking



# AP Voids

- The issue of dating for AP checks comes up because in AP uncashed checks are frequently not discovered for a month or more after they are issued.
- In AP three primary files are involved:
  - **AP Open Item file** – the void is used to “unmark” the invoice/voucher entry as paid i.e. it is now open and available for another check cycle
  - **AP Vendor History** – has one line per transaction against that check so void is added as a third line reversing the cash
  - **GL Distributions** – voids will create a Debit to Cash and a Credit to AP reversing the Credit to Cash, Debit AP that came from the check process.

# AP Voids

Walk through:

View invoices for vendor "All" View invoices by Voucher number  View invoices for a vendor by

Select by ascending voucher #

& Vend-#	Vchr-#	Chk-#	Jrnl-#	Cash account #	Chk-date	Document type	Inv#	Invc-date
100	2045	163247	AV0101839	1000-000	10/11/2021	Void check	2	10/11/2021
100	2046		AP0101778			Invoice	2510	09/13/2021
100	2047		AP0101779			Cancellation	2510	09/13/2021
100	2048		AP0101851			Invoice	1317485	10/22/2021
100	2048	163248	AK0101913	1000-000	12/11/2021	Computer check	1317485	10/22/2021
100	2049		AP0101856			Invoice	13233	10/25/2021

**General** | Vendor info | Invoice addresses

Vendor #  Vendor name

Invoice #  Voucher #  Contact

P. O. #  Original amount  Phone

Invoice date  Discount amount  Reference

Dist date  Retainage  Pay-to #

Date	Type	Check #	Cash Account	Jrnl #	Amount Paid	Disc Taken
10/22/2021	* Invoice			AP0101851	-90.00	-1.80
12/11/2021	Computer-POS	163248	1000-000 Cash account #13557-000	AK0101913	90.00	1.80
					Totals applied	-90.00 -1.80
					Balance	.00 .00

[View distribution history](#)

Date	Type	Check #	Cash Account	Jrnl #	Amount Paid	Disc Taken
10/22/2021	* Invoice			AP0101851	-90.00	-1.80
12/11/2021	Computer-POS	163248	1000-000 Cash account #13557-000	AK0101913	90.00	1.80
02/16/2022	Voided check	163248		AV0101915	-90.00	-1.80

# AP Voids

GL distributions:

Distribution acct	Cash account	*	Amount	Reference	Jrnl #	Dist date	Distribution type
8820-000			90.00		AP0101851	10/22/2021	Expense distribution
2000-000			-90.00		AP0101851	10/22/2021	Transaction added
4050-000	1000-000		-1.80		AK0101913	12/11/2021	Discount taken
2000-000	1000-000		90.00	Vermont Metal Products	AK0101913	12/11/2021	Paid
1000-000			-88.20	Vermont Metal Products	AK0101913	12/11/2021	Check amount paid
4050-000	1000-000		1.80	Void chk 12/11/21 - 16324	AV0101915	02/16/2022	Discount taken
2000-000	1000-000		-90.00	Void chk 12/11/21 - 16324	AV0101915	02/16/2022	Returned to open
1000-000			88.20	Void chk 12/11/21 - 16324	AV0101915	02/16/2022	Voided check

\* = Correcting entry

Account description **Accounts payable**

Voucher

Invoice #

Check # **163248**

Vendor **100**

**Vermont Metal Products**

# AP Voids

- Voids can't be undone in an automatic fashion however new check can be issued.
- Cancelation voucher
- Voids made at print time:

View invoices for vendor "All" View invoices by Vendor number View invoices for a vendor by

Select by ascending vendor #

Vend-#	Vchr-#	Chk-#	Jrnl-#	Cash account #	Chk-date	Document type	Invc-#	Invc-date
		163141	AK0101366	1000-000	05/31/2018	Void check	163141	05/31/2018
		163143	AK0101372	1000-000	05/31/2018	Void check	163143	05/31/2018
		163144	AK0101375	1000-000	05/31/2018	Void check	163144	05/31/2018
		163145	AK0101378	1000-000	05/31/2018	Void check	163145	05/31/2018
		163148	AK0101387	1000-000	05/31/2018	Void check	163148	05/31/2018
		163150	AK0101424	1000-000	05/31/2018	Void check	163150	05/31/2018

General Vendor info Invoice addresses

Vendor # Invoice # 163141 P. O. # Invoice date 05/31/2018 Dist date 05/31/2018

Vendor name Voucher # Original amount Discount amount Retainage

Contact Phone Reference Voided at check run Pay-to #

## AP Voids - notes

- If the AP cash transactions are setup to automatically be transferred into the to Check Rec module, voiding checks here will produce a warning message:

**\*\*\* Warning - check has already been transferred to the Check Reconciliation package \*\*\***

- Because of this, the check(s) will have to be manually voided in the Check Rec module itself. This will involve using the Load Checkbook function in the CR Utilities menu.

