

Convenience Check Guide for Agency/ Organization Program Coordinators



Government Services

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Introduction

Convenience checks give Cardholders flexible access to funds available in their U.S. Bank Government Services Purchasing Card accounts. This guide is designed to help Agency/Organization Program Coordinators (A/OPCs) understand and manage the convenience check writing feature of the U.S. Bank Government Services Purchasing Card program. It also explains the program's unique features, assists A/OPCs in training Cardholders on its proper use and provides the necessary information for A/OPCs to set up the program within their agency/organization.

Contacts at U.S. Bank

U.S. Bank Government Services has a highly specialized service team to assist A/OPCs and to provide superior ongoing service. A/OPCs are encouraged to contact U.S. Bank Government Services with any questions or concerns regarding the U.S. Bank Government Services convenience check program.

U.S. Bank Government Services

P.O. Box 6347, Fargo ND 58125-6347

Contact us 24 hours-a-day, seven days-a-week

Toll-free: 888-994-6722
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Other Contacts

Name: _____

Organization: _____

Role: _____

Phone: (_____) _____

Name: _____

Organization: _____

Role: _____

Phone: (_____) _____

Overview

U.S. Bank Government Services convenience checks supplement an agency's/organization's purchasing card program. Convenience checks provide a cost-effective payment option for purchases from merchants or suppliers who are not capable of accepting purchasing cards. Cardholders can use convenience checks for payment in accordance with their agency's/organization's policies and procedures and any applicable procurement regulations. Because policies and procedures regarding convenience checks vary by agency/organization, cardholders should check with their A/OPC regarding their specific agency's/organization's policies on convenience check use.

Convenience checks can be used as an additional feature on existing purchasing card accounts or as a "check only" account. The agency/organization benefits by reducing the number of requisitions, purchase orders, and invoices, while increasing agency/organization efficiency. At the same time, convenience checks simplify auditing through easy verification and complete documentation.

This check writing program is a useful auditing tool for purchases and payments formerly made with cash. Designated Cardholders can write convenience checks for purchases or payments, and their agency/organization will have a record of the transaction on the Cardholders' statements. If necessary, check copies are available to substantiate transactions. A convenience check can be written to merchants or suppliers (authorized by the agency/organization) who have the ability to cash or deposit a check. There is no need for the merchant or supplier to be equipped to accept purchasing cards for payment.

Convenience Checks Versus Cards

A convenience check is processed differently than a purchasing card payment transaction. For purchasing card transactions, an authorization request immediately verifies the account is valid and determines if the purchase is within authorized spending control limits. Convenience checks, however, are routed via the United States Federal Reserve for processing. This means there is no immediate authorization at the point of purchase. It is therefore imperative that Cardholders understand these differences and use convenience checks in accordance with their agency's/organization's policies and procedures.

Major differences of convenience check use versus purchasing cards are as follows:

- There is no immediate authorization process at the point-of-purchase
- Transactions **cannot** be blocked by Merchant Category Code (MCC)
- Convenience checks **cannot** be disputed
- The "Maximum Single Purchase Limit (SPL)" for convenience checks is defined by the agency/organization. The limit will be printed on the face of the checks. A/OPCs should contact their U.S. Bank Relationship Manager for implementation details
- Since checks are negotiable items, they may not be the best tool for everyone. The agency/organization will be held responsible for checks that are signed by Cardholders and posted to their purchasing card accounts

Convenience Check Design

U.S. Bank Government Services convenience checks are similar in size and style to consumer checks used to manage personal finances. Convenience checks are printed on duplicate paper, to facilitate tracking and reconciliation. The initial order includes 150 checks and a special check book cover, embossed with the United States Government Seal.

A check register is also included with each convenience check order to record Cardholder transactions. Cardholders should be encouraged to use the register to record convenience check transactions and to balance the funds available in their purchasing card account. Along with the duplicate check copy, the check register assists Cardholders with reconciling their statement and helps prevent “Non-Sufficient Funds” situations.

