Debit/Credit Memo Procedure

A debit/credit memo is received by the Treasurer's Office from the bank each time an adjustment is made to the State's bank accounts. Usually these adjustments are the result of an incorrect deposit or a returned check. An adjustment can also be required if international funds are received and deposited by the State of Vermont. Debit/Credit memo activity is associated with suspense account number 101096 and Agency fund 63096. Both are titled "DR/CR Memo Cash Clearing".

The rest of this procedure outlines the processing of debit/credit memos, including some examples.

Process Flow

Treasurer's Office

• After the Treasurer's Office receives a debit/credit memo they process a source CAJ journal entry to adjust the depository cash account (101102) with an offset to the DR/CR Memo Cash Clearing account (101096). The Treasurer's Office will post the adjustment to the Agency fund (63096) and a related administrative Dept ID for the associated Business Unit. The Treasurer's Office includes a Reference Number on each journal and the journal is edited, approved, and posted. The Treasurer's Office sends documents through email to the appropriate contact person for the associated Business Unit and cc's Financial Operations. Documents included in the email notification: bank adjustment letter with CAJ journal id and reference number noted, deposit slip, returned check.

Department Entry

• Once the associated Business Unit receives the email notification from the Treasurer's office with all required documents, they are responsible for processing a source TSF journal entry (interunit transfer) to adjust the appropriate chartfields. The TSF journal should be processed as soon as possible, not exceeding 5 business days after receipt of the Treasurer's Office email. As the Department journal entry is the initiating source TSF, 'NEXT' must be used for the journal id. VISION will assign the next available journal id. The same reference number that is associated with the Treasurer's journal must be used (see reference number noted on the bank adjustment letter). For a debit memo the journal is entered debiting the chartfield information used on the original deposit and crediting interunit cash account (100105). For a credit memo the debit/credit lines of the journal are reversed. All journal lines must include an affiliate of 00005. The TSF journal entry should be edited and approved. (See example journal on page 6.)

Financial Operations

• Once the department processes their TSF journal, Financial Operations runs the VT_BU_TRANSFER query and processes the responding side of the interunit transfer using BU 00005. The same journal id and journal date will be used as was assigned to the Department entry. The same reference number used on both the Treasurer's and Department's journals must be used. Financial Operations will post the TSF to the Agency fund (63096) and the same administrative Dept ID used in the Treasurer's journal. For a debit memo the journal will be entered crediting the DR/CR Memo cash clearing account (101096) and debiting the interunit cash account (100105). For a credit memo the debit/credit lines of the journal are reversed. Financial Operations will edit, approve, and post the responding TSF journal entry. They will also post the department related initiating TSF journal entry.

Example Process Flow of Debit Memo:

B U	Accoun	tFund	DeptID	Affiliate	DR	CR				
Initial Deposit										
01160 01160	415680 101102		1160050000 1160050000		200.00	200.00				
Treasurers Office										
00005 00005	101102 101096		1160050000 1160050000		200.00	200.00				
Department Entry										
01160 01160	100105 415680		1160050000 1160050000	00005 00005	200.00	200.00				
Financial Operations										
00005 00005	101096 100105	63096 63096	1160050000 1160050000	01160 01160	200.00	200.00				

Example Process Flow of Credit Memo:

<u>B U</u>	Accoun	tFund	DeptID	Affiliate	DR	CR			
Initial Deposit									
01160	415680	21680	1160050000			200.00			
01160	101102	21680	1160050000		200.00				
Treasurers Office									
00005	101102	63096	1160050000		200.00				
00005	101096	63096	1160050000			200.00			
Department Entry									
01160	100105	21680	1160050000	00005	200.00				
01160	415680	21680	1160050000	00005		200.00			
Financial Operations									
00005	101096	63096	1160050000	01160	200.00				
00005	100105	63096	1160050000	01160		200.00			

Dispute

If a department believes that the Treasurer's Office has incorrectly processed a debit/credit memo against their Business Unit, the department is responsible for contacting the Treasurer's Office. Please contact Wendy Dickinson at 828-6972 or email wendy.dickinson@vermont.gov within 5 business days of receiving the Debit/Credit Memo to record the dispute.

Examples

Attached you will find outlined instructions for processing Debit/Credit Memos, including screen shots.

Treasurers Office – Example

The Treasurer's Office will process a Debit/Credit memo in VISION with a source "CAJ" journal entry.

Navigation: General Ledger > Journals > Journal Entry > Create/Update Journal Entries

OR

WorkCenter Navigation: General Ledger WorkCenter > Journals > Create/Update Journal Entries



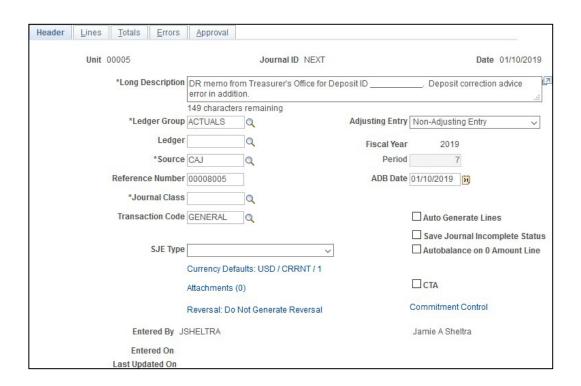
Header Page

Long Description: DR memo from Treasurer's Office for Deposit ID _____

Deposit correction advice error in addition.