# PR Voids

- Frequently discovered in same month; no capability for changing the void dates – must be done in GL
- In PR the primary files involved:
  - **EE Check History** – has one line per check transaction so the void check transaction is added as a separate line – i.e. reversing entry like a negative check (samples below)
  - **GL Distributions** – void will create a debit to Cash and a credit to Wage Expense reversing the credit to Cash, debit Wage Expense resulting from the original check
  - **History files** that generate payroll financial reporting e.g. W2's as well as other history files tracking time worked and wages paid and deductions are updated

# PR Voids

- Walk-through:

File View Print Options Tools Help

**New** **Edit** **Save** **Save / New** **Delete** **Cancel** **Exit**

Select check history by ascending cash employee #

Cash account #	Check #	Pmt type	Chk date	Emp#	Employee name	Do Void
1000-000	163242	Check	07/29/2021	3	Lopez, Felicia J.	VC
1000-000	163240	Check	07/29/2021	4	Wilson, Arnold J.	VC
1000-000	163227	Check	07/29/2021	6	Delaney89012345, Katherine	
1000-000	163241	Check	07/29/2021	7	Holmes, Peter G.	VC
1000-000	163238	Check	07/29/2021	10	Prieskorn, Jeff	VC
1000-000	163228	Check	07/29/2021	11	Anderson, John	VC
1000-000	163229	Check	07/29/2021	20	fsdfsfs, Bob	Yes
1000-000	163230	Check	07/29/2021	21	Who, bob2	
1000-000	163231	Check	07/29/2021	22	22, employee	
1000-000	163243	Check	09/08/2021	22	22, employee	
1000-000	163244	Check	09/15/2021	22	22, employee	
1000-000	163232	Check	07/29/2021	23	Malone, Scott	

Select check# to void from this list, and then click on New button.

VC = Voided Check

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Checks to be voided

Select check to void by ascending cash account #

Cash account #	Check #	Pmt type	Chk date	Emp #	Reference
1000-000	163229	Check	07/29/2021	20	

Cash account #

Check #

Payment type

Check date

Employee #

Reference

<F1> = next historical check, <SF1> = previous historical check

## PR Voids – notes

- **Note posting is required** to change the “Yes” (the “it should be voided” entries) to “VC” (the “it has been voided” entries). This is easy to overlook and has been the source of problems with selected but unposted voids sitting “waiting” for months.
- **Note also** that once posted, the selected entry disappears from the lower (transaction) window and the status change is reflected in the upper window.

## PR Voids – notes

- **Note** although ACH transactions can be voided this process will not add records to the ACH text file that will be uploaded to the bank. This means that *as far as PBS is concerned* the check has been voided; however,
- separate arrangements will have to be made to notify the bank to reverse it there. This may also be a problem since the cash is taken from the payer's account relatively quickly after the receipt of the transaction file and so the cash may already have been sent and deposited to the recipient by the time the void notification to the bank is received.

## PR Voids – notes

- As in AP voids can't be undone – but can be re-entered as a time worked/calculate and print transactions
- All the GL transactions from the original check will be reversed i.e. reversing Cash (debit), Wage Expense (credit) and the myriad other withholdings, deductions and additional pay (debits and credit)

## PR Voids – notes

- As with AP if the cash transactions are setup to automatically be transferred into the to Check Rec, voiding checks will produce a warning message:

**\*\*\* Warning - check has already been transferred to the Check Reconciliation package \*\*\***

- Because of this, the check(s) will have to be manually voided in the Check Rec module itself. This will involve using the Load Checkbook function in the CR Utilities menu.

# PR Voids

- Walk through of History changes:

				Account total:		56.00CR
<b>1000-000 Cash account #13557-000</b>	07/29/21	PM0101899	1000-000	<b>163240</b>	<b>4</b>	<b>745.65</b>
	07/29/21	PM0101899	1000-000	163242	<b>3</b>	<b>1,662.85</b>
	07/29/21	PM0101901	1000-000	163241	7	582.22
	07/29/21	PM0101905	1000-000	163228	11	502.56
	07/29/21	PM0101905	1000-000	163238	10	2,917.47
	07/29/21	PR0101755	1000-000	163227	6	289.12CR
	07/29/21	PR0101755	1000-000	163228	11	502.56CR
	07/29/21	PR0101755	1000-000	163229	20	2,505.38CR
	07/29/21	PR0101755	1000-000	163230	21	789.31CR
	07/29/21	PR0101755	1000-000	163231	22	460.53CR
	07/29/21	PR0101755	1000-000	163232	23	341.05CR
	07/29/21	PR0101755	1000-000	163233	51	332.86CR
	07/29/21	PR0101755	1000-000	163234	52	1,038.97CR
	07/29/21	PR0101755	1000-000	163235	111	10,377.53CR
	07/29/21	PR0101755	1000-000	163236	16464	655.74CR
	07/29/21	PR0101755	1000-000	163237	131313	998.95CR
	07/29/21	PR0101755	1000-000	163238	10	2,917.47CR
	07/29/21	PR0101755	1000-000	163239	99	1,763.93CR
	07/29/21	PR0101755	1000-000	163240	<b>4</b>	745.65CR
	07/29/21	PR0101755	1000-000	<b>163241</b>	<b>7</b>	<b>582.22CR</b>
	07/29/21	PR0101755	1000-000	<b>163242</b>	<b>3</b>	<b>1,662.85CR</b>
				Account total:		19,553.37CR





# Questions

# **Need some help?**

**Contact your Passport Partner!**

**Or call us at:**

**800-969-7900 Ext. 103**

**[psi@pass-port.com](mailto:psi@pass-port.com)**

