



FEDERAL RESERVE BANK  
OF DALLAS

HELEN E. HOLCOMB  
FIRST VICE PRESIDENT AND  
CHIEF OPERATING OFFICER

DALLAS, TEXAS  
75265-5906

April 2, 2001

**Notice 01-31**

**TO:** The Check Adjustments Officer of each  
financial institution and others concerned  
in the Eleventh Federal Reserve District

**SUBJECT**

**Changes to Check Adjustment Service**

**DETAILS**

The Federal Reserve System is pleased to announce a number of changes to its check adjustments service, which will streamline and improve the adjustments process for our customers. These changes are designed to improve the timely reporting and resolution of adjustment requests; improve consistency among Reserve Banks in handling adjustment requests; and eliminate unnecessary documentation supporting adjustment requests, commonly referred to as "Documents to Follow" (DTFs). These changes will become effective **May 1, 2001**.

**Time Frames for Reporting**

Time frames for submitting adjustment requests were revised, as appropriate, to encourage timely reporting and to promote the prompt resolution of errors. The impact on both requesting and offsetting institutions was considered in establishing the new time frames.

The following table summarizes changes in the time frames in which requests for entry must be received to qualify for immediate provisional entry<sup>1</sup>:

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<sup>1</sup> A provisional accounting entry will be passed on the day the adjustment request is received for all qualifying electronic adjustment requests received by 3 p.m., paper adjustment requests \$10,000 and over received by 3 p.m., and paper adjustment requests received by 11 a.m. Provisional accounting entries for qualifying requests received after these times will be passed on the next business day. All time frames are local to the receiving Reserve Office.

Investigation Type	Requests Qualifying for Immediate Provisional Entry	
	Current Time Frames	New Time Frames Effective May 1, 2001
Duplicate Entry (DUP) Enclosed Not Listed (ENL) Extra Bundle (EBDL) Extra Cash Letter (ECL) Entry in Error (ERR) Listed Not Enclosed (LNE) Listing Error (LST) Missing Bundle (MBDL) Missing Cash Letter (MCL) Non-Cash Item (NCH) Not Our Item (NOI)	Complete requests received within five business days of the cash/return letter or entry date	Complete requests received within 20 business days of the cash/return letter or entry date
Photo in Lieu of Original (PIL)	Complete requests received within 20 business days of the cash/return letter or entry date	Complete requests received within 20 business days of the cash/return letter or entry date (no change)
Photo and Original Paid (PAID)	Complete requests received within 20 business days of the most recent cash/return letter or entry date	Complete requests received within three calendar months of the most recent cash/return letter or entry date
Encoding Error (ENC)	Complete requests received within 180 calendar days of the cash/return letter date	Complete requests received with 180 calendar days of the cash/return letter date (no change)
Late Return Claim (LC)	Complete <i>electronic</i> requests received within two calendar months of the return letter charge date	Complete requests received within two calendar months of the return letter charge date
Late Return Disclaimer (LR)	Complete <i>electronic</i> requests received within 20 business days of the Reserve Office's charge for late return	Complete requests received within 20 business days of the Reserve Office's charge for late return

Service levels associated with requests received beyond these time frames were also revised. In some cases, institutions submitting “untimely” requests will only be provided with source or disposition information and advised to deal directly with the offsetting institution.

Specific requirements associated with each investigation type may be found in our revised *Quick Reference Guide*, located in the Check section of the Financial Services Internet site at <http://www.frbservices.org>.

### **Increased Consistency in Research and Resolution**

All Reserve Offices have adopted new standard operating procedures, which are designed to improve consistency in the receipt, research, and resolution of adjustment requests. Reserve Offices will adhere to minimum and maximum information requirements associated with incoming adjustment requests and will provide case acknowledgments when accounting entries are not passed. Reserve Offices will research and resolve adjustment requests in a similar manner and will provide more complete information in outgoing advices/correspondence.

