27.0 Check Reissue & Reconciliation
Process Report
December 2017
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# 27.0 Check Reissue and Reconciliation

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27.0 Check Reissue and Reconciliation

Overview

This report outlines the current steps for the check re-issue and reconciliation process. The check re-issue and reconciliation process documents the steps involved when University Payables and University Accounting Financial Reporting (UAFR) are required to re-issue/return checks, checks not cashed, and balance checks.

Illinois Mandate Symbol - 🎓
University Policy Symbol - 📚

Professional Mandate Symbol - 📚
Process Executive Summary

Business Process

Check Reissue and Reconciled Process

The check reissue and reconcile process involves three major milestones: identify uncashed checks, verify uncashed checks and resolve the issue. During the first phase is when University Payables becomes aware of an uncashed checks usually by the vendor, department or returned in the mail. In addition, checks that are past 190 days are found on bank and Banner reports pulled by UAFR. During the second phase, University Payables researches and tries to determine why a check has not been cashed. If a check is older than 190 days, UAFR runs a report from Banner for unclaimed property, loads it into a tracker system and sends the payee a letter with options to resolve. The final output usually results in the vendor receiving a reissued/replace check, opted not to owe, a credit back to the department or will go to the state as unclaimed property.

Current Process Activities for Checks Reissue and Reconciled Process

- Identify uncashed checks
- Verify uncashed checks
- Resolve Issue

Approach

The current state process activities were mapped by the Subject Matter Expert (SME). A SIPOC diagram was created to capture the tasks executed by the University System department, issues identified, and a list of future system requirements was captured.

Key Findings

Check Reissue and Reconciled Process

- Unable to identify vendor addresses
- Vendor error (vendor not supplying proper documentation or invoice information)
- University Department Units are not properly returning uncashed checks
- Lack of staff to process, research and follow up with 3-5 business days
- Very manual process
# 27.0 Check Reissue and Reconciliation

## Chapter 1: SIPOC Diagram

<table>
<thead>
<tr>
<th>Process Name</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Check re-issue and reconciled process</td>
<td>December 2017</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUPPLIERS</th>
<th>INPUTS</th>
<th>PROCESS</th>
<th>OUTPUTS</th>
<th>CUSTOMERS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Who</strong> provides input to the process</td>
<td><strong>What</strong> goes into the process</td>
<td><strong>How</strong> the inputs are transformed to outputs</td>
<td><strong>What</strong> comes out of the process</td>
<td><strong>Who</strong> received the outputs of the process</td>
</tr>
<tr>
<td>Bank</td>
<td>Reconciliation Reports</td>
<td>1. Identified uncashed check</td>
<td>Reissued check</td>
<td>Payee/Vendor</td>
</tr>
<tr>
<td>Vendors</td>
<td>Calls or emails</td>
<td>2. Verify Uncashed Check</td>
<td>Canceled check and invoice</td>
<td>University Payables</td>
</tr>
<tr>
<td>University Department Unit Requestors</td>
<td>Returned checks in the mail</td>
<td>3. Resolve issue</td>
<td>Unresolved check</td>
<td>UAFR</td>
</tr>
<tr>
<td>University Payables</td>
<td>Payment action request form</td>
<td></td>
<td>Re-mailed check</td>
<td>State of Illinois</td>
</tr>
<tr>
<td>UAFR</td>
<td>Banner address script</td>
<td></td>
<td>State unclaimed property</td>
<td>Internal and external auditors</td>
</tr>
<tr>
<td>Cash Management</td>
<td>Check information</td>
<td></td>
<td>Check status report</td>
<td></td>
</tr>
<tr>
<td>US Mail</td>
<td>Proof of payment</td>
<td></td>
<td>Completed JVs</td>
<td></td>
</tr>
</tbody>
</table>

**Procurement Services**  
**OBFS**  
**3**
Chapter 2: Suppliers

Suppliers provide input to the process:

**Bank**

What they care about: That the payee has cashed the check
When they care: When the check is stale dated (reach 190 days)

**Vendors**

What they care about: Satisfying the terms of the invoice
When they care: As soon as they submit an invoice for payment

**University Department Units Requestors**

What they care about: To make sure there is not a duplicate payment, making sure their vendors get paid and that a vendor was paid with the correct funds and discounts.
When they care: When they have been notified a check has not been cashed or contacted by the vendor.

**University Payables**

What they care about: Care that the vendors get paid accurately and timely, receiving fewer contacts from vendors about payment status.
When they care: When University Department Unit or vendor notifies them when something hasn’t been paid.