There is unique printing on each convenience check — including language required under the GSA SmartPay® Program:

- United States Government
- For Official Use Only
- U.S. Government Tax Exempt
- Name of the agency/organization
- Not valid for more than \$_____ (amount specified by agency/organization at setup)

On the bottom edge of each convenience check is a line of encoded numbers and characters called Magnetic Ink Character Recognition (MICR) that contains instructions for routing checks through the United States Federal Reserve for payment. Refer to the Check Clearing/Authorization process section of this manual for more information.

Safeguarding Checks

Cardholders should be encouraged to keep their convenience checks in a safe location to avoid theft and potential forgery. Convenience checks are negotiable. Lost or stolen checks should be immediately reported to U.S. Bank Government Services.

Reordering Checks

Cardholders may reorder convenience checks by contacting U.S. Bank Government Services. A U.S. Bank Government Services Representative will verify the mailing address with the Cardholder. If any maintenance is needed, a standard maintenance request process authorized by their A/OPC is required. Agencies are not charged a fee for check paper stock.

Once an order is placed, convenience checks are normally delivered within 7–10 days (depending on U.S. Postal mail). If a Cardholder has not received checks within a reasonable time, he or she should contact U.S. Bank Government Services to verify the mailing date and to determine if the checks should be considered lost. A stop payment will then be placed on the lost order.

Activating and Writing Checks

New purchasing card accounts must be activated through U.S. Bank Government Services. If the convenience checks are tied to an existing purchasing card account that has already been activated, check writing can begin immediately. However, if the checks are for a stand-alone “check only” purchasing card account, or are tied to a new purchasing card account, activation must take place before the checks can be used. To activate a purchasing card account, Cardholders should call U.S. Bank Government Services.

Convenience checks should be completed legibly. If the payee information is not legible, “illegible payee” may appear on the Cardholder statement.

Important Details

Convenience checks are very simple to use, however, there are important details Cardholders need to consider when writing checks to ensure correct payment:



The Payee — The person or entity receiving and cashing the convenience check (e.g., merchant/supplier authorized by agency/organization). The convenience check payee does not need to be equipped to accept purchasing cards.

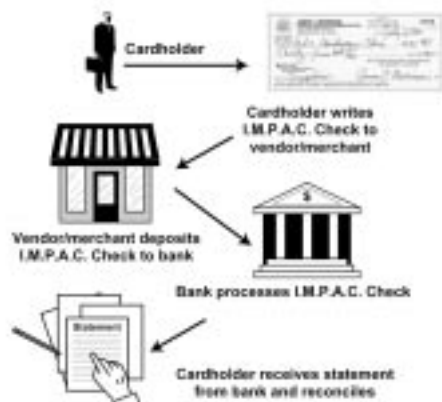
U.S. Dollars — Because convenience checks are processed through the United States Federal Reserve System, they must be written in U.S. dollars and are negotiable only in U.S. dollars.

Verifying Limits — Before a Cardholder writes a convenience check, he or she should verify that sufficient funds are available to cover the amount of the check. Verification may be made by accessing their purchasing card account status information electronically via the U. S. Bank electronic access system. Cardholders may also contact U.S. Bank Government Services to confirm which checks and charges have posted to the account and to determine the available balance.

Signing Checks — Convenience checks are issued to the Cardholder, the individual who is responsible for the U.S. Bank Government Services Purchasing Card account. The Cardholder is the only person authorized to sign a convenience check drawn on the purchasing card account. A Power of Attorney or other designation cannot be used to give signing authority to another person.

Check Clearing/Authorization Process

Convenience checks are processed through the United States Federal Reserve System. The following diagram illustrates the process.



Located on the bottom edge of each convenience check is a string of numbers and characters that comprise the MICR line. The MICR line is the road map for processing checks through the United States Federal Reserve. Encoded within the MICR symbols is information for U.S. Bank's routing number, the account number, check number, and the amount of the check. In standard check processing, this is the only information transmitted through the banking system and used to present a check for payment.