As is current practice, Reserve Offices will strive to complete research within 20 business days of the date of receipt of an adjustment request. In addition, every effort will be made to respond within three business days to Requests for Information (INFO) and Advice Requests (AREQ) received within 20 business days of the cash/return letter or entry date. Most adjustment requests are currently researched on a same-day basis or within a few days of receipt. Please note that although Reserve Office research may be completed timely, requests that are submitted untimely (i.e., outside of the time frames noted above) may take longer than 20 business days to resolve if research and/or approval of another party or parties is required.

### **Reduction in Attachments/Documents to Follow (DTFs)**

Delays in forwarding, receiving, and matching documentation supporting adjustment requests, commonly referred to as “Documents to Follow” (DTFs), ultimately delay research and resolution of those requests. In addition, documentation is sometimes lost, misplaced, or misrouted, resulting in additional adjustment requests. To reduce the number of DTFs required, information requirements associated with each investigation type were revised. Unnecessary DTFs were eliminated, where possible, and replaced by additional information requirements in the body of the adjustment request. For example, attachments are no longer required for Duplicate Entry (DUP) requests when the dates and reference numbers associated with both entries are provided in the body of the request. Attachments were also eliminated for Extra Cash Letters (ECL), Extra Bundles (EBDL), Listed Not Enclosed (LNE), Listing Errors (LST), and Missing Bundles (MBDL) requests, and the requirement that two photocopies of an exception item be provided was eliminated. The new attachment/DTF requirements apply to both incoming adjustment requests to the Reserve Offices and to outgoing messages from the Reserve Offices.

Requesting institutions should provide as much information as possible in the fields of the standard adjustment request form. In general, DTFs should only be submitted for the following investigation types:

<b>Investigation Type</b>	<b>Required Attachment(s)</b>
Encoding Error (ENC)	One legible photocopy
Entry in Error (ERR)	Documentation necessary to substantiate claim of entry in error
Free Item (FREE) Non-Cash Item (NCH) Not Our Item (NOI)	Original item

<b>Investigation Type</b>	<b>Required Attachment(s)</b>
Late Return Claim (LC)	Original or legible photocopy of item and completed Claim of Late Return Form
Late Return Disclaimer (LR)	Original or legible photocopy of item and completed Response Claim of Late Return Form
Photo in Lieu of Original (PIL)— Forward Collection <sup>2</sup>	One legible photocopy. Back of the item must be stamped with a current endorsement and must also be indemnified
Photo in Lieu of Original (PIL)— Return Item Collection	One legible photocopy marked with phrase “notice in lieu of return” and forward collection source information (if BOFD endorsement is illegible)
Photo and Original Paid (PAID)	One copy each of original item and photocopy charged

Specific requirements associated with each investigation type may be found in the *Quick Reference Guide*.

Combined, these changes will promote more timely reporting and resolution of adjustment requests. In addition, the improved consistency among Reserve Banks in handling adjustment requests from receipt through final disposition will better support our customers. Finally, the elimination of unnecessary documentation supporting adjustment requests will benefit both customers and the Federal Reserve. As the Federal Reserve System continues its implementation of the national Enterprise-wide Adjustments System (EWA) and prepares to introduce its FedLine for the Web Check Adjustments application later this year, additional improvements to the adjustments service will be announced.

For more information regarding these changes, please contact one of the following:

<b>Dallas</b>	<b>Customer Support</b>	(800) 333-1715
<b>El Paso</b>	<b>Scott Sawyers</b>	(915) 521-8262
	<b>Terry Martin</b>	(915) 521-8243
<b>Houston</b>	<b>Customer Assistance</b>	(800) 392-4162, Ext. 111
<b>San Antonio</b>	<b>Customer Support</b>	(800) 292-5810

For additional copies of this Bank’s notice, contact the Public Affairs Department at (214) 922-5254 or access District Notices on our web site at <http://www.dallasfed.org/banking/notices/index.html>.

Sincerely,



<sup>2</sup> The preferred method for submitting a Photo in Lieu of Original (PIL) is through the check/return collection process rather than through adjustments channels. Please refer to the *Quick Reference Guide* for additional information and deposit requirements.