

**Procedure for Handling and Accounting
for Checks Returned Unpaid by the Bank for County Extension Office's**

All checks returned unpaid by the bank are charged back to the IANR Greater Nebraska Business Center (GNBC) as the department originally receiving the checks. This is accomplished by a departmental debit memo issued by the Office of the Bursar. Upon receipt of the debit memo, collection of the debt plus a \$30 service charge for each returned check should be initiated. When collection is made, a new receipt will be written for the amount of the debt, including the \$30 service charge.

Following are detailed instructions for this procedure:

1. When a check is returned by the bank, the Bursar's Office will initiate a departmental debit memo charging the cost object to which the GNBC normally receipts income.*
2. The check attached to a departmental copy of the debit memo will be sent to the GNBC for further processing. The second departmental copy will also be returned to them with an SAP journal entry number referenced to allow reconciliation to SAP. They will notify the County Office which received the check, by sending the copy with the check attached, to have them follow-up and collect the debt from the maker.
3. If the county office maintains accounts receivable records, the debit memo should be posted as a charge to the account of the customer or client. The GNBC will charge the check and the returned check fee (using general ledger (gl) account 523300) to the cost center where the check was originally credited.
4. Within 10 days of the receipt of the debit memo, the county office must contact the maker to collect the funds. The longer you wait to make contact, the harder it is to collect.
5. If the check was returned because of "insufficient" or "uncollected funds," it has been returned at least twice as a paper item and possibly returned a third time as an electronic item so it cannot be redeposited.
6. There is a \$30 service charge for each check returned. If they say it was the bank's error, we will waive \$10 of the service charge upon receipt of a letter from their bank attesting to that fact. The remaining \$20 is a hard charge which cannot be waived.
7. Payment, including service charge, must be by money order or cashier's check; and, if they pay in person, they may pay cash.
8. Payment should be received within 7 days from the date we notified them of their indebtedness.
9. When payment is received, the county office will issue a new receipt crediting the appropriate cost centers/gl accounts and referencing the Debit Memo Number. Receipt the \$30 service charge as follows: receipt \$20 into gl 523300 for the bank charge and receipt \$10 into the original county office revenue cost object/gl account to offset their collection efforts.
10. The copy of the debit memo with the copy of the check attached should be marked in the "check paid" box along with the date and number of the receipt written for the collection of the item. These items should all be sent to the Bursar. The second departmental copy should be kept by GNBC as documentation for the SAP posting.
11. If the returned item has not been collected within a reasonable amount of time (30 days from the date of the debit memo), contact the Bursar's Office for advice on what further collection efforts may be employed.

The above procedures and restrictions are not subject to waiver or change by the department or office involved. Need for interpretation should be discussed with the Bursar.

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