Process a Returned Item for an AR Item – MMB Notification

Overview

This guide covers how to process a Returned Item (returned check) for an AR Item when you have been notified by Minnesota Management & Budget (MMB).

Note: If you are notified of the Returned Item by your bank rather than by MMB, check with your supervisor to verify the process that you should use.

There are several steps required to handle the Returned Item payment. First, you’ll need to unpost the original item. This removes the original payment and reopens the item. You will then reapply the payment to the customer’s account. Next, you will create a Payment Worksheet to put the amount “On Account.” Finally, you will create a Maintenance Worksheet to write-off the credit.

Returned Items can occur for various reasons:

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

You’ll receive an email notification similar to below from MMB:

Subject: 610 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.txt 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 (GENERALACCOUNTS.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.txt)

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.

**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>NSFCURACCT</td>
<td>$618.12</td>
<td>NSFG10241119490</td>
</tr>
</tbody>
</table>

Another attachment displays the date the item was returned to the bank.

**US Bank**

**RETURNED DEPOSITED ITEMS**

Customer Service: 1-800-872-2657

Date: November 19, 2014  Advice D-104940

**NOTICE OF RETURNED DEPOSITED ITEM(S)**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Maker Name</th>
<th>Seq #</th>
<th>Item Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSF</td>
<td>99006194</td>
<td></td>
<td>$618.12</td>
</tr>
</tbody>
</table>

STATE OF MINNESOTA
STATE TREASURER'S OFFICE #10240
DO NOT MAIL TO CUSTOMER
TRUNCATION REQUIRED

1 Item(s) charged totaling: $618.12
Advice Total: $618.12

**WARNING**! It is important to unpost and repost the same day so the General Ledger and the Treasury are in sync. It is best to complete this process before 11:00 a.m. or wait until after 12:00 p.m. to process. It is also recommended that the ARUpdate process be run manually after steps 2 and 4 listed below.
Steps to complete:

- Step 1: Locate Relevant Information for the Unposting Process
- Step 2: Unpost the Payment (removes the original payment from the Item and reopens the Item)
- Step 3: Reapply the Original Payment to the Customer’s Account
- Step 4: Create a Payment Worksheet (reposts the amount “On Account”)
- Step 5: Create a Maintenance Worksheet to Write Off the OA
- Step 6: Monitor the Approval Process

**Step 1: Locate Relevant Information for the Unposting Process**

Before unposting the payment that is now a Returned Item, you will need to find out more reference information about the AR Item. There are several screens available to help you retrieve this information. In this example, we will use the *View/Update Item Detail Inquiry* page.

1. Navigate to the *View/Update Item Details* page using one of the below options.

<table>
<thead>
<tr>
<th>Navigation Options</th>
<th>Navigation Path</th>
</tr>
</thead>
<tbody>
<tr>
<td>Navigation Collection</td>
<td>Accounting, Accounts Receivable, Review Payments and Items, left-menu, Customer Accounts, View/Update Item Details.</td>
</tr>
<tr>
<td>WorkCenter</td>
<td>Accounting, Accounts Receivable, Receivables WorkCenter, left-menu, Links section, Review Payments and Items, View/Update Item Details.</td>
</tr>
</tbody>
</table>

2. Accept the default *Business Unit* or enter a *Business Unit*.

3. Enter the *Item ID*.

![View/Update Item Details](image)
4. Click on the Search button. The Detail 1 page displays.

5. Click on the Item Activity tab. Activity associated with the Item displays, including the original invoice (Entry Type “IN”), and the payment that is now a Returned Item (Entry Type “PY”).

![Image of Item Activity page]

6. Make note of the payment fields, including Group ID, Deposit ID, Payment ID, and Sequence.

**Step 2: Unpost the Payment (removes the original payment from the Item and reopens the Item)**

Next, you’ll need to unpost the payment.

1. Navigate to the Payment Group search page to access the original deposit and unpost it.

<table>
<thead>
<tr>
<th>Navigation Options</th>
<th>Navigation Path</th>
</tr>
</thead>
</table>

2. At the Payment Group page, accept the Deposit Unit default or enter a Deposit Unit.
3. Enter the Deposit ID for the deposit you want to unpost.  
   **Note:** Other search fields are available to limit your search results, including Payment Sequence, Payment ID and date fields.

4. Click on the Search button.

5. If more than one payment was in the deposit, click on the payment you want to unpost in the Search Results section. The Payment Control page displays showing information about the deposit.

6. Click on the Options tab.
7. Click on the **Unpost Reason Lookup** button and select “NSF” (Non-Sufficient Funds).

8. The **Accounting Date** should be the current date. If necessary, click on the **Edit Accounting Date** checkbox and change the date to the current date.

