

SCHOOL BOARD OF BROWARD COUNTY, FL
INTERNAL FUNDS ACCOUNTING

STANDARD PRACTICE BULLETIN
AUGUST 1, 2000

I - 304
Page 1 of 3

RETURNED CHECKS

TOPICS IN BULLETIN:

- I. RETURNED CHECK PROCEDURE
- II. 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, an adjustment will be entered in the computer per the instructions provided in the User's Manual. This adjustment will also include any charges the bank may make to the school account.
- B. The adjustment will be a decrease adjustment to the Cash Account and the NSF Checks/Charges account.
- C. Contact (either by telephone or in writing) should be made with the person from whom the check was received.

I. RETURNED CHECK PROCEDURE (Continued)

- D. It is strongly recommended cash or money order be requested to redeem the returned check and any related charges.

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INTERNAL FUNDS ACCOUNTING

STANDARD PRACTICE BULLETIN
AUGUST 1, 2000

I - 304
Page 2 of 3

- E. **DO NOT** surrender the returned check **EXCEPT** for receipt of cash or money order.
- F. 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.
- G. 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.

II. UNCOLLECTIBLE CHECKS/CHARGES

- A. Once it is determined that an **NSF** Check/Charge is uncollectible, the School Bookkeeper **MUST** complete an **NSF** Check Notification and Documentation Form (Exhibit 1).
- 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.

II. UNCOLLECTIBLE CHECKS/CHARGES (Continued)

- C. In addition, the School Bookkeeper will make a transfer from the fund account where the check was initially received.

For example:

A school has made collections for package pictures and several **NSF** checks and charges have appeared on the bank statement. **BEFORE** the payment is

SCHOOL BOARD OF BROWARD COUNTY, FL
INTERNAL FUNDS ACCOUNTING

STANDARD PRACTICE BULLETIN
AUGUST 1, 2000

I - 304
Page 3 of 3

made to the photographer for the pictures, any and all NSF checks not collected **MUST** be cleared through the picture fund.

- D. Charges assessed by the bank for returned checks are cleared through a transfer from the General Fund.