

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\
 - 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-XXXXX-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 4th 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 4th attempt to collect funds has failed to make necessary adjustments to original invoice(s).