Month-End Processing Verifications

Due Diligence
Verifications
To Be Run
Every Month-End

Prepared for:

Online & Self-Processing Credit Unions

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INTRODUCTION

This manual is designed to provide instructions and a checklist of verification tasks that should be performed on a monthly basis by your credit union. These tasks are part of your normal due diligence to ensure that your member records are being processed accurately and consistently.

Using This Guide

The Table of Contents on the preceding page can also serve as a checklist that should be performed each end of month. Specific instructions for each step are included on the pages noted.

Depending on your credit union's procedures and policies, you may want to set up a binder in which you can store reports and other notes pertaining to the monthly verification process. Or you may require that the checklist be "signed off" each month by a designated employee, storing the signed list with any pertaining supporting data attached.

Additional copies of this guide can be obtained from our web site at www.cuanswers.com or by contacting a CU*BASE Client Service Representative.

Share/Draft Accounts

This section contains verifications related to your share and share draft accounts types. **Be sure to pay special attention to any share dividend type that had a problem paying dividends in the past and any new products you have added recently.**

☐ Verify Rate Changes

Run *Print Share Div Config Report* on the Configuration Functions (MNCNFX) menu. This report should be run every month before the end of month to verify pending rate changes.

The report should be run again first thing in the morning on the day <u>after</u> the rate change date (rate changes are processed during end-of-day), to verify that the change did occur as expected. (Or you can just access Rate Inquiry or Rate Maintenance and verify visually that the changes did occur and the new rate is correct.) Making this part of your normal routine is critical to avoid problems with member accruals when rates don't change as you expected!

☐ Run Dividend Regeneration

Regeneration of dividends must be done after the Credit Union is closed and everyone is off the system. Dividends can be recalculated for *Simple* (S) Dividend Calculations and *Compound* (C) Dividend Calculations.

Note: More instructions to follow in next revision of this documentation.

☐ Verify Dividend Accruals

Randomly choose some share and share draft accounts for each dividend application to verify the dividends that will pay. Keep track of these account numbers by listing them on a page next to each application type. You can use these accounts each time you verify. Choose accounts with large/small balances and open/existing within the payment period.

You will need to know the type of dividend calculation method used for each product to verify dividends. Refer to the Dividend Calculation type on the Dividend Rate Configuration report (the forth column from the left):

        S   Simple Daily

        C   Compound

        D   Average Daily

If you use the **Simple Daily** calculation type, perform an inquiry on the account suffix and use the *Dividend Calculator* (F11) feature to view the system calculation of the accrued dividends:
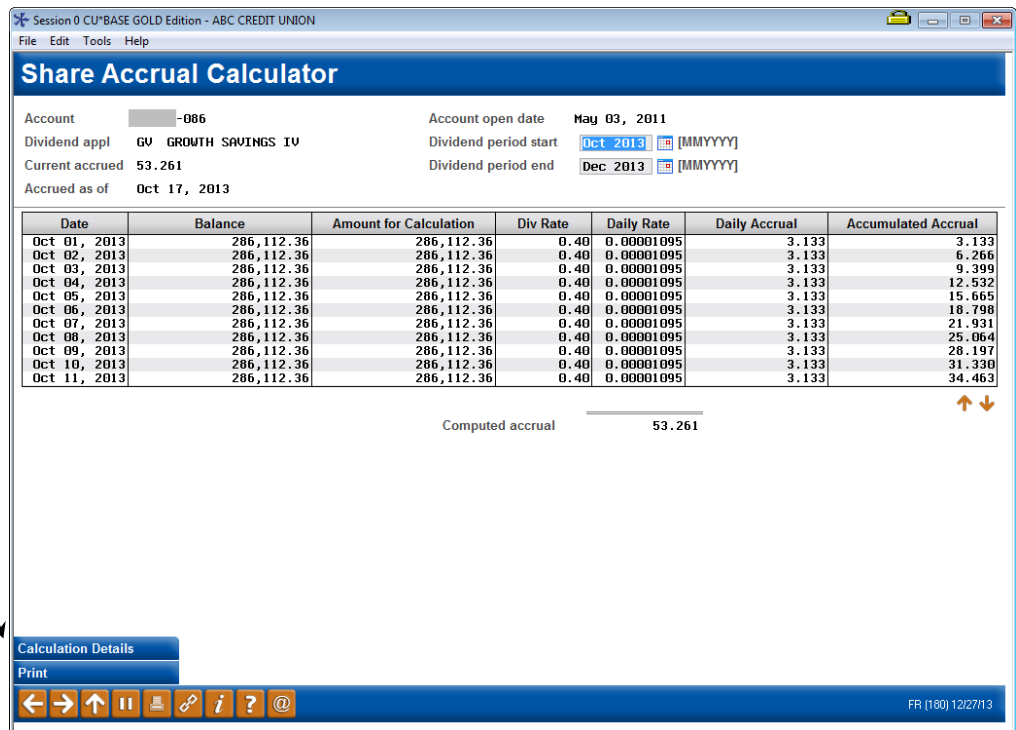
This screen does the calculation for you. You can also press *Calculation Details* (F1) to see the dividend calculation formula.