**University Accounting and Financial Reporting**

What they care about: That payments get recorded correctly and can reconcile easy, cover the loss or avoid loss when credit given twice or given back to the department. In addition, the care that they have the most accurate and recent address of the payee and making sure University Payables is able to handle processing all the unclaimed property.
When they care: Every month during processing or when a vendor is paid twice and should receive a credit

**Cash Management**

What they care about: Making sure to have enough money in the accounts to cover all of the payments or making sure funds are available.
When they care: Every time a check is issued, too make sure there are funds in the bank
US Mail
What they care about: Proper postage and correct address – especially the first time so they don’t have to re-mail
When they care: When they are given checks to mail

Business Rules
A University Payment check is only valid and should be cashed within 6 months or 190 days
Chapter 3: Inputs

Inputs are information or verification which goes into the process

Reconciliation Reports

These include reports from the bank and Banner such as monthly statements from Eddie, canceled checks, transfers, JV's, Monthly Unclaimed property

Calls or Emails

Returned Checks in Mail

Payment Action Request Form

Banner Address Form

Search SPAIDEN in Banner for general person identification

Check Information

Includes: Check number, invoice date, banner invoice number, PO, amount, payee address and name

Proof of Payment
Chapter 4: Process

A process is defined as the method for transforming inputs into outputs:

- Identified Uncashed Check
- Verify Uncashed Check
- Resolve Issue

Identify Uncashed Check

This process begins when a vendor or department contacts University Payables when a check has not been received or if there is an issue with the payment. UAFR can find uncashed checks by running a report for any checks that are past 190 days from the Bank and Banner. Within Banner, checks have indicators such as “V” for void and “X” for stop check to further identify uncashed or a status of a check.

Verify Uncashed Check

During this step, University Payables researches and tries to determine why a check has not been cashed. If University Payables is involved and it’s passed the 190 days and has a letter from the payee, University Payables will resolve any unclaimed property so long as it falls within 3 years (starting Jan 1, 2018). During research University Payables checks for the image of the check, has it been sent to unclaimed property, check if it’s been returned and then sends the requestor an email with instructions to fill out a payment action request form. If it can’t be resolved by University Payables, or if after the 190 days, UAFR tries to resolve issue. After 190 days, UAFR runs a report from Banner for unclaimed property, loads that data into the tracker system, and send the payees a monthly letter that outlines their options to resolve. If the University gets the letter back unopened, that means we have the wrong address for the Payee. If the Payee receives the letter, they must check off on the letter which option they want to move forward with - either a re-issue or do not owe. During this step, this is where address is verified.

Resolve Issue

During this step, the vendor may receive a reissued/replaced check, or have checked off do not owe, sometimes the department receives a credit or if a check is uncashed and is over three years old, it will go to the state as unclaimed property.
Chapter 5: Outputs

Outputs are the resulting information or entities that are produced as part of the process:

Reissued Check

Canceled check

Canceled Invoice

Unresolved check

Re-mailed check

State Unclaimed Property

Check Status Report

Completed Journal Voucher

Letter to Vendor

Email to University Department Unit Requestor
Business Rules

- State unclaimed property is check date plus 3 years
- $50 or more of unclaimed property requires a search letter to the payee (starting Jan 1, 2018)
Chapter 6: Customers

Customers receive the output of the process.

Payee/Vendor

What they want: To be paid with a valid, re-issued check in a timely manner

University Payables

What they want: Timely payment or resolution of the issue to the vendor and fewer contacts from vendors

University Accounting and Financial Reporting

What they want: Accurate and timely reports, reduced time to communicate with the department or payee, and reduced replacement or duplicate funds. In addition to reconciled P-card statements.

State of Illinois

What they want: Want to keep our funds and accurate information about unclaimed property payee

Internal and External Auditors

What they want: Make sure that the University followed the state letter and due diligent letter and if we have reported all unclaimed property. Also looking for accurate payments to the vendor

Business Rules

None
Chapter 7: Customer - Oversight Roles

Customers who provide oversight and what oversight is needed: (Example Funders, OBFS, Auditors, Board of Trustees (BOT), Legislature, Public)

University Legal Council

What they want: To make sure any new laws about payments are being followed, and to report on the list of FOIA requestors who are trying to get paid on unclaimed property before it goes to the state (brokers who try to get paid to find unclaimed property from the state)

University Relations office

What they want: The FOIA request

Business Rules

- Procurement laws and policies (State and internal)
Chapter 8: Questionnaire for Current State Analysis

1. Why does the process exist?
   - To have a process in place to reissue, replace, cancel or escheat a check

2. What is the purpose of the process?
   - To provide payment to the vendor and resolve a check issue, cancel a check

3. What are the process boundaries (i.e., when does it start and end?)
   - The process starts when the check has been identified as not been issued
   - The process ends when the check has been cashed, canceled or completed the escheatment process or voided.

