

ORANGE BEACH CITY SCHOOLS RETURNED CHECK POLICY



Est. July 2022

Board Members

Mr. Robert Stuart, President
Mr. Nelson Bauer, Vice-President
Mr. Randy McKinney
Mrs. Shannon Robinson
Mrs. Tracie Stark, Secretary

Mr. Randy Wilkes

Superintendent
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RETURNED CHECKS

Orange Beach City Schools will recover all return checks. In doing so, the following information must be included on every check:

- Full name
- Current street address
- Telephone number
- Driver's license, if possible

If a bank returns a check unpaid, our bank will automatically forward the returned item to our processing company for electronic re-presentment. These checks are not returned to the school. Once these checks are debited from our account we cannot accept payment for them. OBCS' check processing company will notify the person who wrote the check in order to recover the face value of the check plus a state authorized collection fee. If that person can prove the check was returned due to a bank error, documentation from his/her bank should be obtained and forwarded to our check processing company within 30 days of receipt of notification.

A journal entry should be made when notification of a returned check is received by the bank or check recovery company. The amount of the returned check should be entered into the accounting system as a debit to a receivable account and a credit to the cash account. This will remain on the books as a receivable until the check recovery company pays the school back for the returned check. When the check is received from the check recovery company, the bookkeeper should write one receipt and do a cash receipts journal crediting the receivable account and debiting the cash account. If collection has not been made by the end of the fiscal year, the amount should be debited from the revenue account that was originally credited and the receivable account should be credited. A copy of the uncollected returned check should be placed in a file until funds are recovered.