QUICK REFERENCE GUIDE:
HANDLE A NON-SUFFICIENT FUND (NSF)

AZ 360

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Handle an NSF – Department Process

An agency that receives payment by way of check may run into a situation where a check is returned by the Arizona State Treasurer's Office for non-sufficient funds (NSF). The Arizona State Treasurer's Office will process a State Treasurer – Treasury Adjustment (STADJ) transaction that will reduce the agency's cash and book an NSF receivable, similar to the process in AZ360. Here is the entry on the posting line of the transaction:

- Debit: NSF Receivable (Balance Sheet Account 0582)
- Credit: Cash (Balance Sheet Account 0070)

Receiving an NSF check can lead to one of three possible activities by the agency: an NSF redeposit, an NSF Accounting Correction, or an NSF Receivable Write-off. This Quick Reference Guide will provide instructions for proceeding through each of these potential activities. The user can find more detailed information in each section as to under which circumstances each of the activities will be used.

If the Arizona State Treasurer's Office recorded the NSF in a fund, other than the fund to which it relates, then an Internal Exchange Transaction (IET) transaction can be processed to transfer the revenue or expenditure to the correct fund. Follow the steps for processing an IET transaction, as explained in the Processing Internal Transfers Quick Reference Guide.

NSF Re-Deposit Cash Receipt

If the agency receives a replacement for the NSF check, then a CR transaction type should be processed. The process described in this section should be used to complete this CR.

If the special event types described below are not used when redepositing an NSF, then revenues will be overstated. The event type can be fixed by modifying the original CR transaction type, if an error is made. See the instructions in this section, under Modify a CR Transaction, to make the appropriate corrections.

The following event types are available to use on the CR transaction type for an NSF check redeposit or replacement:

- ARC1 (NSF Redeposit – revenue source not allowed)
- ARC2 (NSF Redeposit – revenue source required)

Process a New CR Transaction

Log in to the AZ360 **Home Page**. Create the CR transaction for an NSF redeposit.

1. Click the **Expand** caret next to the **Global Search** field.

2. Select the **Page Code** option.

3. In the **Global Search** field, enter *CR*.

4. In the drop-down menu that generates, select **CR Cash Receipt**. The CR Financial Transaction page opens.

5. Click **Create**.

6. In the **Transaction Dept** field, select the user's department 3-digit code using the pick list.

7. In the **Transaction ID** field, enter *D*.

8. Click **Auto Number** checkbox to generate a unique ID.

9. Click **Continue**. A new transaction is generated.

Complete the **Header** tab. At a minimum, enter the following information:

1. In the **Transaction Total** field, enter the deposit total.

2. In the **Bank Account** field, enter *BK01*.

Complete the **Vendor** tab.

1. Insert new line. In the **Tab Level Actions** section, click the "**+**" icon to add a Vendor line.

2. In the **Line Amount** field, enter the full amount by payment type.

3. On the **Payment Information** section, at a minimum, enter the following information:

   a. In the **Payment Type** field, select the payment type. Options include Cash, Check, Direct Deposit, or Wire Transfer. Use Wire Transfer for payments received by Wire, ACH or Remote Check Scanning.

   b. Click **Save**. Notice that the vendor customer information populates.

   c. On the **Check/EFT** section, for a payment type of Check or Direct Deposit, enter the following:

      i. **Check/EFT Number** – If multiple checks are included in deposit, this can be left blank.

      ii. **Check Date** – Date of check being deposited. If multiple checks are included in deposit, this can be left blank. For a payment type of Direct Deposit, enter the deposit validation date. Use separate vendor lines if needed for multiple direct deposits.

   d. On the **Wire Transfer** section, for a payment type of Wire Transfer, enter the following:

      i. In the **Wire Transfer Number** field, enter the wire ID.

ii. In the **Wire Transfer Date** field, select the date the money was received at the bank.

Note: The wire ID will be required for deposits of wires and ACH transactions. This number will be included on the wire statements sent to the agencies by the Arizona State Treasurer's Office.

Complete the **Accounting** tab.