4. What are the major activities/steps in the process?
   See Chapter 4: Process (Ctrl-click to follow link)

5. What is the expected outcome or output of the process?
   See Chapter 5: Outputs (Ctrl-click to follow link)

6. Who uses the output of the process, and why?
   See Chapter 6: Customers (Ctrl-click to follow link)

7. Who benefits from the process, and how?
   

8. What information is necessary for the process?
   See Chapter 3: Inputs (Ctrl-click to follow link)

9. Where does that information come from?
   See Chapter 2: Suppliers (Ctrl-click to follow link)

10. What effect does that information have on the process and output?
    Inputs are required for the process to be work and create outputs.

11. Who is primarily responsible for the process?
    

12. What other University Department Units/organizations participate in or support the process?
    - Bank
    - UAFR

13. What Information Technology system(s) support the process?
    - Banner
    - BDM
    - Interface with bank
    - Microsoft office suite (Word, Email)
    - Tracker (software from Ryan co) tracks all the unclaimed property

14. What policies guide or constrain the process?
    - University of Illinois policies and procedures on payments, OBFS website section 8
    - State law on escheatment
15. How often does the process get executed?
   • Multiple times daily

16. What are potential defects with respect to the process?
   • Incorrect Business Remittance address is selected
   • Address is not updated in the vendor record in Banner
   • University Department Units are not properly returning uncashed checks
   • Vendor error
   • Checks that get lost in transit
   • Vendor doesn’t cash the checks in a timely manner
   • Unable to identify vendor addresses
   • University Department Units are not collecting the correct address
   • Temp vendors don’t have a banner record which can cause address issues
   • Very timely processing and research
   • Lack of status of check, processing and research
     a. How often do the potential defects occur?
        Multiple times daily

17. What types of challenges have employees who participate in the process raised?
   • Very manual process
   • Laws change which causes processing issues or impacts the process

18. What types of challenges or concerns have customers raised?
   • Unable to see or access status of a check

19. Will the process be changed by another initiative in the near future?
   • None
## Chapter 9: Opportunities for Improvements

The following opportunities for improvement were identified.

<table>
<thead>
<tr>
<th>Communications – Issues related to providing information</th>
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<tr>
<th>Policy/Procedures – Issues related to Procurement Policies and Procedures</th>
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<td><strong>P1</strong></td>
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<td><strong>P2</strong></td>
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<tr>
<th>Resources (Financial, Human) – Issues related to lack of sufficient staff or funding</th>
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<tr>
<th>Technology – Issues related to system’s lack of functionality to support the process</th>
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<th>Training – Issues related to lack of understanding the process</th>
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<tr>
<td><strong>TR4</strong></td>
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Chapter 10: Future State Requirements

This is a comprehensive list of functional requirements and technical requirements for the future state of the Check Reissue and Reconciliation. Excluded from this list are any requirements for functionality outside of the scope of this specific process, such as security, accessibility, etc, which will be handled in a different process.

Ability to...

- Verify vendor information, address and contacts
- Automatically notify both the payee and departments when checks have not been cashed and the resolution
- Payees be able to see the status of a payment and status of a check
- Report on check status, unclaimed property, payee emails, post office returned checks
- Offer re-issue payments automatically or ACH
Chapter 11: Subject Matter Expert Team

The following individuals participated on the Subject Matter Expert Team of the BPI project:

<table>
<thead>
<tr>
<th>Name</th>
<th>University/Department</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bernadette Fitton</td>
<td>University Payables</td>
<td>Account Technician III</td>
</tr>
<tr>
<td>Courtney Englehardt</td>
<td>UAFR</td>
<td>Sr. Coordinator of Fin Reports</td>
</tr>
<tr>
<td>Susie Baker</td>
<td>University Payables</td>
<td>Assoc. Director</td>
</tr>
<tr>
<td>Tiffany Burnsmier</td>
<td>UAFR</td>
<td>Account Tech</td>
</tr>
<tr>
<td>Tiffany Tsou</td>
<td>UAFR</td>
<td>Coordinator of Dept &amp; Unclaimed Property</td>
</tr>
</tbody>
</table>
Appendix A: Business Glossary

Escheatment
All states require financial institutions, including brokerage firms, to report when personal property has been abandoned or unclaimed after a period of time specified by state law