Process a Returned Item for a Direct Journal

– MMB Notification

Overview

This guide covers how to process a Returned Item (returned check) for a direct journal deposit when you have been notified of the Returned Item by Minnesota Management & Budget (MMB). The process is similar to the zero dollar deposit process except that the Deposit Type is “N” for NSF instead of “C” for Cash Receipt.

Note: If you are notified of the Returned Item by your bank, rather than by MMB, you will typically follow the instructions in the “Reverse a Direct Journal Deposit” guide. Check with your supervisor to verify the process that you should use.

Returned Items can occur for various reasons:

- Non-Sufficient Funds (NSF)
- Stop Payment
- Refer to Maker
- Missing Endorsement
- Account Not Found
- Altered Fraudulent Document

When a Returned Item for a direct journal occurs and you are notified by MMB, it is placed in a Clearing Account at MMB. The agency's job is to remove it from the Clearing Account by debiting the original revenue and crediting the Clearing Account.
You’ll receive an email notification similar to below from MMB:

Subject: G10 Returned Items 111914

See attached 11/19/14 Returned items. MMB has processed the clearing account transaction(s) for these returned items. The **MMB Deposit ID Number** and **Entered Date** is located on the attached EmailReport.rtf document.

Please complete the required transaction(s) **within 5 days** of receiving the returned items e-mail, agencies must complete the returned items process.

After completing the appropriate Return Item procedure, please submit an email to (GENERALACCTG.MMB@state.mn.us) with the following information:

- Entered Date
- Business Unit (Agency)#
- Deposit ID number
- Monetary Amount (amount of the returned item)
- MMB Deposit ID# (Located on the EmailReport.rtf)

Your assistance in the Returned Items Process is GREATLY appreciated!!

One of the email attachments displays the MMB Deposit ID# and Speed Chart that you will use to clear the Clearing Account.

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**Returned Items**

- **Entered Date:** 11/20/2014
- **Returned Item Date:** 11/19/2014
- **Total Deposit:** 618.12
- **For Business Unit:** G1001

Copies of the returned check(s) and Notice of Returned Deposited Item(s) are attached to the email.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Midas Location</th>
<th>Speed Chart</th>
<th>Amount</th>
<th>MMB Deposit ID Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>G1001</td>
<td>G10240RH</td>
<td>NSFCRACCT</td>
<td>618.12</td>
<td>NSFG10141119940</td>
</tr>
</tbody>
</table>
Another attachment displays the date the item was returned to the bank.

Step 1: Create a Zero Dollar Deposit

The first step is to create a zero dollar deposit with a minimum of two payment lines; one reversing (debiting) the original payment and one for crediting the Clearing Account.

1. Navigate to the Regular Deposit search page by using one of the options below.

<table>
<thead>
<tr>
<th>Navigation Options</th>
<th>Navigation Path</th>
</tr>
</thead>
<tbody>
<tr>
<td>Navigation Collection</td>
<td>Accounting, Accounts Receivable, Enter and Complete Payments. The Regular Deposit page will display by default.</td>
</tr>
<tr>
<td>WorkCenter</td>
<td>Accounting, Accounts Receivable, Receivables WorkCenter, left-menu, Links section, Enter Payments, Regular Deposit.</td>
</tr>
</tbody>
</table>

2. On the Regular Deposit page, click on the Add a New Value tab.

3. Accept the default of “NEXT” for the Deposit ID field and SWIFT will automatically assign the next number available after you save the deposit. You can also enter your own. This is a required field.

4. Click the Add button.
5. Complete the Totals tab as you would normally, making sure to use the same Bank Code, Bank Account, and Midas Location as the original deposit. (Refer to the “Create a Direct Journal Deposit” guide for detailed entry instructions).

The following is also required for the Returned Item zero dollar deposit:

<table>
<thead>
<tr>
<th>Field Name</th>
<th>Field Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Deposit Type</td>
<td>Select “N” for NSF.</td>
</tr>
<tr>
<td>*Control Total Amount</td>
<td>Enter “0” (zero) in the Control Total Amount.</td>
</tr>
<tr>
<td>*Count</td>
<td>Enter “2” in the Count field. You must debit the original revenue account and credit the Clearing Account.</td>
</tr>
<tr>
<td>*Received</td>
<td>Enter the Returned Deposited Items date.</td>
</tr>
</tbody>
</table>

6. Click on the Payments tab. Complete as you would normally, making sure to do the following:

7. On the first payment row, enter the following:

<table>
<thead>
<tr>
<th>1st Row Entry (Seq 1)</th>
<th>Field Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment ID</td>
<td>Use a descriptive Payment ID so you can trace it, such as the returned check number or the MMB Deposit ID.</td>
</tr>
<tr>
<td>Amount</td>
<td>Enter a negative payment amount.</td>
</tr>
<tr>
<td>Journal Directly</td>
<td>Select the Journal Directly checkbox.</td>
</tr>
</tbody>
</table>
8. Click on the Add a New Row (+) button at row 1 and enter the following for the second payment:

<table>
<thead>
<tr>
<th>2nd Row Entry (Seq 2)</th>
<th>Field Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment ID</td>
<td>Enter the MMB Deposit ID number included in the email information so MMB can trace it.</td>
</tr>
<tr>
<td>Amount</td>
<td>Enter the Positive payment amount.</td>
</tr>
<tr>
<td>Journal Directly</td>
<td>Select the Journal Directly checkbox.</td>
</tr>
</tbody>
</table>

9. Click the Save button. If you accepted the default Deposit ID of “NEXT”, a Deposit ID is assigned. The deposit amount and the payment amount should be balanced at zero.

