Objective: To provide a standard process for handling returned checks.

Accounts Receivable-Returned Check accounts must be maintained at a zero balance. Resubmitting an original check, depositing a replacement check or writing off a check creates a zero balance.

The Bursar’s Office receives and distributes returned checks to the Gift Records Office.

Gift Records mails the donor a notification letter upon receipt of a returned check. If a response is not received within 30 days Gift Records mails a second notice. If no response is received after 60 days, then the check is written off and the gift reversed from ANDI.

If a replaced or resubmitted check is returned by the financial institution, then it is deemed uncollectible and written off. The gift is reversed from ANDI.

The original check will be returned to the donor once the replacement check has been successfully processed.

Reference: University of Tennessee Fiscal Policy FI0305

For questions regarding this policy, contact the Advancement Services help desk at (865) 974-4153 or email ANDIHelp@tennessee.edu
PROCEDURES: Returned Checks

Effective: 3/09/04

Revised 09/08/05

Note: Returned checks may be for non-gift transactions. Contact the department that originally deposited the check and give them the option of contacting the donor.

Reason Returned: The bank codes the check letting us know why the check was not processed (i.e. Insufficient Funds, Stop Payment, Account Closed, etc).

The reason why a check was returned will determine what type of letter will be sent to the donor.

Generating Letters: Templates for all letters are stored on the departmental drive.

Double Click the Returned Cks folder
Double Click the appropriate folder (Returned Cks or Stop Payment)
Double Click the appropriate template letter

Make the following changes:

1. The date at the top of the letter should be the date you print the letter.
2. Name and address of the donor
3. Salutation
4. In the first paragraph, modify the amount of check, check date, payable to (the payee on the check) and the reason why the bank returned the check.
5. Save the letter in the same folder as the template using the donor’s name and print on letterhead.
6. Highlight the donor’s name and address and click on Tools on the menu bar.
7. Select Envelopes and Labels and click on the Envelope Tab to print.
8. Make a copy of the letter; attach the returned check and backup documentation to be filed.
9. Mail the letter with a business reply envelope to the donor.

Note: If we do not receive a reply back from the donor within 30 days, change the date on the original letter and resend. The copy of this second letter must be marked 2nd Notification. After waiting 30 more days, the check is written off and the gift reversed.
REPLACEMENT CHECKS

1. Fill out a receipt in UT receipt book
   Date: date the replacement check is received
   Received of: donor’s name
   Second Line: write out the amount of the check. (Seventy-nine & 00/cents--------)
   Text Lines: first line on the right hand side, numeric dollar amt. (79.00)
   donor’s address
   replacement ck # _______
   Credit To: A170500023
   Total: numeric dollar amt. (79.00)
   Check ____ Cash _____: Put a check mark on the Check Line
   By: Sign your name.
   Attach this receipt to our file copy of the check.

2. Make two copies of the front and back of check and front of UT receipt.

3. Prepare a UT deposit slip listing the check number(s) and amount(s).

4. Prepare a deposit bag including the “tear off receipt” by listing the department name, deposit date and amounts. Sign the deposit bag. The original (white) deposit slip and checks are sealed in the deposit bag.

5. Prepare IRIS deposit.

   Double click on SAPlogon pad icon on your desktop.
   Double click on 1 IRIS Production.

   Type in User ID and password
   Hit Enter key

   Open ZFB50ZK2-Bank Deposit Journal Entry

   Make sure the Company Code (last field listed under the “Basic data” tab) is UT.
   If not, Click on the Company Code button on the task bar.
   The “Enter Company Code” box will pop up.
   In the Company Code field, Type “UT”.
   The Company Code field should read “UT”.
   Click the ✔.

   Document Date: (Received Date of Money)
   Posting Date: (Leave As Is)
   Reference: (Leave BLANK)
   Doc. Header Text: 1
Click the Tree On button on the task bar.

Click the arrow located beside the “Account assignment template” folder.

Double Click the option, 01FTB

An information window will pop up.

Click on the box.

Click the button on the task bar.

You should see the following line….

102011 FTB-GEN… Debit

Enter the following…

1st Row

G/L Acct: 102011
Short Text: FTB-GEN…
D/C: Debit
Doc currency amount: ($ Amt of Deposit Slip)
Assignment No.: (Deposit Slip #)
Text: adv serv x0381

2nd Row

G/L Acct: 105000
Short Text: (BLANK)
D/C: Credit
Doc currency amount: ($ Amt of 1st check)
Assignment No.: (BLANK)
Text: (Donor’s Name)
Fund: A170500023

3rd Row --- Repeat 2nd Row, if you have more than one check.

When finished…

Click on the button on the task bar.

IRIS will assign a parked document number that appears in the bottom left corner of the window on the Status Bar.

Write the Document Number on the yellow and pink deposit slips.
Click on the Menu Bar at the top of the window.

Click **Display** Ctrl+F3

Click **Document** on the Menu Bar at the top of the window.

Click **Change** Ctrl+F1

Click the **Simulate** button on the task bar.

Print two copies of the parked document by clicking the PRINT icon on the Tool Bar. (for the yellow and pink deposit slips)

Click on the back arrow button at the top of the screen to go back to your deposit entry window.

Click the button at the top of the screen to get back to the main menu.

Staple your deposit slips to the front bottom left section of the **Parked Document** copies.

Staple the **Parked Document** report to the backup.

Deliver the deposit to the Bursar’s Office.

The Bursar’s Office will assign a CV # to your deposit.

**Note:** Both the original and replacement checks are uncollectible and written off when a replacement check is returned by the financial institution. The gift is reversed from ANDI.

The original check will be returned to the donor once the replacement check has been successfully processed. A ‘Returned Original Check Letter’ is stored on the departmental drive.

**RESUBMIT CHECKS**

1. Fill out a receipt in UT receipt book
   - Date: Date you are Re-Submitting the Check
   - Received of: Donor’s Name
   - Second Line: Write out the amount of the check. (Seventy-nine & 00/cents------)
   - Text Lines: First Line on the Right Hand Side, Numeric Dollar Amt. (79.00)
     - Donor’s Address
     - Re-Submitted Per _______ (Re-Submitted Per Donor Request)
   - Credit To: A170500023
Total: *Numeric Dollar Amt.* (79.00)
Check ____ Cash _____: *Put a Check mark on the Check Line*
By: *Sign your name.*
Attach this receipt to our file copy of the check.

2. Make two copies of the front and back of check and front of UT receipt.

3. Prepare a **UT** deposit slip listing the check number(s) and amount(s).

4. Prepare a deposit bag including the “tear off receipt” by listing the department name, deposit date and amounts. Sign the deposit bag. The original (white) deposit slip and checks are sealed in the deposit bag.

5. Prepare IRIS deposit. See procedures above.

**WRITE OFFS**

*Note:* Checks are written off after two notifications with no response.

1. Reverse the gift from ANDI. **Note:** The reversal moves the money from the appropriate UT account to the Foundation Revolving Account.

2. Email the UT Foundation accountant requesting a transfer for the amount of the reversal from the foundation revolving account to the returned check account (A170500023).

3. A copy of the email and the returned check is filed.

**STOP PAYMENT**

1. Follow steps 1-3 for Write Offs.

2. Send a ‘Stop Payment Letter’ and returned check to the donor.