1. Insert new line. In the **Tab Level Actions** section, click the "**+**" icon to add a Vendor line.

2. In the **Line Amount** field, enter the full amount for accounting line.

   a. Multiple accounting lines can be added for one payment type/vendor line. The total of all accounting lines for a given payment type should equal the line amount entered for the specific vendor line.

3. In the **Budget FY** field, enter the applicable appropriation year (e.g., 2022).

4. In addition, at minimum, enter values in the following fields:

   - **Department**
   - Enter a value in the **Revenue** field *only* if using event type ARC2; otherwise leave the field blank.
   - **Function**
   - If not inferred by the function, additional elements required are the fund, unit, and appropriation unit.

5. On the **General Information** section, at a minimum, enter the following information:

   a. In the **Event Type** field, enter the event type of *ARC1* or *ARC2*, for NSF Redeposit. See description of event types in opening summary for this section.

   b. **Currency** – The amount of currency and coins does not need to be separately recorded here. Recording the total for the accounting line in the line amount will suffice.

Note: If additional receipts will be recorded on the CR transaction type, other than the redeposit, then repeat the steps for additional vendor and accounting lines described above. Additional vendor lines will be added to include additional payment types on a CR transaction.

Prior to submitting the transaction, if needed, attach any department specific and Arizona State Treasurer's Office required backup documents (required where the payment type equals Direct Deposit or Wire Transfer).

Note: If the payment Type equals direct deposit, attach validated deposit slip and bank receipt. If it equals wire transfer, attach applicable wire, ACH, or remote check scanning statement/report.

1. Select **Attachments** on the **Header** tab.

2. Either drag and drop in an attachment or click **Browse** to add an attachment.

3. Click **Upload**.

   a. The Arizona State Treasurer's Office preferred naming convention for their attached documents is Treasurer 1, 2, 3 etc. (Use sequential numbering if there is more than 1 attachment). Attachments for the Treasurer's required backup must be first in the listing of attachments (if there are more than just the attachments required by the Arizona State Treasurer's Office).

4. When all attachments are uploaded, click **Close**.

Validate CR transaction.

1. Confirm that the transaction is validated successfully in the upper left-hand corner. If the transaction was not validated successfully, please see the accounting supervisor.

Submit CR transaction.

Note: The transaction will be handled through workflow and will be pending the approval of the Department Approver and the Treasurer Approver.

Print the CR form for delivery to the Arizona State Treasurer's Office.

1. Click the **Page 3-dot** menu, select **Print** from Other Actions.

2. Choose **PDF** in the **Print Output Type** field.

3. Choose **CR Printing (PDF Format)** in the **Print Job** field.

4. Click **Print**.

5. Confirm in the upper left-hand corner of the CR Form that the transaction print job was successfully submitted.

6. Return to the transaction.

7. Click the **Page 3-dot** menu and select **Forms** from Research.

8. Locate the form and click the form's **3-dot** menu.

9. Select **View PDF**.

10. Print the first page of the displayed PDF. Print the first page twice, if the user is delivering cash to the Arizona State Treasurer's Office.

If there is one AZ360 CR for one bank transaction, the agency can email the required information in the body of an email and send it to agencydeposit@aztreasury.gov. The required information is as follows, the agency name, the AZ360 transaction ID, the AZ360 and bank deposit amount, and the approximate bank deposit date.

If there are multiple AZ360 CR's to multiple bank transactions, one AZ360 CR to multiple bank transactions, or multiple AZ360 CR's to one bank transaction, the agency is required to complete and submit an Arizona State Treasurer's Office (ASTO) Deposit form spreadsheet, which is located at https://www.aztreasury.gov/forms, under the Agency Deposits section. Verify that the AZ360 CR total and the bank transaction total are equal and email the spreadsheet to agencydeposit@aztreasury.gov.

Note: Given the changes in process using workflow and the use of attachments, the Arizona State Treasurer's Office may need to verify the information that an agency delivers to their office. Agencies will no longer receive a validated deposit copy.

Modify a CR Transaction

The instructions in this section should be used to correct a CR transaction that recorded an NSF redeposit to an event type other than ARC1 or ARC2. Additionally, the instructions in this section can be followed exactly, in order to reopen a receivable (RE) transaction and simultaneously close the generic NSF Receivable.

