

# STANDARD PRACTICE BULLETIN

The School Board of Broward County, Florida

BULLETIN NO.: **I-304**

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## **SUBJECT: RETURNED CHECKS**

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### TOPICS IN BULLETIN:

- I. RETURNED CHECK PROCEDURE
- II. BANK RECONCILIATION ADJUSTMENT
- III. UNCOLLECTIBLE CHECKS/CHARGES PROCEDURE

### EXHIBIT REFERENCED:

- 1 NSF Check Notification and Documentation Form

Some checks deposited by the school may be returned by the bank for lack of funds or other reasons. Charges for returned checks **MAY** only be assessed to an individual **IF** the banking institution charges for returned checks.

### **I. RETURNED CHECK PROCEDURE**

- A. Upon receipt of the returned check notice, contact (either by telephone or in writing) should be made with the person who wrote the check. An NSF Check Notification and Documentation from (Exhibit 1) **MUST** be completed. Attach the returned check and bank notification form to the NSF form.
- B. It is strongly recommended cash or money order be requested to redeem the returned check and any related charges.
- C. **DO NOT** surrender the returned check **EXCEPT** for receipt of cash or money order.
- D. Upon receipt of the cash or money order to redeem a returned check and related charges, the School Bookkeeper will receipt the monies to the **NSF** Checks and Charges Account and include with the regular deposit for the day.
- E. On a monthly basis, the School Bookkeeper should review the adjustments appearing in the **NSF** Checks and Charges Account to determine if further follow up is required or it is deemed necessary to consider the items as uncollectible.

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### **II. BANK RECONCILIATION ADJUSTMENT**

- A. The returned check notice and NSF form should be filed and held until the bank statement for the month is received.
- B. During the bank reconciliation for the specific month in which the NSF appears, an adjustment will be entered in the computerized internal accounts system.
- C. While on Select Bank Transaction screen, the Adjustments button is selected. The Reconcile Bank Adjustments screen will appear.
- D. Under type use the drop down menu and select Other Expense >TAB.
- E. Enter today's date >TAB.
- F. Enter the NSF account number >TAB.
- G. Enter in the amount of the returned check >TAB.
- H. Use the expansion arrows and notate the check writer's name.
- I. If there are any bank charges associated with the returned checks follow steps D-H and enter those charges.

### **III. UNCOLLECTIBLE CHECK/CHARGES**

- A. Once it is determined that an **NSF** Check/Charge is uncollectible, the School Bookkeeper will make a transfer from the fund account where the check was initially receipted to the NSF account.
- B. It is important to note that at the bottom of the **NSF** Check Notification and Documentation form it indicates the Bank Charges Notification and Uncollected **NSF** Check **MUST** be attached to the **NSF** Check Notification and Documentation form and be retained in a file for audit.

For example:

A school has made collections for package pictures and several <b>NSF</b> checks and charges have appeared on the bank statement. <b>BEFORE</b> the
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payment is made to the photographer for the pictures, any and all NSF checks not collected **MUST** be cleared through the picture fund.

- C. Charges assessed by the bank for returned checks are cleared through a transfer from the General Fund.
- D. Refer to Internal Accounts User's Guide section III-A for transfer instructions.

**NSF CHECK NOTIFICATION AND DOCUMENTATION**\_\_\_\_\_  
SCHOOL\_\_\_\_\_  
Date

NSF Check Maker's Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone #: \_\_\_\_\_

Contact Made VIA: (Check Appropriate Box)

☐

Telephone

☐

In Person

☐

Letter (Copy Attached)

On: \_\_\_\_\_  
( Date )Advised To Clear By: \_\_\_\_\_  
( Date )Deposited On: \_\_\_\_\_  
( Date )Written Off On: \_\_\_\_\_  
( Date )Fund Account(s) Affected: \_\_\_\_\_  
( Fund Account Name )

Dollar Amount: \_\_\_\_\_

Write Off Approved: \_\_\_\_\_  
( Signature of Principal ) ( Date )**NOTE:****Attach Bank Charges Notification & Uncollected NSF Check To This Form****File In NSF Checks & Charges Notifications Folder**Form #4384  
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