



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
H. Martin Lancaster, President

March 10, 2005

IMPORTANT INFORMATION

MEMORANDUM

TO: Chief Business Officers
Controllers/Bookkeepers

FROM: Kim Van Metre, Systems Accountant

SUBJECT: Check Numbering Scheme for Participation in the Positive Pay Program

The Department of State Treasurer (DST) is requiring the North Carolina Community College System (NCCCS) to participate in the Positive Pay Program to ensure that state warrants issued by colleges and presented by payees are accurate and correct before state warrants are honored. Participation in the program will lessen the likelihood of fraudulent activity and identity theft throughout our System. Software design and development to achieve this functionality is currently underway, with implementation to begin in a phased approach during the spring, summer and fall of 2005.

DST is also requiring that all check numbers begin with a leading digit other than zero, since leading zeros in check numbers are not valid for the Core Banking System or the Federal Reserve Bank. Toward that end, the NCCCS has established a check numbering sequence for any checks issued effective immediately. All checks issued must have a specific leading digit based on the check type, as follows:

<u>Leading Digit</u>	<u>Fund Source</u>	<u><i>Suggested</i> Beginning Check Number</u>
2	Payroll	next number in current sequence
3	County	3000001
4	Foundation	4000001
5	State Accounts Payable	5000001
6	Building	6000001
7	Federal	8000001
8	**Unassigned - Do Not Use at this time**	
9	Institutional	9000001

Notes:

- ?? Please set your systems up so that check numbers utilize this scheme as of the next accounts payable or payroll check run.
- ?? Accounts Payable check numbers must be 7 digits; Payroll check numbers must be 6 digits.
- ?? If your college already uses portions of this check numbering scheme (i.e. state accounts payable checks already start with 5), you are not required to start over with 50000001; instead, you can continue with the next number in the current sequence as long as the first digit is consistent with the scheme above.
- ?? If your college does not have a need to separately identify foundation, building or federal by check number, you are not required to use those leading digits; colleges can opt to use 9 for any and all institutional funds.

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- ?? If your college currently utilizes pre-printed check stock that does not conform to this new scheme, you may continue to use the current check stock supply until it is depleted. When ordering new check stock, please be sure to follow the numbering scheme listed above.
- ?? If your college is unable to follow any portion of this check numbering scheme, please contact the System Office immediately so that discrepancies can be addressed and resolved.

The Core Banking System and the Federal Reserve Bank will ignore any leading zeros on pre-printed check stock, so care must be taken when issuing stop payments or manually entering checks for Positive Pay in Core Banking. ****Do NOT include any leading zeros on check numbers when entering stop payments or manual positive pay records in Core Banking.**** Stop payments and manual positive pay records entered with leading zeros in the check numbers will not be effective.

****Any manual checks issued should NOT have alpha characters as part of the check number.**** Occasionally we see alpha characters included on manual check numbers during our reconciliation of state funds. Core Banking and the System Office reconciliation programs will NOT accept alpha characters as valid check numbers.

Now is also a good time to review DST's stale date policy at <http://www.treasurer.state.nc.us/DSThome/FinOperations/Publications.htm>. All colleges are required to print a statement on the face of all issued warrants that specify the stale date period for the particular warrant. The statement should be "Void After One Year" for state funds warrants or "Void After 90 Days" for federal funds warrants. If your college does not currently include these statements on the face of the checks issued, please make the change to include this statement at this time. If your college utilizes pre-printed check stock that does not include the stale date statement, you may continue to use the current check stock supply until it is depleted. When ordering new check stock, please be sure to include the stale date statement. It is the responsibility of the college to notify DST when issued warrants should not be honored, either through the Positive Pay Program, or by issuing a stop payment through Core Banking.

Questions about the check numbering scheme and the Positive Pay Program can be directed to Kim Van Metre via email vanmetrek@nccommunitycolleges.edu or by phone (919) 807-7071.