Procedure

Log in to the AZ360 **Home Page**. Locate the CR transaction.

1. Click the **Expand** caret next to the **Global Search** field.

2. Select the **Page Code** option.

3. In the **Global Search** field, enter *CR*.

4. In the drop-down menu that generates, select **CR Cash Receipt**. The CR Financial Transaction page opens.

5. In the **Transaction Dept** field, select the user's department 3-digit code using the pick list.

6. Enter the transaction ID that needs to be modified.

7. Click **Search**. The transaction should appear in the grid. Click on the **ID** link to open the transaction.

8. Click the **Page 3-dot** menu, select **Modify** from Primary Actions.

Make adjustments to the **Vendor** tab.

1. Select the vendor line with the NSF from the grid.

2. Decrease the line amount by the amount of the NSF.

3. On the **General Information** section, select a reason code from the **Reason Code** pick list.

Make adjustments to the **Accounting** tab for this vendor line.

1. Decrease the accounting line amount by the amount of the NSF.

2. If this line references an RE transaction, change the **Reference Type** field on the **Reference** section to *Partial* to reopen the RE.

3. Return to the **Vendor** tab.

Add new vendor line in the **Vendor** tab.

1. Insert new line. In the **Tab Level Actions** section, click the "**+**" icon to add a Vendor line.

2. Enter the value in the **Line Amount** field.

3. Go to the **General Information** section and select a reason code from the **Reason Code** pick list.

4. On the **Payment Information** section, enter the payment type.

On the **Accounting** tab, add a new accounting line

1. Insert new line. In the **Tab Level Actions** section, click the "**+**" icon to add an Accounting line.

2. Enter the line amount.

3. Enter a value in the following fields: **Department**, **Fund**, **Unit**, and **Appr Unit**; or use the function code to infer these elements.

   a. Leave the **Revenue** field blank if using event type ARC1.

4. On the **General Information** section, enter the event type of *ARC1* or *ARC2*.

Validate CR transaction.

- Confirm that the transaction is validated successfully in the upper left-hand corner. If the transaction was not validated successfully, please see the accounting supervisor.

Submit CR transaction.

Note: Since the overall amount of the CR transaction did not change, the CR will be handled through workflow and will be pending the approval of the Department Approver only.

NSF Accounting Correction

If the NSF was received and does not involve a tax, fine, or penalty and no goods or services were rendered (e.g., a professional license was revoked when notification of the NSF was received), then an accounting correction should be completed. The accounting correction entails the Department's processing a Department – Treasury Adjustment (DADJ) transaction.

Note: An accounting correction need not be processed in order to correct the accounting recorded on an NSF redeposit. Instead, follow the instructions in the last section, under Modify a CR Transaction.

The following event types are available to use on the DADJ transaction for NSF adjustments:

- ARD3 (Write-Off NSF Receivable) - Revenue
  - Debit: Revenue
  - Credit: NSF Receivable
- ARD4 (Write-Off NSF Receivable - Expenditure)
  - Debit: Expenditure
  - Credit: NSF Receivable

Procedure

Log in to the AZ360 **Home Page**. Search for the STADJ transaction created by Arizona State Treasurer's Office.

1. Click the **Expand** caret next to the **Global Search** field.

2. Select the **Page Code** option.

3. In the **Global Search** field, enter STADJ.

4. In the drop-down menu that generates, select **STADJ State Treasurer - Treasury Adjustment**. The STADJ Financial Transaction page opens.

5. In the **Dept** field, select the user's department 3-digit code using the pick list.

6. Click **Search**.

7. Click on the **ID** link, from the grid, to open up the STADJ that will be copied forward to a DADJ.

8. Click the **Page 3-dot** menu, select **Copy Forward** from Primary Actions.

9. In the **Transaction Dept** field, enter the user's department 3-digit code.

10. In **Transaction ID** field, enter the same transaction ID as the STADJ.

11. Select **OK**.

Note: The user may select the Auto Number checkbox to generate a unique ID if the user so desires, but GAO highly recommends using the same transaction number as the STADJ transaction ID for research purposes.

