

# ACTIVITY FUND PROCEDURE MANUAL

## SECTION 6      RETURNED CHECKS AND REDEPOSITS

### 6.1      RETURNED CHECKS

Occasionally, the bank returns a check that had been previously deposited. A check may be returned for improper signature, insufficient funds, or account closed. When the bank returns a check, the following procedures shall be followed:

- A.      The business office shall immediately notify the maker of the returned check and request that it be redeemed with cash. A copy of the request will be sent to the activity club sponsor for their information.
- B.      If the maker of the returned check requests that it be redeposited, such action shall be taken. A check may be redeposited only once; after such time only cash may be accepted.
- C.      Under no circumstances should the returned check be surrendered to the maker except in return for a cashier's check, money order or cash.
- D.      No checks shall be accepted from a party who has not redeemed a previously returned check.
- E.      Retain all bank memorandums in the school files.

### 6.2      REDEPOSITS

When the maker redeems a returned check, the resulting deposit is known as a "redeposit." The procedures are:

- A.      Prepare a separate deposit disclosing:
  - 1.      Date and amount of redeposit
  - 2.      Name of the maker of the returned check.
  - 3.      The activity account where the check was originally deposited.
- B.      DO NOT issue a cash receipt since such action would constitute a duplication.
- C.      If a person redeems a returned check with cash, give him/her the returned check as their receipt. (Keep photocopy for records.)

### 6.3      UNCOLLECTED CHECKS

The following procedures are for checks deposited twice in the School's Activity Fund Account and returned the second time by the bank marked non-sufficient funds or account closed.

A. Send a letter to the maker of the check requesting payment in cash or by cashier's check within a ten (10) day period. Request the full amount of the check plus a \$20.00 returned check fee. The letter should be sent to the last known mailing address of the maker and should contain the check number, date and amount of check. **DO NOT SEND ORIGINAL CHECK!** The letter should stipulate the check has been redeposited and returned again and unless payment is received within ten (10) days, the check will be turned over to the Justice of the Peace for the filing of criminal charges. This letter should be sent Certified Mail - Return Receipt Requested.

B. Attempts should be made to collect returned checks of less than \$25.00 until the close of the school year. If not collected, the check may be written off. If the check amount is over \$25.00 or less than \$500.00, the check should be written off and the original check and copies of all documentation forward to the Justice of the Peace for action.