Insufficient Check Process – Fiscal Procedures

I. Notification of non-payment of check may be returned by bank for the following reasons (but not limited to):
   a. Insufficient Funds
   b. Account Closed
   c. Stop Payment
   d. Refer to Maker

II. Texas A&M AgriLife Fiscal Office will process insufficient checks when notification is received from the bank.
   a. The original deposit (Cdoc) will need to be located within the FAMIS account, to verify as backup of original revenue posting to account.

III. Enter check information into the log located at W:\ADMSVC-Account-Receivables-and-E-Commerce\NSF\ *under the correct agency (Research, Extension or TVMDL)
   a. Tracking numbers must follow the following scheme:
      i. FY:XX
         1. Example 15:01

IV. Mail Merge Letter to Customer, using the above files and mail notification to customer; including a copy of the NSF check(s).

V. All Return Check should be scanned and stored into Laserfiche 4.7.03.1 and adhere to record retention rules of FY + 3 years.
   a. The following information should be included in the file
      i. Journal Entry
      ii. Original deposit Form (Original C-doc)
      iii. Return check notification from Bank
      iv. Letter to customer

VI. Process journal entry to record bad debt expense as follows (screen 13):
   a. The following information should be included on entry
      i. Original Cdoc indicating the account where the check was originally deposited.
         1. Debit SL - XXXXXX – 6312/6313
            a. 6312 – Bad debt Other Sales
            b. 6313 – Bad debt C&G Priv & Other
         2. (OR) Debit GL – XXXXX – 1396/1399 (generally payroll)
            a. 1396 – Allowance for Uncollected AR
            b. 1399 – Allowance for Uncollected Other
      ii. Description
1. **Example - NSF: John Smith**
   
   iii. Ref. 2 = Original Cdoc
   iv. Ref. 3 = Database tracking number (*example 15:01*)
      
      1. Database located at W:\ADMSVC-Account-Receivables-and-E-Commerce\NSF\n      
      v. Ref. 4 = Journal Entry number (example F570015)
      
      1. Journal Entry guidelines
         a. Transaction code = 3
         b. Screen = 13
         c. Description = Bad Debt – NSF Checks
   
   VII. NSF Funds collected
      
      a. Change status on excel spreadsheet to “closed”
      b. Complete deposit summary to original account and corresponding agency account for the collection fee; W:\ADMSVC-Account-Receivables-and-E-Commerce\NSF\FORMS\Repayment Deposit
         i. Credit original account XXXXXX-XXXXX-6312
         ii. Credit fees collected
            1. Research 06-210000-0714
            2. Extension 07-210406-0714
            3. TVMDL 20-XXXXXX-0714
      iii. Description
         1. *Repayment- NSF: John Smith*
      iv. Ref. 2 = New Cdoc
      v. Ref. 3 = Database tracking number (*example 15:01*)
      vi. Ref. 4 = Journal Entry number (example F570015) from Screen 13 entry.
   
   VIII. The NSF spreadsheet will be monitored for open items. After the 4\textsuperscript{th} attempt to collect funds has failed the CFO for each agency will be informed.
   
   IX. A department maintaining their own receivables will be notified after 4\textsuperscript{th} attempt to collect funds has failed to make necessary adjustments to original invoice(s).