

Convenience Check Guide for Purchasing Card Holders



Government Services

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Introduction

This guide is designed to help Cardholders use the convenience check feature of their U.S. Bank Government Services Purchasing Card program. Convenience checks provide flexible access to the funds available in a Cardholder's U.S. Bank Government Services Purchasing Card account. This guide explains how to use this feature properly.

Contacts at U.S. Bank

U.S. Bank Government Services has a highly specialized service team to provide superior ongoing assistance to Cardholders. Cardholders are encouraged to contact U.S. Bank Government Services or their Agency/Organization Program Coordinator (A/OPC) with any questions or concerns regarding their U.S. Bank Government Services convenience checks.

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
Outside the U.S., call collect: 701-461-2232
Fax: 866-457-7506
Outside the U.S., fax to: 701-461-3466

Agency/Organization Contacts

Agency/Organization Program Coordinator

Name: _____

Phone: (_____) _____

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, providing a cost-effective payment option for purchases from merchants or suppliers who are not capable of accepting purchasing cards.

An agency/organization may authorize certain Cardholders to use the check writing feature of the U.S. Bank Government Services Purchasing Card program. Convenience checks can then be used for payment in accordance with the policies and procedures of the Cardholder's agency/organization and any applicable procurement regulations. Because policies and procedures regarding convenience checks vary by agency/organization, Cardholders should consult their A/OPC to determine their agency's/organization's specific policies on convenience check use.

A convenience check is processed differently than a purchasing card 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 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.

Convenience Check Design

U.S. Bank Government Services convenience checks are similar in size and style to the 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.

The following language is printed on each convenience check, in accordance with the GSA SmartPay® Master Contract requirements:

- 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)

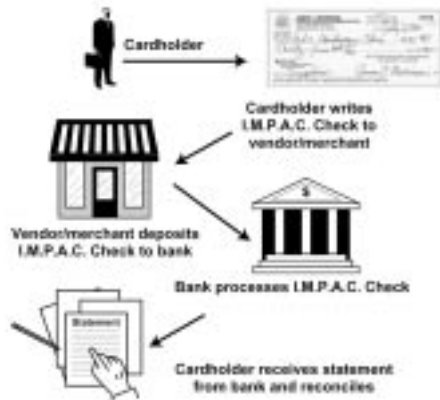
On the bottom edge of each convenience check is a line of encoded numbers and characters called Magnetic Ink Character Recognition (MICR) that contains instructions for routing checks through the United States Federal Reserve for payment. The account number is listed in the middle of the MICR line. This account number does not directly correspond to the account number printed on the Cardholder statement. In order to meet the parameters of MICR encoding, the 16-digit account number is truncated to a 14-digit number.

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 via the United States Federal Reserve. The following diagram illustrates the process.



The convenience check is written to the payee (merchant or individual), 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 check to the purchasing card Cardholder’s 16-digit account number and verifies that the amount of the check is within the credit limits and controls specified for the 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 the billing cycle. At that time, the Cardholder statement is processed and forwarded to the Cardholder for review.

Cardholder Statement

At the close of each billing cycle, the Cardholder may receive a paper “Cardholder Statement of Account”, which itemizes each transaction that has posted to the Cardholder’s purchasing card account during the past billing cycle. If the Cardholder does not receive a statement within 10 business days of the billing cycle, he or she should contact U.S. Bank Government Services.

Many agencies/organizations will access transaction information using the U.S. Bank electronic access system as an alternative to paper statements. Cardholders should consult and follow their agency/organizational procedures for review and approval of electronic statement data.

To assist with the review and reconciliation of the Cardholder’s statement, listed with each convenience check transaction are: the check number, date the transaction posted to the 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.

Cardholders should review all check transactions that appear on their statement. If any checks appear on the statement, that the Cardholder did not write, the Cardholder 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.

Pricing/Fees

The agency/organization has agreed to pay a fee to U.S. Bank Government Services for each convenience check written on the program. This fee is determined at the time of account setup. Convenience check fees post as separate line items on the Cardholder statement and may not necessarily appear right next to the convenience check transaction. Convenience check fees shown on the Cardholder statement are not disputable.

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. U.S. Bank Government Services will not accept disputes 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 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 their 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 convenience 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 purchasing card account

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

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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