9. Click on the **Action** tab.

10. Click on the **Action** drop-down list and select “**Batch Standard**” to post this action.

11. Click on the **OK** button in the **Posting Action** section.

12. Click on the **Save** button.

13. After saving, the **Unpost Group ID** displays in the header on the **Action** tab. Make note of the **Group ID** for the next step.

14. Next, the ARUpdate process must be run to unpost the Payment Group and create accounting entries in General Ledger (GL). This process removes the original payment from the Item and reopens the Item. In Step 3, you will repost the payment to the customer’s account.
**WARNING!** So that the GL and the Treasury are in sync, it is important to unpost and repost the same day; it is best to complete this process before 11:00 a.m. or wait until after 12:00 p.m. to process. It is recommended that you run the process manually, rather than waiting for the batch process to run. Refer to the “Run the ARUpdate Process” guide for assistance.

**Note:** After the ARUpdate process is run, the Item Activity page displays the original invoice, the payment, and the unposting of the payment.

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**Step 3: Reapply the Original Payment to the Customer’s Account**

Next, reapply the original payment to the customer’s account. Begin by going to the Regular Deposit page to enter customer information and remove the item reference.

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

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

2. Accept the default Deposit Unit or enter a Deposit Unit.
3. Enter the Deposit ID for the original deposit.
4. Click on the Search button. The Regular Deposit page displays.
5. Click on the Payments tab. If more than one payment was in the deposit, use the arrow keys to navigate to the payment you unposted.
   Note: The original deposit Reference Information section displays the Item ID.
6. WARNING! Do not check the “Payment Predictor” option. (If the Payment Predictor option is checked, the payment will be reposted when the batch processes run again.)
7. Enter the Customer ID or click on the Lookup icon to search for a customer.
8. Accept the default Business Unit or select a different Business Unit.
9. In the Reference Information section, delete the Reference Item ID by clicking on the Minus (-) for row one.
10. Click OK button at the prompt.

11. Click on the Save button.

Step 4: Create a Payment Worksheet

Next, create a Payment Worksheet to apply the amount “On Account.”

1. Navigate to the Create Worksheet page using one of the options below.
2. If navigating directly from the Payments page for the deposit, the Deposit Unit and Deposit ID are automatically supplied. If not, verify the Deposit ID and enter the Deposit ID for the original deposit.

3. Click on the Search button. The Payment Worksheet Selection page displays Customer ID populated.

4. If necessary, select the Business Unit in the Customer Reference section. The Customer name displays.

5. Click on the Build button in the Worksheet Action section. The Payment Worksheet Application page appears.
6. Click on the **Add New Row** plus (+) to add a row. The **Add New Row** dialog displays.

![Add New Row dialog](image)

7. Accept “1” at the prompt verifying that is how many rows you would like to add.

8. Click the **OK** button and you are returned to the **Payment Worksheet Application** page.

9. Complete the fields as described below.

<table>
<thead>
<tr>
<th>Field Name</th>
<th>Field Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Pay Amt</td>
<td>Enter the negative amount for the credit. <strong>Note</strong>: This amount will display in the <strong>Adjusted</strong> field of the <strong>Balance</strong> section.</td>
</tr>
<tr>
<td>*Entry Type</td>
<td>Select “OA” (Place an Amount On Account).</td>
</tr>
<tr>
<td>Item ID</td>
<td>After selecting the “OA” <strong>Entry Type</strong>, the system will automatically generate a new <strong>Item ID</strong>; for example, “OA49”.</td>
</tr>
<tr>
<td>*Reason</td>
<td>Select “NSF” (Non-Sufficient Funds) for the reason. This is mandatory for correct classification of “On Account” items.</td>
</tr>
</tbody>
</table>

![Payment Worksheet Application](image)

10. Click on the **Save** button. Make note of the “On Account” **Item ID** for the next step.
11. Click on the *Worksheet Action* link at bottom of page. The *Payment Worksheet Action* page displays.

![Payment Worksheet Action](image)

12. **WARNING**! Make sure to select “**Batch Standard**” for the *Action*.

13. Click on the **OK** button.

14. Next, the ARUpdate process must be run to repost the payment and create accounting entries in the General Ledger (GL).

    **WARNING**! So that the GL and the Treasury are in sync, it is important to unpost and repost the same day; it is best to complete this process before 11:00 a.m. or wait until after 12:00 p.m. to process. It is recommended that you run the process manually, rather than waiting for the batch process to run. Refer to the “Run the ARUpdate Process” guide for assistance.

### Step 5: Create a Maintenance Worksheet to Write Off the OA

Next, you will create a maintenance worksheet to write off the “On Account” amount so that this amount is an open item on the customer’s account.

