

Return Check Processing Procedures

September 30, 2003

- 1.00 GENERAL One of two Financial Services Administrative Secretaries is responsible for the daily processing and collection of all return items received from bank. The second Administrative Secretary serves as an alternate. A member of the Accounting staff, picks up NSF items from the bank daily. The bank provides the university with an itemized list of the checks that have been charged back to bank account # 034000-00000, Guaranty Bank or Bank of America.
- 2.0 SPECIFIC PROCESS
- 2.1 Using the itemized list provided by the bank, each returned check is identified by name, social security number and type of return (NSF, stop payment, account closed, invalid routing number, etc.)
- 2.2 Each student's charges are entered onto his/her SIS return check account (external account 1) for the amount of the check plus a \$20 service charge. This entry creates an account receivable. Immediate charge-backs are recorded for Continuing Education and Certification/Education Office or other department depositing funds for special reasons. The department is immediately notified of the charge-back and the check is returned to the originating department. Each individual department then becomes responsible for collection. Periodic charge-backs are recorded for Graduate School, University Police Department, The Children's Center or other departments depositing funds for special reasons. Collection efforts will be made relative to section 2.6 of this document with one exception. The third letter is sent regular mail instead of certified mail. The department is notified of the charge-back and the check is returned to the originating department.
- 2.3 Copies of each check are attached to the bank's itemized list. A computer spreadsheet is created to maintain, monitor, update and mail collection letters.
- 2.4 The original itemized bank list, with a verified total for the day, is given to a member of the accounting staff who makes a journal entry, which reduces cash.
- 2.5 Original return checks are placed in a designated box located in the cashiers' office. This box is secured in the Financial Services vault after work hours. Original checks are released to students when full payment has been made.
- 2.6 For each return item, an individual is notified with three letters.
- First letter**
Notifies individual the university has received a return check and request payment within 10-days.
- Second letter**
Same as first letter with a 5-day deadline.
- Third letter for NSF checks**
A certified letter is sent, again requesting payment with a 10-day deadline. This letter also notifies the individual that the university will pursue collection efforts with the county attorney at the expiration of 10 days.

Third letter for Account Closed check

A letter is sent, again requesting payment with a 10-day deadline. This letter also notifies the individual that the University will pursue collection efforts with the county attorney at the expiration of 10 days. (We are no longer required by County Attorney to certify the letter for Account Closed checks.)

Third letter for Stop Payment check

A letter is sent, again requesting payment with a 10-day deadline. If check is not satisfied then one of the following steps is taken:

- 1.) Determine if check is eligible for chargeback to department.
- 2.) Process for bad debt on student's account and retain original check in vault.
- 3.) Include bad debt with charge offs.

Return Mail

Any attempt by mail resulting in a return or a bad address is immediately packaged for County Attorney or charged back to the originating department if that department is listed above.

2.7

If payment isn't made after the third notification letter, a spreadsheet of unpaid checks including dates, amounts, and an anticipated bad debt charge-off date is created. After a return check charge is deemed uncollectable by the university, charges are manually moved from external 1 (student's return check account), to external 3 (student's bad debt account) within the SIS system. This entry reduces the return check receivable. Original checks or combination of checks in excess of \$20.00 are packaged and forwarded, along with the required collection information, to either the Hunt County Attorney or the District Attorney's office in Greenville. Checks under \$20.00 are kept in a designated area of the vault for quick reference. This "charge-off" process occurs 2-3 times per fiscal year. See attached instructions for the most current processing procedures for the Hunt County Attorney's Office. **It is imperative that all departments collect Campus Wide Identification Numbers (CWID), driver's license numbers and date of birth on all checks, especially those checks given to the university by someone other than the person for whom we are providing services.**