Complete the **Header** tab. At a minimum, enter the following information:

- **Transaction Description** – Enter description for the transaction that provides the reason for this request.

Complete the **Accounting** tab.

1. At a minimum, enter the following information:

   a. **Line Amount**

   b. **Budget FY** – Enter the applicable appropriation year (e.g. 2022).

   c. **Department**

   d. **Object** – Enter only if using event type ARD4.

   e. **Revenue** – Enter only if using event type ARD3.

   f. Additional elements required are the Fund, Unit and Appropriation Unit, if not inferred by the Function.

2. On the **General Information** section, enter the value in the **Event Type** field. Select *ARD3* or *ARD4*. See a description of the event types in the opening summary to this section.

Note: If processing multiple accounting lines, make sure to reference the STADJ on each line.

Prior to submitting the transaction, attach a GAO-21 Request for Accounting Correction form, required by the General Accounting Office (GAO), along with any other documentation providing further details that justify this correction request. If it is an approved write-off from the Office of the Attorney General (OAG), the user will also attach the section of the JLBC Debt Report for the agency that lists the eligible write-off. The Form GAO-21 is housed on the GAO website (https://gao.az.gov/publications/forms). An example of JLBC Debt Report is provided in the appendix to this document.

3. Select **Attachments** on the **Header** tab.

4. Either drag and drop in an attachment or click **Browse** to add an attachment.

5. Click **Upload**.

6. When all attachments are uploaded, click **Close**.

Validate DADJ transaction.

1. Confirm that the transaction is validated successfully in the upper left-hand corner. If the transaction did not validate successfully, please see the accounting supervisor

Submit DADJ transaction.

Note: The transaction will be handled through workflow and will be pending the approval of the Department Approver and the GAO Approver.

NSF Receivable Write-Off

If the conditions for an accounting correction do not apply (see above), and the NSF receivable represents an enforceable debt, the debt must ultimately be collected or forwarded to the Office of the Attorney General (OAG) for collection or approval for write-off. For example, if the NSF was received, and goods or services were rendered and cannot be recovered or revoked, an accounting correction cannot be processed. The receivable is still valid. If the agency performed, to no avail, the steps required to collect the debt, a write-off of the receivable can be requested. Requesting a write-off for the receivable involves a few steps that are summarized immediately below and later described in detail:

- Create an RE transaction for the customer with the NSF, if one does not already exist. If an RE already exists, see the instructions in the NSF Redeposit – Cash Receipt section, under Modify a CR Transaction, to reopen the RE.

- Copy forward the RE transaction created above to a CL Adjustment (CLADJ) transaction and submit the Uncollectible Debt Detail spreadsheet and Uncollectible Debt Referral Certification & Recommendation coversheet to the OAG.

- Create a DADJ transaction following the instructions in the NSF - Accounting Correction section above. Include a transaction description that identifies the pending (CLADJ) transaction ID.

Note: Properly processing a request to write off an NSF requires the use of the AR module in AZ360. If the agency is not currently using the AR module for all of its billing and collection, the user will, nonetheless, have to enter the write-off for the NSF into the AR module for proper processing.

Procedure

Log in to the AZ360 **Home Page**.

1. Click the **Expand** caret next to the **Global Search** field.

2. Select the **Page Code** option.

3. In the **Global Search** field, enter *RE*.

4. In the drop-down menu that generates, select **RE Receivable**. The RE Financial Transaction page opens.

5. Click **Create**.

6. In the **Transaction Dept** field, select the user's department 3-digit code using the pick list.

7. Click **Auto Number** checkbox to generate a unique ID.

8. Click **Continue**. A new transaction is generated.

Complete optional fields on the **Header** tab.

1. Enter a transaction description to give a brief description of the transaction's purpose.

Complete the **Vendor** tab. At a minimum, enter the following information:

- **Vendor** – As an alternative the miscellaneous customer code can be used (MISCCUSTOM).

- **Legal Name** – Required if the miscellaneous customer is used.