Step 2: Create Accounting Entries to Reverse the Original Entries for the Returned Item

Next, you will create accounting lines that will reverse (debit) the revenue account.

1. Navigate to the Create Accounting Entries page by using one of the options below.

<table>
<thead>
<tr>
<th>Navigation Options</th>
<th>Navigation Path</th>
</tr>
</thead>
<tbody>
<tr>
<td>Navigation Collection</td>
<td>Accounting, Accounts Receivable, Enter and Complete Payments, left-menu, Direct Journal Payments, Create Accounting Entries.</td>
</tr>
</tbody>
</table>
2. When you navigate directly from the Regular Deposit page to the Create Accounting Entries page, the Business Unit and Deposit ID automatically populate on the search page. Click the Search button. The Search Results list displays the two payment lines entered on the zero dollar deposit.

3. Click on the entry for the first Payment Sequence (the reversing entry). The Accounting Entries page for the Payment Sequence 1 displays.

4. Enter a positive amount on the Payment Sequence 1 row, along with the ChartFields for the account where the payment was originally deposited. **Note:** For this entry, you’re working with the negative payment so you must add that to the Revenue Account to reverse the charge to the account.

5. Click on the Currency Details tab and enter a Line Description.

6. Optionally, click on the Budget tab and enter a Budget Date. The Budget Date defaults to the current date. You would change this date if you are directing this entry to a different budget period than what you are currently in.

7. Optionally, click on the Journal Reference Information tab and enter additional reference information.

8. Click the Save button.
9. Click the **Create** icon (**Lightning Bolt**) to create the cash line. The Total Debits should equal the original transaction amount and the entry is now balanced.

10. Click the **Save** button again to save the cash line before marking the deposit complete.

11. Click the **Complete** checkbox.

12. Click the **Budget Check** button. The Budget Status should read “Valid”.

13. Click on the **Save** button.
Step 3: Create Accounting Entries to Credit the Clearing Account

Next, you will select the second payment and create accounting lines that will credit the Clearing Account.

1. From the Accounting Entries page for the Payment Sequence 1 row, click on the Next in List button. The Accounting Entries page appears for the Payment Sequence 2 of the Deposit.

2. Click on the Speed Type button and select the Speed Type “NSFCLRACCT” (provided by MMB).

3. Enter a negative amount on the Payment Sequence 2 row.

4. Click on the Currency Details tab and enter a Line Description.

5. Optionally, click on the Budget tab and enter a Budget Date. The Budget Date defaults to the current date. You would change this date if you are directing this entry to a different budget period than what you are currently in.

6. Optionally, click on the Journal Reference Information tab and enter additional reference information.

7. Click the Save button.

8. Click the Create icon (Lightning Bolt) to create the cash line.

9. Click the Save button again to save the cash line before marking the deposit complete.

10. Click the Complete checkbox.

11. Click the Budget Check button. The Budget Status should read “Valid”.

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<table>
<thead>
<tr>
<th>Distribution Lines</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Currency Details</strong></td>
</tr>
<tr>
<td>Amount</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Distribution Sequence</th>
<th>GL Unit</th>
<th>Line Amount</th>
<th>Currency</th>
<th>Fund</th>
<th>Fin DeptID</th>
<th>Appropriation ID (CF3)</th>
<th>Account</th>
<th>Sub Acct</th>
<th>SW Cost</th>
<th>Agency Cost 1 (CF1)</th>
<th>Agency Cost 2 (CF2)</th>
<th>PC Bus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MN031</td>
<td>-450.00 USD</td>
<td>USD</td>
<td>1000</td>
<td>G3RTREA</td>
<td>120095</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>MN031</td>
<td>450.00 USD</td>
<td>USD</td>
<td>1000</td>
<td>G3RTREA</td>
<td>100001</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th>Lines</th>
<th>Total Debits</th>
<th>Currency</th>
<th>USD</th>
<th>Total Credits</th>
<th>450.00 Currency</th>
<th>USD</th>
<th>Net</th>
<th>0.00</th>
</tr>
</thead>
</table>

**Accounting Entries**

**Deposit Control**

- Unit: G1001
- Deposit ID: TRN04
- Payment: NSFG/XXXXX
- Seq: 2

**Currency Details**

- Amount: 450.00 USD

**Budget Status**

- Valid