

# Processing Lockbox Payments Policy and Procedures – AR03M

## 1. Document History

Revision Number	Revision Date	Effective Date	Description of Changes	Prepared By	Approved By
1	5/14/04	5/17/04	Initial Release	Sam Davis	Susan Jones

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## 3. Purpose of This Document

This document describes the procedure the Business Manager (BM) uses to process lockbox payments through the Traffic System. This document includes procedures for recording non-Accounts Receivables (non-AR) lockbox payments in the month-end close template.

## 4. Definitions

Lockbox - A service in which a bank receives payments by mail to a post office box. The bank picks up the payments several times a day, deposits them into the company's account, and reports the deposit to the company.

The  icon indicates the presence of an internal control.

## 5. Policy

Our policy requires that all payers remit their check, money order, or cashier's check payments to the Market specified remittance address. ABC markets should set up the remittance address on all correspondence and billing statements to coincide with the address of their assigned US Bank lockbox account. Checks should be made payable to the radio station listed on the market's invoice, or to "ABC Company – (market name)." The ABC Corporate Controller assigns a US Bank lockbox account to each Market. The BM in each market is given access to and can view the lockbox deposits for their market online through the US Bank "First Look Now" web site. Each

Market receives one user ID and password for the “First Look Now” web site. The BM is also responsible for the security of the user name and password.

ABC requires that BMs check their US Bank lockboxes daily and post all deposits immediately. The BM posts AR payments to the Traffic System, and records non-AR payments in the Month-end Close Template.

## **6. Process Summary**

The process objective is timely and accurate posting of lockbox customer payments to the Traffic System and related tracking and recognition of non-AR deposits.

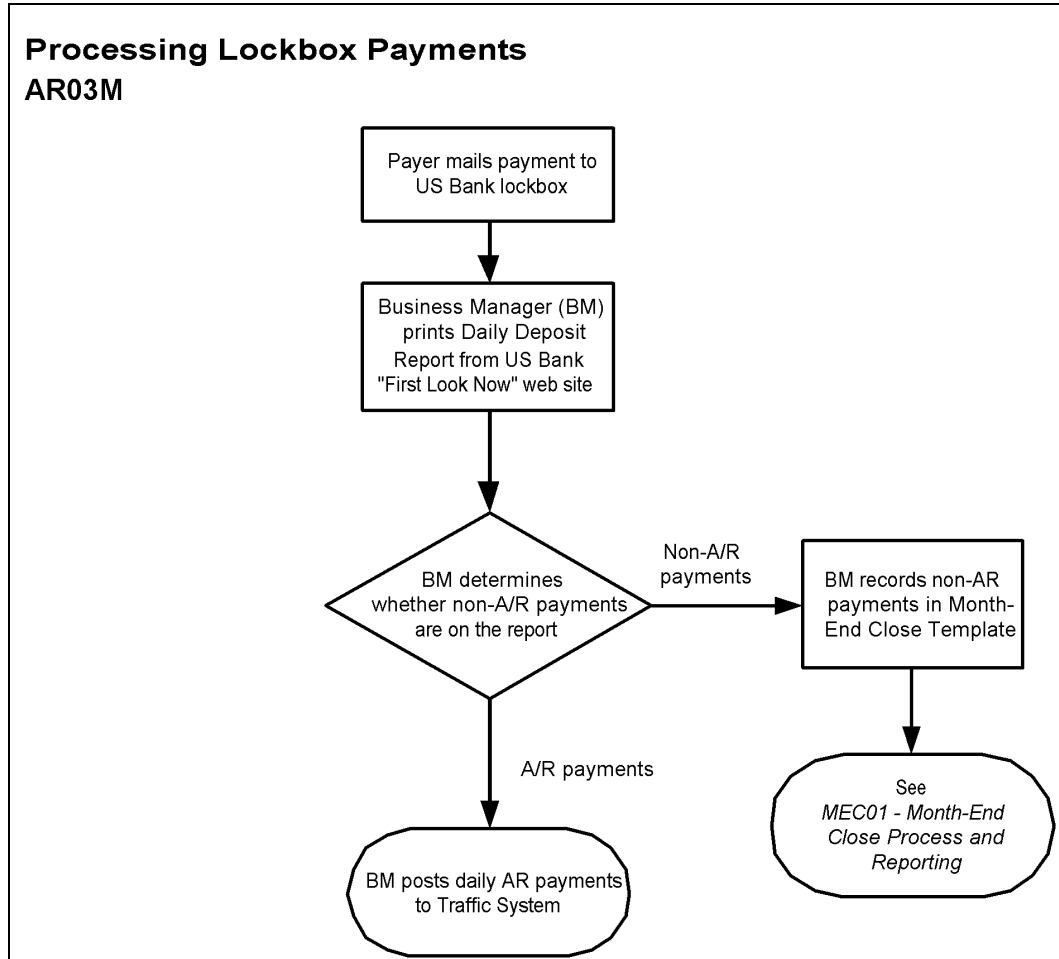
The financial statement elements associated with processing lockbox payments are Cash and Accounts Receivables.

The Process Managers for this policy and procedure is the BM.

This document describes the transaction of processing lockbox payments.

The key systems involved in this procedure are the US Bank "First Look Now" web site and the Traffic System.

7. Workflow



## 8. Procedure

Use this procedure for processing lockbox payments and non-AR deposits that are sent to the lockbox.

### 8.1 Payer Sends Payment to US Bank Lockbox



Payers use lockbox instructions printed on their invoice to mail in payments. Other payers can also mail non-AR payments to the lockbox address.

### 8.2 Business Manager Prints Daily Deposit Report from US Bank Web Site



The BM accesses the US Bank "First Look Now" web site using the Market's Corporate-assigned user name and password. Deposit information is reported by the bank on a "previous day" basis (that is, deposit information for the previous day is available on the current day). First Look Now is a read-only application. The web site maintains 35 days of deposit history. For each day's deposits, the web site includes an image of

- Each deposit ticket
- Front and back of each check, money order, or cashiers check
- Any remittance advice sent with the check

The BM prints a Daily Deposit Report from the web site, listing all amounts deposited for the previous day.

### 8.3 Business Manager Determines Whether Non-AR Payments Are on Report

The BM finds the non-AR payments on the Daily Deposit Report. If it is a non-AR payment, following the procedure in subsection 8.3.1

#### 8.3.1 Non-AR Payments on Report

The BM records non-AR payments in the Month-End Close Template. See *Month-End Close Process and Reporting Policy and Procedures - MEC01*. This template is e-mailed to the Corporate Staff Accountant as part of the month-end close procedure. The Corporate Staff Accountant records all non-AR checks to the market's General Ledger account.

#### 8.3.2 AR Payments on Report



Continue with procedure in Section 8.4.

### 8.4 Business Manager Posts Daily Accounts Receivables Payments to Traffic System

BM performs a daily post of all AR payments to the Traffic System. (See *Month-End Close Process and Reporting Policy and Procedures - MEC01M*.)