Ledger Group: ACTUALS

Source: CAJ
Reference: 00008005
Journal Class: CY or PY



Lines Page

Debit:

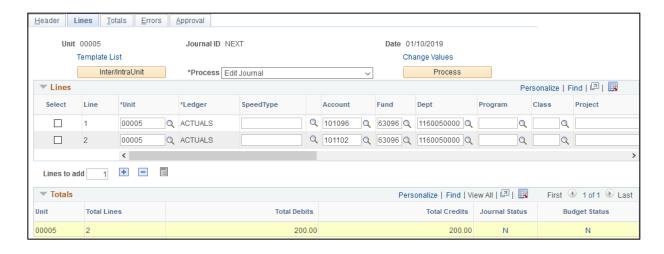
Account - 101096 (DR/CR Memo Cash Clearing) Fund - 63096 (DR/CR Memo Cash Clearing)

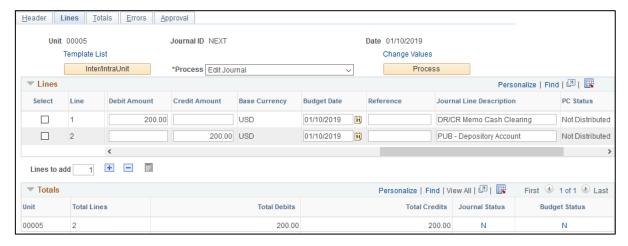
Dept Id - (Administrative Dept Id within the originating BU)

Credit:

Account - 101102 (PUB - Depository Account) Fund - 63096 (DR/CR Memo Cash Clearing)

Dept Id - (Administrative Dept Id within the originating BU)





Edit and approve the journal. Once the journal status = 'V' and the Approval Status = Approved, you have completed your journal. It will either post in the overnight batch processes OR you can post the journal manually if you have the appropriate security.

Department Entry – Example

The Department will process a Debit/Credit memo in VISION with a source "TSF" journal entry. The Department's TSF journal is the initiating side of a transfer.

Navigation: General Ledger > Journals > Journal Entry > Create/Update Journal Entries

OR

WorkCenter Navigation: General Ledger WorkCenter > Journals > Create/Update Journal Entries



Header Page

Long Description: Debit/Credit Memo Journal Entry to process correcting

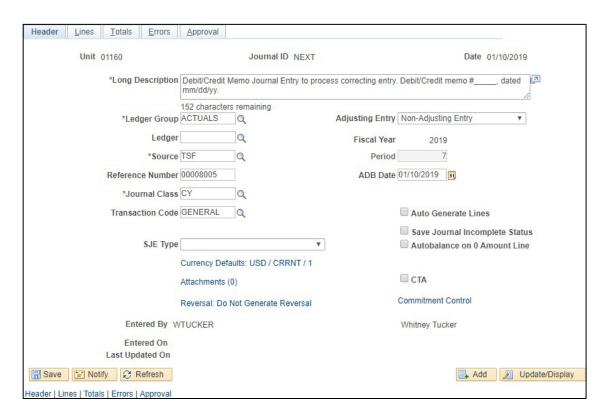
entry. Debit/Credit memo #_____, dated mm/dd/yy.

Ledger Group: ACTUALS

Source: TSF

Reference number: 00008005 (Same as Treasurer's JE)

Journal Class: CY or PY



Lines Page

Debit:

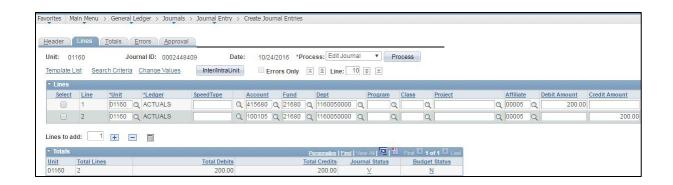
Account - (Original account used on deposit)
Fund - (Original fund used on deposit)
Dept ID - (Original Dept Id used on deposit)

Affiliate- 00005

Credit:

Account - 100105 (interunit cash account)
Fund - (Original fund used on deposit)
Dept Id - (Original Dept Id on deposit)

Affiliate- 00005



<u>Note: Enter Program, Class and Project/Grant if these fields were used on the original deposit.</u>

-Edit and approve the journal. Once the journal status = 'V' and the Approval Status = Approved, you have completed your journal.

