

Data Conversion Assistance

Conversions can be a stressful time for all credit union personnel. There are many aspects to a conversion and proper planning, pre-conversion testing, and post-conversion testing are extremely important steps in order to help ensure a successful conversion. The last article in this two-part series dealt with the planning aspects of conversions. We will now discuss the pre-conversion testing and the post-conversion testing credit unions should consider to ensure data converts successfully.

PRIOR TO CONVERSION

General Ledger Accounts: Credit unions should ensure all the general ledger accounts are in balance and reconciled. If the general ledger accounts are not reconciled before a conversion, it can be very difficult and sometimes impossible to reconcile differences after the conversion.

Loans: Credit unions should review a report showing all interest rates and make sure there have been no input errors. A review of original loan dates and due dates should be done to ensure proper statement. Accrued interest reports should be reviewed and recalculated to ensure the accrued interest on loans is being calculated properly. A query of the loan types should be done to ensure all loans are assigned a type code.

Shares and Certificates: Dividends on shares should be recalculated for the last time they were paid on all account types. A certificate by interest rate report should be reviewed to ensure no input errors have occurred; such as a rate of 0.46% instead of 4.6%. A certificate by maturity report should be reviewed to ensure all maturity dates have been input correctly and all certificates have rolled over correctly. There should be no maturity dates earlier than the date of the report and none greater than the longest term the credit union offers. A query of the share and certificate types should be done to ensure all shares and certificates are assigned a type code.

ACH: Verify the account statement for consumer customers includes the minimum descriptive information concerning each credit or debit entry consistent with the requirements of Appendix Four (Minimum Description Standards) in the NACHA rules book. For ARC, BOC, POP, RCK and XCK entries, also verify the account statement for consumer customers includes the contents of the Check Serial Number Field with respect to each such entry. For POP entries, also verify that the account statement for consumers includes the contents of the Terminal City Field and Terminal State Field with respect to each such entry.

Delinquency: A review should be performed of the detail delinquent loan report to ensure the number of days delinquent is properly calculated and stated prior to the conversion.

All conversions should be done in two phases. The first phase should be a test run of the data conversion approximately one month prior to the final conversion date. The following section details some, but not all, of the tests you would want to perform during this phase of the conversion.

“All conversions should be done in two phases.”

PHASE I: TEST RUN OF THE CONVERSION

All the tests and reviews performed prior to conversion should be performed during this phase as well as the tests and reviews below.

Charged-off loans: All charged-off loans should be reviewed to ensure the type code was translated properly during the test conversion.

Year-to-date interest on loans: A report of year-to-date interest on loans from the old system should be compared to the year-to-date interest on loans from the test conversion system. Any differences should be promptly reconciled.

Year-to-date interest on shares and certificates: A report of year-to-date interest on shares and certificates from the old system should be compared to the year-to-date interest on shares and certificates from the test conversion system. Any differences should be promptly reconciled.

Withholding: A report should be generated from both the old system and the test conversion system of all accounts (i.e. share, certificate, IRA) with withholding. The year-to-date withholding amounts should be compared and any differences should be reconciled promptly.

PHASE II: THE CONVERSION

All the reviews and tests performed in both the phases above should be done after the data is converted for the final time with the exception of the payroll posting and distributions and fees. These two areas will get tested again when the first payroll run gets posted and when fees post after conversion.

Any conversion will be successful with proper planning and cooperation from all parties involved. You may also find you would like some extra assistance and this is where your auditors come in. Auditors can provide conversion assistance during all phases of the conversion and are independent of the computer vendor. Thus, they are only there to do what is in the best interest of the credit union.

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