

Collection of Checks Returned for Insufficient Funds

Policy 503.7

1 Introduction

2 Scope

3 Definitions

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4.1 Worthless Check

4.1.1 Issuing a "**worthless check**" is a misdemeanor and is punishable under North Carolina General Statute 14-107. To prevent the inconvenience and expense of legal action as outlined in this policy, the maker of the check should make every effort to redeem it and pay the service charge.

4.1.2 ASU does not cash personal checks due to the fact that the State Auditor and State Controller consider this to be an internal control weakness. This process is also potentially a time consuming and expensive operation for the University. Personal checks issued to the University for payment of services and goods that are returned by the bank for insufficient funds are received by the Cashier's Office. The following policy has been established to insure that these funds due the University are collected.

4.2 Returned Checks Received Through Registration

4.2.1 When a check received by the University in payment of tuition and fees during a regular registration period is returned due to insufficient funds, the situation will be handled in the same manner as when a student fails to pay tuition and fees but attends classes. University policies concerning this situation are described in CSH Policy 5 under "Student Registration and Accounts Receivable."

4.3 Returned Checks Received for University Services and Payment on Accounts Receivable

4.3.1 When a check of this type is returned to the University due to insufficient funds, the following steps will be taken to insure that the check is redeemed:

1. Notification and Redeposit - A standard letter is sent to the person whose check is returned. This letter informs the person of the returned check and requests that the bank account be in order to prevent the return of the check a second time. The check is then redeposited.
2. Service Charge Added - If the check is returned a second time, the amount of the check plus a \$25.00 service charge will be placed on the University's accounts receivable for students, faculty, and staff. If the check has been given by someone other than a student, faculty, or staff, the check is returned to the area that originally took it. It is then up to the individual area to insure that the funds are collected.
3. Second Notification - When the check is returned the second time, the check is transmitted to the Accounts Receivable Clerk for Student Accounts on the same day it is received by the Consolidated Account clerk. A second letter is then sent to the person whose check was returned. If checks given by the same person are returned frequently due to insufficient funds, the second notice to the person may be omitted, and the third step taken instead.
4. Contact by Office of Public Safety - If there is no response to the second letter by the established deadline and if the individual check or the cumulative total of more than one check is \$5.00 or more, a letter is hand carried to the Office of Public Safety. This letter establishes a deadline, no later than 4:00 p.m. two workdays after the day the letter is delivered to the Office of Public Safety, by which the check and service charge must be paid by cash, cashier's check, certified check, or credit card to prevent a warrant being issued.

4.3.2 Therefore, the Office of Public Safety will contact the person immediately either at the residence address or in an academic class. At the time the Office of Public Safety makes the personal contact, the Public Safety Officer will require the person to sign and date the acknowledgment on the letter that verifies the person has been informed of the payment deadline and the procedure if payment is not received.

1. Warrant Issued - If payment is not received in the Cashier's Office by the established deadline, the check is hand delivered to the Office of Public Safety for the issuing of a warrant.

2. Civil Action - After the warrant has been issued, any settlement of the account must be made through the State Judicial System; payment can no longer be made to the University Cashier by the person responsible for the returned check.

4.3.3 On those occasions where three (3) returned checks have been written in any combination to any department at Appalachian State University, the individual responsible will no longer be allowed to pay the University by personal check. The Code (#3) will be entered in the returned check counter field on SIS to identify those individuals.

4.3.4 The Code (#4) will be entered in the returned check counter field on SIS when there have been problems collecting monies owed to the University by the student. Some of these problems are write-offs, accounts sent to collection agencies, warrants being issued on returned checks, etc. These individuals also will not be allowed to satisfy financial obligations with Appalachian State University by personal check.

4.4 Notification of Check Returned Sufficient Funds

Date

SS No.

Dear

Your check dated payable to in the amount of has been returned by the bank for The handling of returned checks is a time-consuming and expensive operation for the University; therefore, it is necessary that you contact and make arrangements to clear this check.

If arrangements have already been made with the appropriate personnel in the Cashier's office to clear this check, please disregard this letter. If you should have questions, please contact Ms. Ethel Hayes at (828) 262-3004.

Sincerely,

APPALACHIAN STATE UNIVERSITY

Ethel Hayes

Student Accounts Receivable

5 Additional References

6 Authority

7 Contact Information

8 Original Effective Date

9 Revision Dates