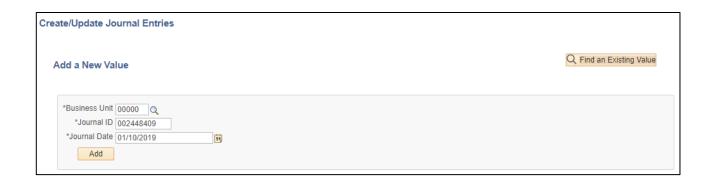
Financial Operations – Example

Financial Operations will process a Debit/Credit memo in VISION with a source "TSF" journal entry. Financial Operation's TSF journal is the responding side of a transfer.

Navigation: General Ledger > Journals > Journal Entry > Create/Update Journal Entries

OR

WorkCenter Navigation: General Ledger WorkCenter > Journals > Create/Update Journal Entries



NOTE: The same Journal ID should be used on this journal as the TSF that the Department entered.

Header Page

Long Description: Debit/Credit Memo #_____. Dept has processed correction.

This reverses Suspense Transaction in CAJ#

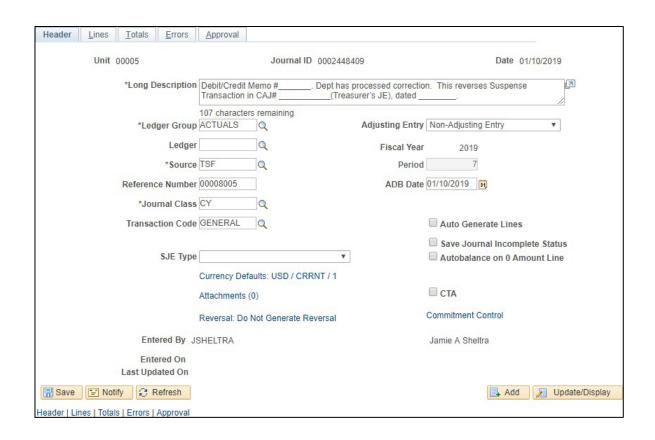
_(Treasurer's JE), dated _____.

Ledger Group: ACTUALS

Source: TSF

Reference number: 00008005 (same as Treasurer's JE and Dept's JE)

Journal Class: CY or PY



Lines Page

Credit:

Account - 101096 (DR/CR Memo Cash Clearing) Fund - 63096 (DR/CR Memo Cash Clearing)

Dept Id - (Administrative Dept Id within the originating BU)

Affiliate- (In this example BU 01160)

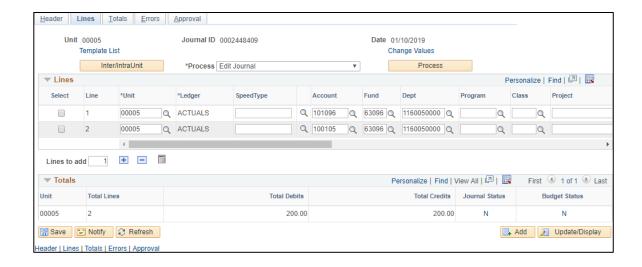
Debit:

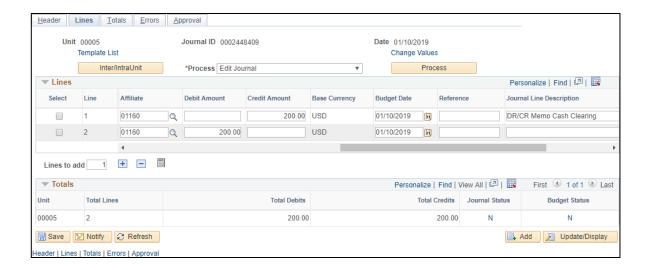
Account - 100105 (interunit cash account)

Fund - 63096 (DR/CR Memo Cash Clearing)

Dept Id - (Administrative Dept Id within the originating BU)

Affiliate- (In this example BU 01160)





Example of adjustment letter provided by the Treasurer's Office via email.

✓ Email documentation may also include a copy of the returned check (front and back) if applicable. (not pictured here)



#7

ACCT# 5240113051

DATE: 09/21/2016

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STATE OF VERMONT DEPOSITORY ACCOUNT 109 STATE ST 4TH FL MONTPELIER VT

05609-6200

THE FOLLOWING ITEM(S) THAT WERE DEPOSITED INTO ACCT # 5240113051 HAVE BEEN RETURNED UNPAID. WE HAVE DEBITED YOUR ACCOUNT AS INDICATED BELOW. THE ASSOCIATED FEES WILL BE REFLECTED ON YOUR MONTHLY ANALYSIS STATEMENT. IF YOU HAVE ANY QUESTIONS OR CONCERNS, PLEASE CONTACT US AT THE NUMBER LISTED ABOVE.

CHECK#

CHECK AMOUNT RETURN ITEM SEQ # RETURN REASON

SERIAL NUMBER 3124 22 8358 8125112887 OST# 00030889

328

76.00

724850701

NON SUFFICIENT FUNDS

TOTAL RETURNED NUMBER OF ITEM(S) AMOUNT OF CHECK(S)

\$76.00

99