Remember to take into account **Leap Year** in your calculations! (For example, 2016 is a leap year, so you will need to use 366 days in any calculations you do.)

Refer to online help while working on this screen for more information.

To verify **Average Daily** dividends, use the dividend calculation formula shown in CU*BASE GOLD Online Help (use Index keyword "Dividend Calc").

☐ Verify Dividend Posting Totals

Keep a record of the total dividends paid for each share product for each period and match it to the next periods posting. The new dividend amounts should seem reasonable.

Review all dividend exception reports.

☐ Verify Share Marketing Club Benefit Dividend Accruals

1. Print the Share Club Benefit configuration screens from *Marketing Club Configuration* on the General Configurations 2 (MNCNFD) menu and insert each club benefit in this section of the book.

2. Randomly choose some accounts to verify the accrued dividend amounts. Keep track of these account numbers by listing them on a page next to each Club. You can use these accounts each time you verify.

3. Review the daily Posting and Exception reports for each club. Reports for Share benefits:

☐ PDIVMR4 - Daily Accrued Benefit Report

☐ TDIVD14 - Transaction Register (when dividends post)

4. View some of the accounts that received a benefit and make sure these are correct. Review the accounts that were on the exception report and make sure these are correct exceptions.

5. Match the new report totals to prior month report totals. The totals should be reasonable.

☐ Verify Custom Bonus Dividends

1. Document the Bonus Dividend specifications and insert each one in this section of the book.

2. Review the Posting and Exception reports for each bonus dividend. View some of the accounts that received a dividend and make sure these are correct. Review the accounts that were on the exception report and make sure these are correct exceptions.

3. Match the new report totals to prior month report totals. The totals should be reasonable.

Certificate Accounts

This section contains verifications related to your certificate accounts. **Be sure to pay special attention to any new certificate products added recently.**

☐ Verify Current CD Rates

Run *Print CD Configuration Report* on the Configuration Functions (MNCNFX) menu. This report will list each certificate product that your credit union offers. Make sure all of the rates are accurate. Insert this report into this section of the book.

☐ Verify Variable CD Rate Changes

Print the *CD Variable Rate Configuration* screens from the Savings Products (MNCNFA) menu. Make sure the correct rates and dates are listed. Review any beginning of day reports that get generated.

Create a query that finds every member in a specific *CD Type* and make sure the correct variable rate code is attached.

☐ Verify Accrued Dividends

Randomly choose some accounts to verify the accrued dividend amounts. Keep track of these account numbers by listing them on a page next to each application type. You can use these accounts each time you verify. Choose accounts with large/small balances and open/existing within the payment period.

Certificates use the simple daily accrual method to calculate dividends. Refer to the formula shown in CU*BASE GOLD Online Help (use Index keyword "Dividend Calc").

Remember to take into account **Leap Year** in your calculations! (For example, 2016 is a leap year, so you will need to use 366 days in any calculations you do.)

☐ Verify Daily CD Dividend Posting and Exception Reports

Review the Daily Certificate reports: TBCDTB1, TBCDTB2, TBCDTB3, and TBCDTB4.

☐ Verify Marketing Club Benefit Dividend Accruals

1. Print the CD Club Benefit configuration screens from *Marketing Club Configuration* on the General Configurations 2 (MNCNFD) menu and insert each club benefit in this section of the book.

2. Randomly choose some accounts to verify the accrued dividend amounts. Keep track of these account numbers by listing them on a page next to each Club. You can use these accounts each time you verify.

3. Review the Posting and Exception reports for each club. Reports for certificate benefits:

☐ TBCDTB5 - Share Certificate Daily Benefit Accrual Report (shows both accruals and benefits paid)

4. View some of the accounts that received a benefit and make sure these are correct. Review the accounts that were on the exception report and make sure these are correct exceptions.

5. Match the new report totals to prior month report totals. The totals should be reasonable.

Loan Accounts

This section contains verifications related to your loan and line-of-credit accounts. **Be sure to pay special attention to any new loan products added recently.**

☐ Verify Variable Rate Changes

Run *Print Loan Var Rate Config Rpt* (LSYSLN) on the Configuration Functions (MNCNFX) menu. Make sure the correct rates and dates are listed.