1. Navigate to the Create Worksheet page using one of the options below.

<table>
<thead>
<tr>
<th>Navigation Options</th>
<th>Navigation Path</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Navigation Collection</strong></td>
<td>Accounting, Accounts Receivable, Maintain Items. The Create Worksheet page will display by default.</td>
</tr>
<tr>
<td><strong>WorkCenter</strong></td>
<td>Accounting, Accounts Receivable, Receivables WorkCenter, left-menu, Links section, Maintain Items, Create Worksheet.</td>
</tr>
</tbody>
</table>

2. Click on the **Add New Value** tab.

3. Accept the default *Business Unit* or enter a *Business Unit*.

4. Accept the default “**NEXT**” in the *Worksheet ID* field and the system will assign the next number available after you save the worksheet.

5. Click on the **Add** button. The *Worksheet Selection* page displays.
6. Complete the **Reference Criteria** section as described below.

<table>
<thead>
<tr>
<th>Field Name</th>
<th>Field Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reference Criteria</td>
<td>Must = “Specific Value”.</td>
</tr>
<tr>
<td>Qual Code</td>
<td>Select “I - Item”.</td>
</tr>
<tr>
<td>Reference</td>
<td>Enter the original “On Account” <em>Item Number</em> (“OA___”) or click on the <strong>Lookup</strong> to search for the Item.</td>
</tr>
<tr>
<td>Anchor BU</td>
<td>Enter the <em>Business Unit</em>.</td>
</tr>
</tbody>
</table>

7. Click on the **Build** button and the **Worksheet Application** page displays.
8. Complete the **Item List** section fields as described below.

<table>
<thead>
<tr>
<th>Field Name</th>
<th>Field Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type</strong></td>
<td>Select “WOC” (Write off a Credit).</td>
</tr>
<tr>
<td><strong>Reason</strong></td>
<td>Select “NSF” (Non-Sufficient Funds). This is mandatory. If this is not selected, it will not create the offset line to the Clearing account as needed to &quot;clear&quot; that NSF item.</td>
</tr>
<tr>
<td><strong>Sel</strong></td>
<td>Click the Sel checkbox for each Item you want to write-off.</td>
</tr>
</tbody>
</table>

9. Click on the **Save** button. Make note of the **Worksheet ID** for the next step.

**Note:** If you receive the below message indicating that the maximum operator write off amount limits have been exceeded, you do not have the security to process the write off amount. Contact your supervisor for instructions.

10. Click on the **Worksheet Action** link.

11. Click on the **OK** button to accept the **Submit to Workflow** action. “Pending Approval” is now displayed in the Posting Action section.
• The Action changes to “Pending Approval”.

**Step 6: Monitor the Approval Process**

You will receive a Notification ( ) when the write-off is approved. If the write-off is denied, you will receive a Notification and an email. For more information about the approval process, refer to the “Maintenance Worksheet Approval Process” guide.

• After the write-off has been approved, the worksheet is automatically set to “Batch Standard” on the *Worksheet Action* page.

• Next, the ARUpdate process must be run to create accounting entries in the GL (General Ledger) and update the customer’s account. The ARUpdate batch process runs several times a day. You can also run the process manually. Refer to the “Run the ARUpdate Process” guide for assistance.

• After the ARUpdate process posts the transaction, the write-off displays on the customer’s account.
<table>
<thead>
<tr>
<th>Account Date</th>
<th>Item ID</th>
<th>Line</th>
<th>Entry Type</th>
<th>Entry Reason</th>
<th>Entry Amount</th>
<th>Entry Currency</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/26/2018</td>
<td>TRN00000 NSF2</td>
<td>1</td>
<td>PY</td>
<td></td>
<td>-400.00</td>
<td>USD</td>
<td>G1001</td>
</tr>
<tr>
<td>09/26/2018</td>
<td>TRN00000 NSF2</td>
<td>1</td>
<td>PY</td>
<td></td>
<td>600.00</td>
<td>USD</td>
<td>G1001</td>
</tr>
<tr>
<td>09/01/2018</td>
<td>TRN00000 NSF2</td>
<td>1</td>
<td>IN</td>
<td></td>
<td>600.00</td>
<td>USD</td>
<td>G1001</td>
</tr>
<tr>
<td>09/26/2018</td>
<td>OA-158744</td>
<td>0</td>
<td>OA</td>
<td>NSF</td>
<td>-400.00</td>
<td>USD</td>
<td>G1001</td>
</tr>
<tr>
<td>10/26/2018</td>
<td>OA-158744</td>
<td>0</td>
<td>WOC</td>
<td>NSF</td>
<td>600.00</td>
<td>USD</td>
<td>G1001</td>
</tr>
</tbody>
</table>