

**FAP 120-14-00**  
**UNHONORED CHECK PROCESSING**

The Kentucky State Treasury shall separate by agency checks that are received and deposited but that are not honored for payment by the banks upon which they are drawn. The unhonored checks for agencies other than the Department of Revenue shall be separated into those with a Receivable (RE) document reference and those without.

For unhonored checks of the Department of Revenue, the State Treasury shall prepare a decrease Cash Receipt document that charges a Department of Revenue clearing account for the unhonored checks. The Department of Revenue shall distribute the unhonored checks to the proper accounts returning the clearing account to a zero balance.

For unhonored checks of agencies other than the Department of Revenue, the State Treasury shall prepare a Non-Sufficient Funds document for checks that contain a Receivable document reference. This document shall charge the originating agency's accounts for the amount of the unhonored checks.

For unhonored checks of agencies other than the Department of Revenue, which are received without a Receivable document reference or with only a Cash Receipt document reference, the State Treasury shall prepare a decrease Cash Receipt document that charges the unhonored checks against the originating agency's accounts. The originating agency shall distribute the unhonored checks to the proper accounts if the agency prefers an account other than the one selected by the State Treasury. The originating agency shall take whatever actions are deemed appropriate to collect these unhonored checks.

A new check shall be submitted by the vendor to the responsible agency and processed on a Cash Receipt document as new revenue.