☐ Verify Variable Rate Codes on Loan Accounts

In order for variable rate changes to occur, the proper Variable Rate Code must be recorded on the member loan account.

Create a Query that finds every member in the appropriate loan category(ies) and make sure there is a Variable Rate Code and that the code is correct.

☐ Verify Variable Rate Change Reports

Review the Variable Interest Rate Loan change report (USVIE). This report will list all loan accounts that had a rate change.

☐ Verify the Payment Change Report

Review the Payment Change Report (POCPMT). This report will list all loan accounts that had a payment, due date, and rate change.

☐ Verify Accrued Interest

Randomly choose some accounts for different loan types (Mortgage, Closed End, Lease, etc.) to verify the accrued interest. Keep track of these account numbers by listing them on a page next to each loan type. You can use these accounts each time you verify. Choose accounts with large/small balances and open/existing within the payment period.

Typically, loan accounts accrue daily interest using a 365-day calculation method. You can verify the calculation type by performing an inquiry on the loan account. You can verify this by looking at the loan category configuration if you are unsure. Use the inquiry function on the account suffix and *Interest Calc* (F11) to view the system calculation of the accrued interest. This screen does the calculation for you. You can also press *Calculation Details* (F1) from this screen to see the interest calculation formula.

☐ Verify Club Benefit Interest Refunds

1. Print the Loan Club Benefit configuration screens from ***Marketing Club Configuration*** on the General Configurations 2 (MNCNFD) menu and insert each club benefit in this section of the book.

2. Randomly choose some accounts to verify the accrued interest refund amounts. Keep track of these account numbers by listing them on a page next to each Club. You can use these accounts each time you verify.

3. Review the Posting and Exception reports for each club. Reports for loan benefits (these pay monthly, so look on the last day of the month):

   ☐ TLNBENC - Loan Club Benefit Payment Transaction Register

   ☐ TLNBENC2 - Exception report

4. View some of the accounts that received a benefit and make sure these are correct. Review the accounts that were on the exception report and make sure these are correct exceptions.

5. Match the new report totals to prior month report totals. The totals should be reasonable.

☐ Verify Custom Bonus Interest Refunds

1. Document the Bonus Interest refund specifications and insert each one in this section of the book.

2. Review the Posting and Exception reports for each bonus interest refund. View some of the accounts that received a refund and make sure these are correct. Review the accounts that were on the exception report and make sure these are correct exceptions.

3. Match the new report totals to prior month report totals. The totals should be reasonable.

Fees and Service Charges

☐ Verify Monthly Service Charge and Bonus Refunds

Minimum Balance, Account, and Transaction Service Charges

1. Print the Service Charge Configuration Screens from **Service Charge Configuration** on the Savings Product (MNCNFA) menu and insert each one in this section of the book.

2. Review the Posting and Exception reports for each service charge. View some of the accounts that were charged a fee and make sure these are correct. Review the accounts that were on the exception report and make sure these are correct exceptions.

3. Match the new report totals to prior month report totals. The totals should be reasonable.

☐ Verify Annual Service Charges

Minimum Balance, Account, and Transaction Service Charges

1. Document the Service Charge specifications and insert each one in this section of the book.

2. Review the Posting and Exception reports for each service charge. View some of the accounts that were charged a fee and make sure these are correct. Review the accounts that were on the exception report and make sure these are correct exceptions.

3. Match the new report totals to prior month report totals. The totals should be reasonable.

☐ Verify Dormancy Fees

1. Print the Dormancy Fee Configuration Screen from **Dormant/Escheat Configuration** on the Savings Product (MNCNFA) menu and insert it into this section of the book.

2. Review the Posting and Exception reports. View some of the accounts that were charged a fee and make sure these are correct. Review the accounts that were on the exception report and make sure these are correct exceptions.

3. Match the new report totals to prior month report totals. The totals should be reasonable.

☐ Verify Deposit Item Fees

1. Print the ***Deposit Item Fee Configuration*** screen on the General Configuration 2 (MNCNFD) menu and insert it into this section of the book.

2. Review the Posting and Exception reports. View some of the accounts that were charged a fee and make sure these are correct. Review the accounts that were on the exception report and make sure these are correct exceptions.

3. Match the new report totals to prior month report totals. The totals should be reasonable.

☐ Verify Marketing Club Membership Dues

1. Print the Marketing Club Fee Configuration screens from ***Marketing Club Configuration*** on the General Configuration 2 (MNCNFD) menu and insert each one in this section of the book.

2. Review the Posting and Exception reports for each fee. View some of the accounts that were charged a fee and make sure these are correct. Review the accounts that were on the exception report and make sure these are correct exceptions.

