

RETURNED CHECKS/INSUFFICIENT FUNDS

WORTHLESS CHECK PROCEDURES

The face value of a check returned for insufficient funds (NSF), closed account, or any other reason may not be absorbed as a cost by state, federal, or public local funds. An uncollected check is considered a bad debt. Bad debts are not allowed expenditures for any state, federal or public local funds. The Athens City Schools Worthless Check Policy and Procedures ensures that this problem is properly addressed and enforced in each local school and facility in our system, and meets the minimum requirements of the State Board of Education. The procedures for handling bad checks will be as follows:

1. The local principal or other school system administrator must exercise diligence in the acceptance of checks and in the collection of NSF checks.
2. **IMPORTANT: IT IS CRITICAL** that the following criteria is met when initially receiving a check. All checks accepted must be personalized and have a current address and telephone number. Employees are not to accept unsigned, post-dated, out-of-state or counter checks. If possible, a driver's license number should be referenced on the check. The check date must be the current date and the check must initially be deposited **PROMPTLY** (the day it is written). **NO TWO-PARTY CHECKS SHOULD BE ACCEPTED**. Please bear in mind that payroll checks are two-party checks. **ALL** checks must be written for the exact amount and cannot be "cashed" by the school cafeteria or school office.
3. Proper notification should be given to the parents that appropriate action will be taken in prosecuting bad check writers. A notice should be in the school student handbook given each school year and proper notice should be posted in the school office. This notice should be displayed in all languages that make up the body of that school or facility.
4. **NOTE:** Donation checks cannot be presented to the District Attorney for collection (field trips are coded "donation" but the child of that person is receiving a thing of value. Alabama Bad Check Statutes require that the check be given in return for a "thing of value," which includes money, goods, or services). In addition, checks given as payment on an account cannot ordinarily be prosecuted if it turns out to be bad.

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An example of this is a check put on a student's cafeteria account. If the student is \$10 in the hole and the parent writes a \$10 check that is returned, we can turn it over. If the parent writes the check for \$15, we cannot turn it over, because \$5 is "on account".

5. Upon receipt of a NSF or other unpaid check, verify that the check has been run through twice before the bank forwarded it back to your facility. Immediately contact the writer, BY MAIL, that a dishonored check has been returned to you. This letter will ask the bad check writer to bring cash, certified check, or money order for the face value of the check and any bank charges, to your facility to pick-up the dishonored check, within 24 hours of receiving the notification letter. NOTE: The Child Nutrition Supervisor and staff will handle collection of ALL bad checks written to the cafeterias.
6. When the person issuing the check (or someone on their behalf) does not make the check good within 24 hours of notification, (or, if it is a cafeteria check, the CNP Supervisor) will notify the bad check writer by certified mail, in the form of STATUTORY NOTICE authorized by 13-A-9-13.2 Code of Alabama, 1975, that the check has been returned and will request that the check and a returned check fee in the amount of \$29.00 (or the current maximum amount set by the District Attorney's Office), be paid within the time required by law. If the check is not paid within the time required by said statutory notice; the check or other instrument will be turned over to the appropriate authorities for collection or criminal prosecution.
7. Uncollected NSF checks may not be written off. The local school and school system must take necessary actions to collect the check amount and must document those actions and procedures.
8. A list of individuals who have submitted bad checks should be maintained in order to prevent the receipt of any further checks from those individuals. A Bad Check Log will be provided for this purpose.
9. The collected NSF check fees will be maintained in a non-public local school fund. If a check is determined to be uncollectible, this non-public fund can then be utilized to transfer funds to the appropriate state, federal, or local fund to cover the amount of the NSF check. This non-public fund must not be designated for any other purpose than to cover the costs associated with collecting the check.
10. The Athens City School System has incorporated the minimum requirements set forth by the State Board of Education, and the procedures that are required by the local District Attorney's Worthless Check Unit.

11. All bad debts must be closed out at the end of the school year.

In lieu of the preceding procedures, any bank account administrator may choose to use a third party to collect returned checks. The third party collection agency will be selected by the superintendent or designee.