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| Procedure/Process Title: | Returned Checks (NSF) | | |
| Summary: | Checks returned by banks as unpaid will be handled as receivables, and are due and payable to the University of Washington. Some examples of these include: <ul style="list-style-type: none"> • Non-sufficient funds • Stop Payments • Accounts Closed • Refer to Maker | | |
| Updated: | 5/7/2008 | | |
| Contact information | | | |
| Department: | Student Fiscal Services | | |
| Contact: | http://f2.washington.edu/fm/sfs/contact | Telephone: | 206-543-4694 |

Student Fiscal Services' Responsibilities

Returned / Unpaid Check Procedure

The banks, currently US Bank and Bank of America, forward unpaid checks to the Student Fiscal Services Office for processing. Student Fiscal Services identifies the department and budget number where the check was deposited.

The check amount is recharged (debited) to the originating budget number via a journal voucher generated by either Accounting Operations or the Student Fiscal Services Office, depending upon the check type. A letter will then be forwarded to your department by the Student Fiscal Services Office, along with the returned check informing you of the returned check and procedures that your office should follow.

Departmental Responsibilities

Preparing Deposits

When preparing deposits, your department should always include your **department name** and **budget number** in the endorsement on the back of the check. If a budget number is not clearly indicated on the check, the recharged amount will be applied to a general budget number for your department.

Handling of Checks Returned by Banks

When services and/or goods have been provided, the money is owed to the University and **must** be collected, along with the additional \$25 service charge. If no service and/or goods have been provided and your department elects not to recover the amount of the check, the \$25 service charge should still be collected.

When you are notified that a check has been returned as unpaid, you must follow the following procedures. In addition, you must maintain the returned check in the records of your department.

Return Check Service Charge

The return item fee to the customer is \$25 per item. When a customer incurs this fee, the departmental budget is automatically debited \$13 for each returned item. When the \$25 fee is collected from the customer, your department will deposit the full amount into your budget. As you are already debited \$13 from that budget, \$12 will remain in your department's budget for handling costs.

If you find that the return item fee should not have been assessed to the customer, Student Fiscal Services can adjust or credit your departmental budget. You can contact at the number listed on top of the page.SFS.

Service Charge Waivers

Your department may elect to waive the return item charge if the check is returned as result of one of the following:

- Bank error - a written explanation from the bank must be provided.
- Departmental error (e.g., the check was held too long before being deposited) - written documentation must be provided.
- Fraud or stolen check - a police report must be on file.

All fee waivers must be documented and retained by your department.

Recovering Funds

Your department may choose to recover the amount of an unpaid check by contacting the payer directly to request replacement payment (preferably in the form of cash or money order) plus an additional \$25 service charge.

If your department chooses not to undertake the collection process internally or if the initial attempts at collection are unsuccessful, your department should contact the Receivables Unit at Student Fiscal Services. They can be reached at the above email.

Redeposit Replacement Funds Procedure

If your department receives replacement funds as a result of direct contact with the payer, the funds should be deposited according to standard departmental procedures.