3. Match the new report totals to prior month report totals. The totals should be reasonable.

☐ Verify Bill Payment Fees

1. Print the Bill Pay Fee Configuration screens from ***Bill Pay Service Charge Cnfg*** on the Internet Member Services Config (MNCNFE) menu and insert each fee in this section of the book.

2. Review the Posting and Exception reports for each fee. View some of the accounts that were charged a fee and make sure these are correct. Review the accounts that were on the exception report and make sure these are correct exceptions.

3. Match the new report totals to prior month report totals. The totals should be reasonable.

☐ Verify Self-Service Fees (Audio / Online Banking)

1. Print the ***Self-Service Fee Configuration*** screen on the Internet Member Services Config (MNCNFE) menu and insert each fee in this section of the book.

2. Review the Posting and Exception reports for each fee. View some of the accounts that were charged a fee and make sure these are correct. Review the accounts that were on the exception report and make sure these are correct exceptions.

3. Match the new report totals to prior month report totals. The totals should be reasonable.

☐ Verify e-Statement Fees

1. Print the e-Statement Fee Configuration Screens from *Config Monthly eStatement Emails* on the Internet Member Services Config (MNCNFE) menu and insert in this section of the book.

2. Review the Posting and Exception reports for each fee. View some of the accounts that were charged a fee and make sure these are correct. Review the accounts that were on the exception report and make sure these are correct exceptions.

3. Match the new report totals to prior month report totals. The totals should be reasonable.

☐ Verify Safe Deposit Box Rental Fees

Refer to our Online Help section for an overview of the complete safety deposit box process.

1. Print the *Safe Deposit Box Report* on the Miscellaneous Processing (MNMISC) menu and insert in this section of the book.

2. Review the Posting and Exception reports for the safety deposit fees. View some of the accounts that were charged a fee and make sure these are correct. Review the accounts that were on the exception report and make sure these are correct exceptions.

3. Match the new report totals to prior month report totals. The totals should be reasonable.

Other Miscellaneous Monthly Tasks

☐ Verify Statement Messages

Review *Update Statement Messages/Inserts* on the Member Communication (MNPRTC) menu to verify the marketing messages that will appear on member statements. Remember that for December statements, if you are using statements as substitute 1099-INT forms, no marketing messages are allowed.

> For more information, refer to the "Statement Mailing & Printing Instructions" booklet, available on our web site.

☐ Verify Audio Response Rates

(If Applicable)

Review/Update the Audio rates in *Update ARU Interest Rates* on the Miscellaneous Processing (MNMISC) menu.

☐ Review Changes to Month-End Report Routing

(If Applicable)

Review/Update the Report Routing from *OUTQ Report Control* on the Member Communication (MNPRTC) menu.

☐ Verify User Profiles

Review the user log and make the appropriate changes.

☐ Student Loan Processing (Quarterly)

Perform the appropriate quarterly processing menu options from the Extended Loan Processing (MNEXLN) menu, if applicable.

☐ Verify the IRA Balance File

Compare your IRA-related paperwork against what is recorded in your CU*BASE files, to ensure that the IRA Balance File is in synch with your member records. *(Doing this on a monthly basis will make it much easier to verify the IRA balance file after year-end.)*

Review the *Verify IRA Balances Report* from the Reports (F) (MNRPTF) menu.

On the first report, for accounts where totals do not match, use *Update IRA/HSA Trans Post Codes* on the Update Functions 1(MNUPDT) menu to modify IRA codes for individual transactions, or use *Update IRA Balance Information* on the Update Functions 1 (MNUPDT) menu to adjust the totals in the IRA balance file, depending on the individual situation.

On the second report, If you see any records marked * MISMATCH, you will need to maintain the records showing death distributions that were made to beneficiaries from *Update IRA Beneficiary Info* on the Update Functions 1(MNUPDT) menu. Refer to the "IRA Processing with CU*BASE" booklet for further instructions.

☐ Verify the HSA Balance File

If your credit union has HSA accounts, compare your HSA-related paperwork against what is recorded in your CU*BASE files, to ensure that the HSA Balance File is in synch with your member records. *(Doing this on a monthly basis will make it much easier to verify the HSA balance file after year-end.)*

Review the *Verify HSA Balances Report* from the Reports (F) (MNRPTF) menu.

For accounts where totals do not match, use *Update IRA/HSA Trans Post Codes* on the Update Functions 1(MNUPDT) menu to modify HSA codes for individual transactions, or use *Update HSA Balance Information* on the Update Functions 1(MNUPDT) menu to adjust the totals in the HSA balance file, depending on the individual situation.