- **Billing Profile** – The billing profile must be an available billing profile for vendor customer as recorded on the Customer Account (CACT) table. The billing profile AROAG is a statewide billing profile that is available to all agencies to use with the miscellaneous customer code, where accounts are referred to the OAG for collection or write off.

- On the **General Information** section, the fields **Address Line 1**, **City**, **State**, **Zip**, and **Country** are required if the miscellaneous customer is used.

Click **Save**.

- **AR Dept** field will default.

- **AR Unit** – If the billing profile is not available for ALL units, then change the unit to the specific unit allowed on the billing profile.

Complete the **Accounting** tab.

1. Insert new line. In the **Tab Level Actions** section, click the "**+**" icon to add an Accounting line.

2. Enter the appropriate value in the **Line Amount** field.

3. If not using an accounting template or Function, at a minimum, complete the following fields with the appropriate information.

  - **Fund**
  - **Revenue** – will be used primarily
  - **Department**
  - **Unit**
  - **Appr Unit**

Note: If using an accounting template or function to infer other COA fields, enter the value and then validate to complete inference.Other chart of account elements may be required by the agency. Enter all of the required elements. Additional accounting lines may be needed.

4. At a minimum, enter the following information on the, **General Information** section:

    a. The **Event Type** field will default to AR01 (Billed Earned Revenue).

    b. **Line Type** field will default to A (Principal). Change the line type, if needed.
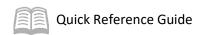
Validate RE transaction.

Submit RE transaction.

1. The RE transaction will become Final, after the Department Approver approves the transaction.

Locate the Final RE transaction for further processing.

1. Click the **Expand** caret next to the **Global Search** field.

2. Select the **Page Code** option.

3. In the **Global Search** field, enter *RE*.

4. In the drop-down menu that generates, select **RE Receivable**. The RE Financial Transaction page opens.

5. In the **Dept** field, select the user's department 3-digit code using the pick list.

6. In the **ID** field, enter the above RE transaction ID.

7. Click **Search**. The RE transaction will appear in the grid.

8. Click on the **ID** link to open the RE transaction.

Copy forward the RE transaction to a CLADJ to create the write-off.

1. Click the **Page 3-dot** menu, select **Copy Forward** from Primary Actions.

2. Select the target transaction code of *CLADJ* from the **Target Transaction Code** column's options.

3. In the **Transaction Dept** field, enter the user's department 3-digit code.

4. Click **Auto Numbering** checkbox to generate a unique ID.

5. Click **OK**. A new transaction is generated.

Review the details of the CLADJ transaction and ensure all pertinent information is provided. Refer to the **Processing Receivable Adjustment - CLADJ Transaction** QRG on how to process the CLADJ.

Validate CLADJ transaction.

Submit CLADJ transaction.

Note: The transaction will be handled through workflow and will be pending the approval of the Department Approver and the GAO Approver.

- The GAO approval will not occur until both the OAG and the JLBC complete the lengthy review process. The OAG, upon receiving the agency's uncollectible forms (see next step), will review the transactions and include the debt on the report to the JLBC. The CLADJ transaction will stay pending until a favorable review by JLBC. If a favorable review is received, then the GAO Approver will approve the CLADJ transaction and it will become final.

Complete the Uncollectible Debt Detail spreadsheet and Uncollectible Debt Referral Certification & Recommendation coversheet and remit to the OAG. These forms and instructions can be found on the OAG website: https://www.azag.gov/bce/client-agency.

Note: Now complete the DADJ transaction in the next step. Do not wait until the CLADJ is approved to complete this step.

Create the DADJ transaction to close the generic NSF Receivable.

1. Follow the instructions provided above in this manual for NSF - Accounting Correction to create a DADJ transaction.

2. In addition to the instructions in that section, enter the transaction ID of the CLADJ transaction created in the **Description** field (e.g., Referencing - CLADJ, ADA, 160000000012).

Appendix A

JLBC Uncollectible Debt Report Example

AGENCY	DEBTOR	CLOSE DATE	AMOUNT RECEIVED	AMOUNT UNCOLLECTED	REASON CLOSED
Your Agency Name Listed Here	Name of Debtor Here				COLLECTION COST WOULD EXCEED AMOUNT OWED