

PAYMENTS VIA THE CHECK WRITER PROCESS

1. The majority of payments issued by the Commonwealth as checks or electronic fund transfers (EFTs) are the result of a process in the statewide financial system referred to as the Check Writer process.
 - a. Examples of payments issued through this process are payroll, retirement, public assistance, child support, unemployment insurance and tax refunds.
 - b. Agencies may be assigned the responsibility per KRS 45.121. Responsibility for the processing of Check Writer payments is distributed between the agency and SAS to ensure the payment process keeps the proper level of segregation of duties.
2. **Agency Responsibilities:**
 - a. Agencies shall ensure payment information within each Check Writer file is accurate and in the prescribed format.
 - b. Agencies shall review payments to ensure correct classification of expenditures involving both services and materials, with only services being recorded as 1099 reportable. Tax identification numbers (TIN) and legal names of vendors must be accurate, especially on 1099 reportable payments.
 - c. Agencies shall have different employees load and departmentally certify each file to ensure segregation of duties at the departmental level. The statewide accounting system captures the user identification number and timestamp of both the table load function and the certification.
3. **Office of Statewide Accounting Services (SAS) Responsibilities:**
 - a. SAS shall confirm that the table load function and department certification were completed by two (2) employees by comparing the system-captured data. This confirmation shall be indicated by a Central Certification; the system captures the user identification number and timestamp for the Central Certification.
 - b. SAS shall complete the system jobs to generate the accounting document, generate any intercept documents, Form 1099 Posting, and produce files to be used for check and Automated Clearing House (ACH) generation by Treasury. The system captures the date and timestamp of each system job in the process.
 - c. SAS shall provide participating agency personnel with instruction about the Check Writer process upon request. Training manuals are available from the Division of Customer Resource Center.
4. **Treasury Responsibilities:** Check printing and ACH files are retrieved from the eMARS production server. Checks shall be printed and distributed in a timely manner. The ACH files shall be transmitted to the state's general depository banking institution.
5. **System-Enforced Segregation of Duties:**
 - a. There are two (2) security roles given to agency-level users: one (1) granted to agency staff designated to load Check Writer files and one (1) granted to agency staff designated to certify Check Writer files.
 - b. Users may have access to both security roles, but shall never be allowed to load and certify the same Check Writer file.
 - c. Only SAS staff shall be designated the role to centrally certify the Check Writer files, thus creating the print and ACH files for Treasury.

6. Additional Processing Guidelines:

- a. Check Writer files may be loaded and processed at any time during the processing day or night, but the agency shall be given cut-off times in order to accommodate intercept jobs and Treasury processing.
- b. Check Writer payments are subject to cash and budget/allotment controls as provided by KRS 45.242, KRS 45.244 and KRS 45.251.
- c. Payments may be partially or fully intercepted during the Check Writer process pursuant to KRS 45.237, KRS 45.238 and KRS 45.239.
- d. The Check Writer process captures the required information for Form 1099 reporting purposes, pursuant to Section 6041 of the Internal Revenue Service (IRS) Code.

Relates to: KRS 45.121; KRS 45.237; KRS 45.238; KRS 45.239; KRS 45.242;
KRS 45.244; KRS 45.251; KRS 45.301 and IRS Section 6041