



## Tips and Tricks #63 – Check Dates and Voids

As I write this in early 2025, I am thinking about the somewhat special character of the month of January and onward. The Romans had a special god “Janus” and he was associated with beginnings, transitions, and endings and other qualities. Consistent with these traits, he had (literally) two faces, one looking forward and the other back. The symbolism is clear – reviewing by looking to the past and anticipating by looking to the future.

This is a time to ensure our payroll and 1099 reporting for 2024 is finished and, if we are on a calendar year, to start our year-end closing. At the same time, we plan for this year and start to implement any changes we need for 2025.

And so, to our purpose of this blog: check dates and their effects. One of the most obvious and important of all the accounts and key indicators for our business is cash accounts. Specifically, the importance of careful use of dates especially with respect to cash transactions. Normally there are few problems with the issuance of checks – the check date is on or close to the date we issued the check on, and that is also the as-of date in the General Ledger that it will be recorded with. However, and this is a fairly large “however”, we get a fair number of problems that arise with inappropriate use of dates when checks are voided in AP and Payroll.

### Introduction

One of the major things happening behind the scenes in PBS is the creation of transactions to the General Ledger. These are simply dollar-valued transactions (debits or credits) that are identified by an account number and a date. As indicated above, cutting a check on February 14<sup>th</sup> means that the debits and credits that make up the transaction set sent to the GL will have 02/14/25 as part of their key. Also, all transaction sets have to zero-balance; the sum of all of the debits and credits in that set must add to zero. In the AP case of cutting a check, this will usually be a debit to the AP Liability account (since the check will discharge the liability) and a credit to the Cash account to reduce it by the value of the check. And similarly in Payroll, although the collection of debits and credits represent the various withholdings and expense categories is inevitably more complex. The checks for these two are not typically problematic. It is the reversals that can cause a problem – the Void check which serves to reverse an issued (and posted) check in AP or PR.

The problem here is dates. It is somewhat natural to assume that the date of the correcting void is the date of the original check. But this is typically wrong for two related reasons, a practical one, and one based in accountancy. The practical one is that, except in the case where the void is being issued in

the same month/GL period that the check was issued, the void date will be out of period, i.e., will have a distribution date that refers to a prior month. Since the void will be generating GL transactions as described above, having an out-of-period posting will alter prior-period balances for Cash and AP for Payables and Cash and the various liability accounts (like Federal withholding) for PR. Now if you don't have a General Ledger, then altering these balances may make no important difference. But the second part of this is still appropriate and begs that these out-of- period postings be avoided. This part stems from GAAP (Generally Accepted Accounting Principles) which includes a stipulation that costs and revenues be reported as actuals and be, to the best of the person's knowledge, timely and accurate. This last means that if a mistake is made it is not necessary (and in this case, not a good idea to correct back to the time of the error). Consider a void check as correcting an error. And as the above implies, the correction has no reason to be corrected in the prior period. The correction can and should be done in the current period – presumably in the period in which the problem is discovered. The implication here is that, to the best of your knowledge, when the AP check was issued, these were valid transactions and accurate at the time of the posting and now, later, after discovering the problem you are correcting them.

### Why not include Accounts Receivable?

Although it is possible for an AR receipt to be bad, it is unlikely for most businesses and, most of the time the discovery of the problem is out-of-period. Some types of international transactions such as Letters of Credit or bank wires can suffer from delays but providing you wait till these types of electronic transfers are actually acknowledged by the bank, then it is unlikely you will have a problem dating. In addition, while doing your month-end closing, the end of period reconciliation process for your cash account against the bank statement will catch these problems and if a Returned check transaction needs to be processed, it will still be in the same period as the original receipt.

However, the principle does remain and in noting the screen shot below:

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

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

You see that the Receipt date has defaulted (just below check#) to the date used in the prior posting of the cash receipt. The Return date will be defaulted to be the same. However, in this example, the Return date has been overridden changing the default indicating that the bad check information was received and processed in the next month. The take-away is the same as for AP and PR: we are

reversing this transaction in the period (February not January) that the information that prompted the reversal was received.

### Accounts Payable

It is fairly common for the Voiding process in AP to involve checks from prior periods. This is because it is not uncommon for the accounting department to decide after some number of months, e.g., after the check date has gone beyond a reasonable stale date, that it is time to void it. Again, it would generally be a mistake to use the original check date 05/31/18 as in the example below. In this case, according to our hypothetical story, we discovered this old cashed check from 6 years prior and we want to eliminate it. Since, in our story here, we are now in July of 2024, we would use a July date for the voiding transaction. Keep in mind we are assuming that for the 6 years, this amount was carried forward month by month as an uncashed check, something that will create a reconciling difference between our internal cash account and the bank statement. At this point we are saying it will never be cashed so as of July 2024 we are voiding it and reclaiming the cash that was considered spent up until now.

Note that the check date as shown here is quite out-of-period but the distribution date will be July because in this scenario the discovery and the decision to void was made in July 2024.

