



Administrative Policy
NSF/RETURNED CHECK POLICY
FINANCE – A503

Effective Date:

January 2013

Revised Date:

NON SUFFICIENT FUNDS/RETURNED CHECK OR ACH POLICY

Summary

From time to time checks written to the Town or payments accepted through electronic wire transfers are returned by the bank for various reasons. This policy describes the treatment of those returned transactions.

Definitions

ACH – Automated Clearing House. Refers to the process of accepting payment through electronic wire transfers directly from a bank. ACH notices for non-sufficient funds are considered the same as a check.

Non sufficient funds/returned item - check is considered non-sufficient funds/returned when the notice of NSF/Closed Account/Stop Payment is received from the bank. This usually occurs within two to three days from deposit.

Process

NOTICE

When the notice is received in Financial Services from the Bank, a copy is sent to the originating Department for collection. If, as in the case of the ACH, the notice from the Bank is received by the originating Department, a copy must be given to Financial Services immediately.

If it comes to the attention of the originating Department prior to receiving a notice from the bank of NSF that there will be an issue with a customer's method of payment, notify Financial Services immediately.

TRACKING

Finance will do a journal entry removing the cash from the revenue account and recording the amount in a separate NSF account for tracking.

COLLECTION

The originating Department makes a serious effort to collect the NSF amount as well as the \$25.00 Returned Check Fee.

When collection is made, a separate deposit/accounting shall be sent to Financial Services for input into the Financial System to complete the tracking process.



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If after thirty (30) days the check remains outstanding, the department is to notify Financial Services. Financial Services will then turn it over to the Gila County Attorney's Office for collection.

MULTIPLE NSF'S

If a customer submits two non-sufficient funds/returned checks, or ACH transactions within a year, the customer shall change to a "cash only" account.