

SUNY DOWNSTATE MEDICAL CENTER
Finance Division: Policies and Procedures

Department: Bursar's Office
Subject: Returned Checks
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No: BUR-5
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Implementation Date: C u r r e n t l y i n P l a c e

Distribution: Administrative Manual
Department Manual
Patient Care Manual
AOD Manual

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- I. Purpose:** To document procedures for revenue deposited checks returned by bank due to “insufficient funds”, “stop payment”, or “refer to maker” for the State Income Fund, non-Hospital checks, and Dormitory Income Fund checks.
- II. Policy:** To ensure that the Bursar's Office implements appropriate procedures for handling returned checks.
- III. Responsibilities:** The Bursar's Office is responsible for:
-Making sure adequate steps are being taken to collect funds for returned checks.
-Maintaining appropriate accounting records.
- IV. Procedures/Guidelines:**

Checks are returned to the institution because of the following reasons:

1) Insufficient Funds

Checks returned due to insufficient funds are automatically re-deposited to the local depository account by the Bursar's Office. If they are returned a second time by the bank, they cannot be re-deposited again and are handled as follows:

If the check is from a student for payment of student charges (e.g. tuition, fees, and Dorm rent), the student is contacted by the Bursar's Office with a letter, email or phone call informing them that their bounced check has to be replaced by cash, money order, a credit card payment, or a replacement check. . An entry is made to the student record to indicate that the check was returned. Appropriate late fees are assessed and/or returned check fees are applied

If the returned check had been credited for a non-student charge (e.g. IFR account payment, parking payment, postage, etc.) and cannot be re-deposited, the department responsible for the account is

contacted for assistance to collect the debt. The original transaction is then reversed. Ex: if checks for application fees were returned , Student Services would be contacted for assistance.

As with student charges, these funds must be replaced by either cash, money order, a credit card payment, or a replacement check.

2) Stop Payment or Refer to Maker

Checks returned due to “stop payment” or “refer to maker” (e.g. account has been closed, inappropriate signature, questionable endorsement) are not eligible to be re-deposited. If the check is from a student for payment of student charges (e.g. tuition, fees, and Dorm rent), the student is contacted by the Bursar’s Office with a letter, email or phone call informing them that their bounced check has to be replaced by cash, money order, a credit card payment, or a replacement check. Appropriate late fees are assessed.

As with returned checks, the necessary departments will be contacted for assistance in collection of stop payments.

As with student charges, these funds must be replaced by either cash, money order, a credit card payment, or a replacement check.

3) Recordkeeping for Returned Checks

1. Returned checks are initially recorded in a bound journal notebook giving the following information: date check was returned, name of maker, amount, account affected, and action to be taken to collect monies.
2. Appropriate action is then taken, as indicated above, and noted in the journal notebook. An indication is also made when the check is re-deposited.
3. A cumulative Excel spreadsheet is maintained and updated at the end of each month showing the status of all outstanding returned checks at the beginning of that month, re-deposits, write-offs, and new bounced checks that occurred during the month. If a check is written-off, it will be noted on the spreadsheet and will not appear in future spreadsheets.