View Print Options Tools Help

New Edit Save Save / New Delete Cancel Exit

Select by ascending cash account number

Entry period: 01/01/2024 thru 12/31/2024

Cash account number	and description	Check#	Date	Type
1000-000	Checking	163132	05/31/2018	Computer check

General

Account number 1000-000 Checking

Check number 163132 Correcting entry

Check date 05/31/2018 Distribution date 07/15/2024

Check type Computer check Reference duplicate

Vendor name U S TREASURY

Check amount 300.00

We will also want to remove the voucher that was paid by the check in question by using the July 2024 date and entering and posting a cancellation voucher.

The combination of voiding the check which restores the item to being an open item and then cancelling the voucher will remove the voucher from the open item file. The cancellation will also reverse the GL distributions created by the voucher. Assuming the July date is used for the Cancellation voucher, the expense and liability sides of the voucher's GL distributions transactions will also have the July date. Even with the removal and cancelling of both the voucher and the check, the vendor history for this vendor will record the voided check and the cancellation against the original voucher so there is a full, historical trail showing the history of this item.

The dates here illustrate the logic of reversing transactions in the accounting period that you are currently working.

## Payroll

The next example of the problems arising from out of period posting affects not only the General Ledger but also the all-important pay statistics for the employee involved. An employer had accidentally issued two separate payroll checks to an employee in June 2024. This was noticed in July of 2024 as part of their 2<sup>nd</sup> quarter closing, and the employee was willing to write a check back to the employer to refund the money. The employer voided the duplicate check but used the June check date, not the current July date, which meant it went against Q2 numbers and not Q3. Unfortunately, however, between the cutting of the checks and the creation of the void, the 941 quarterly Federal reporting had been submitted and the numbers on that report included the duplicate check.

The result is that while the payroll system itself had been corrected, the Q2 Federal reporting included the second (mistaken) check and the payroll system could not reconcile the employee wages and taxes withheld and, as well, the employer had overpaid their Q2 installment.

A correction 941 for Q2 had to be submitted in order to receive money back from the government.

## Purging of Voids

In both AP and PR, once a check has been purged there is no option through PBS to "unvoid" it. The logic of this is that even if you wanted to reissue the check, you would reissue it as a new check with a different check number and check date. And this is consistent with GAAP, in creating a chain of evidence for any transaction from beginning to end. With this in mind, and as the voided check info is not available in any report, purging of voided check transactions is recommended to be done frequently to minimize the volume of what is considered useless data.

Because bad checks are something that need to be tracked in AR, a Returned check (the equivalent of voiding a receiving) is actually recorded in the AR history files as a reversal of the cash transaction and that becomes a permanent part of the client's history – you definitely want to keep track of a client sending you rubber checks.

As indicated above, voided checks once posted, in some sense, disappear from the system at least as far as seeing them in reports. In AP they can be seen in the View Vendor Invoices as check reversal records that are located with the original check data.

This is seen in these screen shots, one before entering the void check and one after:

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

Select by ascending check #

Vend-#	Vchr-#	Chk-#	Jrnl-#	Cash account #	Chk-date	Document type	Inv-#	Invc-date
*MISC	2022	163149	AP0101405	1000-000	12/11/2019	Prepaid check	12354	12/11/2019
		163150	AK0101424	1000-000	05/31/2018	Void check	163150	05/31/2018
		163151	AK0101424	1000-000	05/31/2018	Void check	163151	05/31/2018
		163152	AK0101427	1000-000	05/31/2018	Void check	163152	05/31/2018
*23	2025	163153	AK0101430	1000-000	05/31/2018	Computer check	EFF	12/19/2019
100	2029	163161	AP0101509	1000-000	04/27/2020	Prepaid check	121	04/27/2020

General Vendor info Invoice addresses

Vendor # \*23 Vendor name Test company

Invoice # EFF Voucher # 2025 Contact

P. O. # Original amount 200.00 Phone

Invoice date 12/19/2019 Discount amount Reference

Dist date 05/31/2018 Retainage Pay-to #

Date	Type	Check #	Cash Account	Jrnl #	Amount Paid	Disc Taken
12/19/2019	* Invoice			AP0101421	-200.00	
05/31/2018	Computer-POS	163153	1000-000 Cash account #13557-000	AK0101430	200.00	

Totals applied -200.00 .00

Balance .00 .00

View distribution history

Select by ascending voucher #

Vend-#	Vchr-#	Chk-#	Jrnl-#	Cash account #	Chk-date	Document type	Inv-#	Invc-date
200	2024	300	AP0101411	1000-000	12/18/2019	Prepaid check	ADAD	12/18/2019
*23	2025		AP0101421			Invoice	EFF	12/19/2019
*23	2025	163153	AK0101430	1000-000	05/31/2018	Computer check	EFF	12/19/2019
*23	2025	163153	AV0101903	1000-000	05/31/2018	Void check	EFF	05/31/2018
100	2027		AP0101486			Invoice	11	02/27/2020
100	2027	56441	AP0101486	1000-000	02/27/2020	Prepaid check	11	02/27/2020