The account number printed on the MICR line does not directly match the account number on the Cardholder's statement. In order to meet the parameters of MICR encoding, the 16-digit purchasing card account number is truncated to a 14-digit number.

The convenience check is written to the payee (merchant/supplier authorized by the agency/organization), who then cashes or deposits it into an account. The merchant's bank, called "the bank of deposit", encodes the check MICR line with the dollar amount. The bank of deposit then initiates the check clearing process by routing it through the United States Federal Reserve, which processes the check and sends it to U.S. Bank Government Services.

U.S. Bank Government Services matches the account number on the convenience check to the purchasing Cardholder's 16-digit account number and verifies that the amount of the check is within the credit limits and controls specified for the purchasing card account. U.S. Bank then posts the check to the Cardholder's purchasing card account. If the check fails any of the verifications (account limit, single purchase limit or billing account limit, and account status), it is rejected as NSF (non-sufficient funds). It is then returned to the payee's bank and a fee is charged to the Cardholder's U.S. Bank Government Services Purchasing Card account.

Convenience check transactions continue to post to the Cardholder's purchasing card account until the close of their billing cycle. At that time, the statement is processed and forwarded to the Cardholder for review.

Cardholder Statement

Transaction information is available electronically via the U.S. Bank electronic access system, or if the agency/organization elects, a statement may be mailed at the end of the agency's/organization's billing cycle. If the Cardholder does not receive a statement within 10 business days of the closing date of the billing cycle, he or she should contact U.S. Bank Government Services.

To assist with review and reconciliation of the Cardholder's statement, listed with each convenience check transaction are: the check number, date the transaction posted to the purchasing card account and the check amount and, when legible on the check, the payee name. (If the payee name is not legible on the check, the Cardholder statement will list "Illegible Payee".) The check program fee charged for each check written also appears on the Cardholder's statement as a separate line item.

A/OPCs should encourage Cardholders to review all transactions on their statements. If any checks appear on the statement, that the Cardholder did not write, he or she should immediately contact U.S. Bank Government Services.

In addition to transaction verification, the convenience check dollar amounts should be verified. Encoding errors can occur at the payee's bank when the amount of the check is encoded on the MICR line. The only point at which such clearing process errors may be detected is when Cardholders review transactions on their statement. If, upon statement review, a Cardholder suspects an encoding error has occurred, he or she should contact U.S. Bank Government Services.

Convenience Check Procedures

Disputes

The transaction dispute process does not apply to the convenience check program. Any concerns regarding purchases made with convenience checks must be resolved directly with the merchant. Disputes will not be accepted for convenience check purchases. However, if fraudulent use of convenience checks is suspected, the Cardholder should immediately contact U.S. Bank Government Services.

Stop Payment Requests

Payment can be stopped on a convenience check if it has not yet posted to the Cardholder's purchasing card account. To initiate a stop payment request, Cardholders should call U.S. Bank Government Services. The U.S. Bank Government Services Representative will review the account to determine if the check has posted. If it has not posted, the representative will process the stop payment request that the Cardholder should sign, authorize and return to U.S. Bank Government Services. Please note: If a convenience check posts to an account the same day a stop payment is placed, the stop payment request cannot be honored.

The stop payment will be effective for six months, and a fee will be charged directly to the Cardholder's purchasing card account.

Check Copies

Copies of convenience checks that have posted to a Cardholder's purchasing card account are retained on file with U.S. Bank Government Services. The check retention period is dependent on the convenience check amount. The minimum retention period is three years. If a Cardholder needs a copy of a check, he or she should contact U.S. Bank Government Services. A copy of the convenience check will be mailed to the Cardholder within 14 calendar days.

