

## Returned Checks from Sponsors

**Effective Date:** May 22, 2017  
**Function:** Treasury  
**Contact:** [Penelope Bodner](#)

### Basis for Procedure

Sometimes a check deposited through the cash receipts process is returned to the Research Foundation (RF) by Key Bank or by the bank an operating location normally uses for RF deposits. When this occurs, award cash needs to be reduced by reversing the original receipt. A check may be returned for a number of reasons, including but not limited to:

- the account has insufficient funds
- the issuer placed a stop payment against the check
- the check was drawn against a closed account
- the issuer did not sign the check
- the issuer did not write a dollar amount on the check
- refer to maker

### Procedure Summary

Payments from customers are deposited into the RF checking account. The cash is recorded and posted to an award in Oracle applications. Refer to the procedure [Cash Receipts Function](#).

During the cash management process reconciling bank activity to Oracle, there may be a returned check from the bank.

To prevent checks from being returned, any visual problems with a check should be reviewed and resolved with the appropriate operating location's cash receipts contact prior to deposit. A check should:

- be made payable to the Research Foundation for SUNY.
- include the signature of the issuer.
- be properly endorsed, if made payable to other than the RF.
- have dollar amounts numerically noted and spelled out in the appropriate areas on the check.
- be physically undamaged to allow it through the bank deposit process.
- include the proper RF account number to which it will be posted.
- not be stale dated
- be legitimate/not a scam check

### Cash Receipts in Oracle

Cash receipts are loaded into the Oracle AR module using the receipts batch process. When a check is returned after being deposited, the recorded cash receipt entry must be reversed in Oracle. Reversals of cash receipts should be done only through the original batch. Refer to the work instruction [Reverse a Cash Receipts Entry](#).

### Process for Handling

The following table describes steps to take when a check is returned to the RF by Key Bank or by the bank an operating location normally uses for RF deposits:

Step	Role or Responsibility	References or Tips
------	------------------------	--------------------

<p>Review the information on the front and back of the returned check in order to determine the appropriate Award that was originally credited with the deposit. If award number cannot be determined, contact appropriate campus to obtain that information.</p>	<p>Central Office (CO) Treasury and Operating Locations (Accounts Receivable or Cash area)</p>	<p>This process can be time-consuming, so it is important the RF Award number, when available prior to the check being deposited, is noted either on front or back of the check. Before checks are submitted to the RF, the operating location should write on each check the award number to which it will be posted.</p>
<p>Perform the following tasks in Oracle in order to reverse the cash receipt entry in the AR application:</p> <ol style="list-style-type: none"> <li>1. Locate the original receipt in Oracle by querying the dollar amount, receipt number (i.e., check number) or customer name (i.e., sponsor on an Award) of the returned check. Determine the Receipt Batch name used to enter the individual cash receipt. Refer to the work instruction <a href="#">Inquiry on a Cash Receipt Entry</a>.</li> <li>2. Access the cash receipt entry through the original Receipt Batch in Oracle. Reverse the original entry that was made under the cash receipts batch (the reversal category should be Non-Sufficient Funds and the reason Uncollectible). Debit the appropriate sponsored program account and category (i.e., the award and category to which the cash receipt was credited when originally posted) for the amount of the returned check. Refer to the work instruction <a href="#">Reverse a Cash Receipts Entry</a>.</li> <li>3. Confirm that the batch totals are adjusted and the batch is closed after the reversal.</li> </ol>	<p>CO Treasury</p>	<p>If the check was entered as part of a multiple check entry from various donors, the entire entry must be reversed (the reversal category should be reverse payment and the reason payment reversal) and the balance of the checks that cleared the bank would then be reentered and reapplied as the original entry was applied.</p> <p>The receipt that bounced also needs to be reentered – then reversed as stated in this step.</p>
<p>Obtain copy of the returned check or checks and distribute the following materials:</p> <ol style="list-style-type: none"> <li>1. Email copy of the check, along with notice from the bank of returned funds, to the appropriate operating location cash receipts contact.</li> <li>2. Send a copy of the email to the Sponsored Programs Administration at centralized operating locations for notification that the Award's budget may need to be reduced.</li> <li>3. A copy of the check, the notice of deposit returned issued by the bank and email to operating location are attached to the reversed cash receipt in Oracle.</li> </ol>	<p>CO Treasury and Operating Locations</p>	<p>The email informs the operating location the check was returned to the RF and the appropriate Award has been debited.</p>

## Definitions

*Refer to maker-* This is a bank term used when a check doesn't clear through the bank, but the bank doesn't have a reason why the payment wasn't allowed. Therefore, the RF would have to go to the payer for the reason the check bounced.

## Related Information

For detailed information on running queries, refer to the work instruction, [Inquiry on a Cash Receipt](#).

## Forms

none

## Change History

Date	Summary of Change
May 22, 2017	Updated to comply with new procedure format, included procedure summary, and revised for clarity.
August 2, 2005	Remove imbedded menu path references to documents that have been moved from AR to new Cash Receipts area and redirected links.
May 15, 2001	New document.

## Feedback

Was this document clear and easy to follow? Please send your feedback to [webfeedback@rfsuny.org](mailto:webfeedback@rfsuny.org).

Copyright © 2011 The Research Foundation of State University of New York