

QUICK REFERENCE GUIDE

Canceling a Payment

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Canceling a Payment

This Quick Reference Guide covers the cancellation process for payments. Minnesota Management & Budget (MMB) is responsible for cancelling payments. MMB can only cancel a warrant if it is still outstanding and has not been reconciled. Payments made by Automatic Clearinghouse (ACH) can be pulled back. However, the entire amount must be available to be pulled back from the account. Since payments are combined by *Vendor ID*, MMB may be unable to pull back a payment if the request is for a small portion of the ACH.

Cancellation

Reasons a payment might be cancelled include:

- The wrong vendor was paid
- The wrong amount was paid
- The vendor is deceased

To Cancel a Warrant Payment

1. Verify that the warrant is outstanding.
2. Complete the *Stop Payment* form and send an email to: syscomp.MMB@state.mn.us

To Cancel an ACH Payment (all ACHs payment show as not reconciled)

1. Send an email to syscomp.MMB@state.mn.us requesting that the ACH be pulled back:
 - a. Provide a vendor contact name and phone number
 - b. Include a completed Stop Payment form
2. Once funds have been returned, the cancellation will be processed.

Results of Cancellation

Once SWIFT makes a cancellation, the following occurs:

- The accounting entries are reversed and new entries are created
- The expense to the vendor is reversed and a new expense is created
- The same Encumbrance is used for re-issued payment

Cancellation and Reissue

Reasons a payment might be cancelled and re-issued include:

- Lost warrant
- Damaged warrant
- Stale (old) dated warrant

Re-issued Warrants

A re-issued payment must be identical to the original payment. MMB cannot change the vendor or the amount. However, a new *Warrant Number* will be generated with a different payment date. To re-issue warrants, take the following steps:

1. Verify that the warrant is outstanding
2. Complete the *Stop Payment* form and email it to: syscomp.MMB@state.mn.us
3. Mark any damaged warrants as "Void" and return them to MMB

Warrant is lost or being mailed to a different address:

- The vendor must submit notarized affidavit

Results of Reissued Warrants

Once SWIFT reissues a warrant, the following occurs:

- The accounting entries are reversed and new entries are created
- The expense to the vendor is reversed and a new expense is created
- The same Encumbrance is used for re-issued payment

Accounting Adjustments for Refunds:

If a vendor issues a check to refund an overpayment, a deposit should be made with a debit to cash and credit to Account 498999. This adjustment reverses the 1099/expense overpayment. To complete this transaction, the agency needs to create an AP journal entry to the *Vendor ID* with a debit to Account 498999 and a credit to the original expense. This adjustment reverses the expense to the vendor which should be reflected appropriately on the 1099.

MMB automatically re-issues rejected ACH payments as warrants and notifies the agency contact.