Checks Rejected for Payment

When a convenience check is presented to U.S. Bank Government Services for payment, there must be sufficient funds in the Cardholder's purchasing card account to cover the check. During convenience check processing, the amount of each check is also verified against the credit limits and controls specified for the Cardholder's purchasing card account. If a check fails any of these verifications, it is rejected and is then returned to the payee's bank. A fee is charged to the Cardholder's purchasing card account. The following details potential check rejection scenarios:

Non-Sufficient Funds — The convenience check's associated purchasing card account limits, single purchase limit or billing account limit have been exceeded

Activation — The convenience check's purchasing card account has not been activated

Closed Account — The convenience check's purchasing card account or billing account has been closed*

Lost/Stolen — The convenience check's purchasing card account has been classified as having lost or stolen checks

Stop Payment — Prior to account posting, a stop payment request has been placed on the check

Fraud — A fraud status has been placed on the convenience check account

*A/OPCs should wait 30-60 days from the time checks were last written before closing an account in order to accommodate for trailing transactions (checks the Cardholder has written prior to the termination date of the account)

It is the Cardholder's responsibility to monitor their convenience check purchasing card account to prevent check rejection. Although a convenience check has been written, it may not immediately post to a Cardholder's purchasing card account, reducing the available balance. Also, if a payee holds a check, it may not be processed during the billing cycle the Cardholder anticipated. Cardholders should be encouraged to review their purchasing card account status in the U.S. Bank electronic access system or contact U.S. Bank Government Services to verify the available balance prior to writing a check.

Convenience Check Program Setup

A/OPCs should review the following topics as they prepare to implement their convenience check program.

Pricing/Fees

U.S. Bank Government Services assesses a program fee for convenience checks. This fee is assessed on each check written and posted to the Cardholder's purchasing card account. Fees are also charged for processing Non-Sufficient Funds (NSF) checks and Stop Payment requests. A/OPCs should contact their U.S. Bank Government Services Relationship Manager for information regarding fees and pricing.

Account Information

U.S. Bank Government Services requires specific Cardholder and Billing/Approving Official information in order to set up convenience checks for a Cardholder's purchasing card account. A/OPCs should complete the setup, as directed by the U.S. Bank Government Services Relationship Manager, who will walk the A/OPC through the procedures for Cardholders, Billing/Approving Officials and other agency/organization contacts. The relationship manager will also provide guidance regarding reporting requirements.

Check Only or Check/Plastic

The A/OPC needs to determine the structure of their agency's/organization's convenience check program. Convenience checks can be set up using standalone "check-only" accounts. They can also be integrated with a U.S. Bank Government Services Purchasing Card account. In this situation, Cardholders can make purchases with their U.S. Bank Government Services Purchasing Card and write convenience checks with one account. U.S. Bank Government Services is able to setup accounts according to either specification based on an agency's/organization's policy.

Merchant Category Code (MCC) Blocking

Merchant Category Code blocking is available only on U.S. Bank Government Services Purchasing Cards. This blocking occurs only at the point of purchase through the merchant's authorization process. Since convenience checks are routed through the United States Federal Reserve, the functionality of merchant blocking is not available. As long as the check presented to U.S. Bank Government Services for payment does not exceed credit limits and controls specified for the account (e.g. account limit, single purchase limit, or the billing account limit), it will be processed for payment.

Lost/Stolen Checks

Cardholders should contact U.S. Bank Government Services immediately if they suspect their convenience checks have been lost or stolen. Since the associated purchasing card account information may have been compromised, the U.S. Bank Government Services Representative may recommend closing the account, assigning a new account number and ordering new checks. Cardholders should use the replacement checks immediately and destroy the old checks in the event they are found or recovered.

Check Fraud

Convenience check fraud may involve an altered amount or an unauthorized signature. Cardholders should closely review their statements to verify check numbers and amounts against their check register. Cardholders should immediately report any discrepancies to U.S. Bank Government Services. If fraudulent use of convenience checks is suspected, the Cardholder may be asked to assist with the investigation by providing signature samples and/or forgery affidavits.



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