General Vendor info Invoice addresses

Vendor # \*23 Vendor name Test company

Invoice # EFF Voucher # 2025 Contact

P. O. # Original amount 200.00 Phone

Invoice date 12/19/2019 Discount amount Reference

Dist date 12/19/2019 Retainage Pay-to #

Date	Type	Check #	Cash Account	Jrnl #	Amount Paid	Disc Taken
12/19/2019	* Invoice			AP0101421	-200.00	
05/31/2018	Computer-POS	163153	1000-000 Cash account #13557-000	AK0101430	200.00	
05/31/2018	Voided check	163153		AV0101903	-200.00	

Totals applied .00 .00

Balance 200.00 .00

View distribution history

In the first screenshot we have a pair of transactions representing the voucher ("\*Invoice") as seen in the Type column and "ComputerPOS" representing the payment. In the second screenshot we see the results of voiding that check and here a third line has been added showing the reversal of the check.

You may also be aware that usually when you open the View Vendor Invoices screen, a number of entries that check entries, but these have no vendor name, ID or voucher number. These are checks that were voided at printing time i.e. you answered “no” to the “did all the checks printed correctly”. Any checks voided in this way will go into this portion of the view. All of these “print-time” checks will be purged whenever any other purge on the Vendor History file is run. They are written and kept here to document that there is a continuous sequence of check numbers recorded in the system and that none are missing. This is frequently one of the audit verifications that is done to ensure that all check numbers are accounted for.

In Payroll, the void check data is part of the check master file and checks that have been voided are marked with a VC in the user ID field. These checks will be visible in the void check lookup screen as follows:

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	
1000-000	163228	Check	07/29/2021	11	Anderson, John	Yes
1000-000	163229	Check	07/29/2021	20	fsdfs, Bob	
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	

VC = Voided Check

Checks to be voided

Select check to void by ascending cash account #

Cash account #	Check #	Pmt type	Chk date	Emp #	Reference
1000-000	163228	Check	07/29/2021	11	this is the unposted chk
1000-000	163240	Check	07/29/2021	4	CHECK ALREADY VOIDED
1000-000	163241	Check	07/29/2021	7	CHECK ALREADY VOIDED
1000-000	163242	Check	07/29/2021	3	CHECK ALREADY VOIDED

Cash account # 1000-000  
 Check # 163228  
 Payment type Check  
 Check date 07/29/2021  
 Employee # 11  
 Reference this is the unposted chk

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

In this screen shot, 3 checks in 2021 were voided and the voids posted. These are identified with a VC in the lookup’s right-hand column.

Also, in this example we have entered and saved *but not yet posted* an additional void check transaction. Although the active tab at the bottom is labeled “Checks to be voided”, you will see both previously voided checks as well as the one we have just saved. It is now marked with a “Yes” in the right-hand of the Lookup. It is ready to be posted and, after posting, its status will change from “Yes” to “VC”.

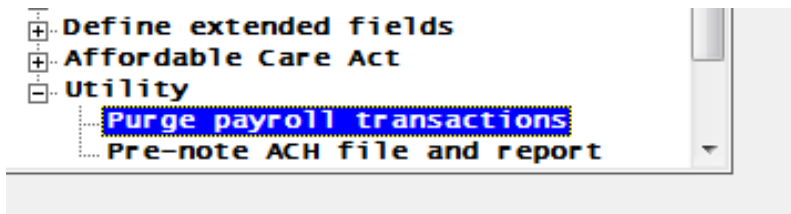
If you try to select one of these already posted voids from the upper Lookup window, the program will identify this line as previously voided.

In the bottom half of the window, the previously posted void checks will remain grayed-out even when you attempt to double click on them, i.e. they are unavailable for change.

If an item has not yet been posted, double clicking the item in the bottom window puts the item into edit mode and allows the reference field to be changed.

All of this may be a bit confusing at first. but it is a compact and efficient way of seeing what you have already voided and having the list of unvoided checks available for easy selection to void. And frequent purging of the void will keep number of old voids being displayed under control.

A final word of advice since having a long list of already voided checks in the list in the bottom window can be confusing and distracting, and since voids once posted can't be undone, we recommend that you regularly purge the voids from the file to keep the bottom list "clean". Possibly, and depending on the volume of void checks you have, you could do this monthly or quarterly and use a cut-off date one month or one quarter prior to your current date. This will control that number of void checks you see while still allowing you to see a recent history of what was voided. Purging void checks is done from the PR Main Menu selection "Utilities>Purge payroll transactions"



Despite its title, this will only purge **voided** checks. For purging employee records and payment history, please see the "[Employee Payroll History Report](#)" where selecting the purge button in the selection screen will purge employee transactions.

*The Passport Team*

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

847.729.7900