TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER EL PASO

Operating Policy and Procedure

HSCEP OP: 50.12, **Check Collections and Returned Checks**

PURPOSE: The purpose of this Texas Tech University Health Sciences Center El Paso (TTUHSC El Paso) Operating Policy and Procedure (HSCEP OP) is to establish rules and guidelines for the receipt and processing of returned checks.

REVIEW: This HSCEP OP will be reviewed April 1 of each even numbered year (ENY) by the director of Accounting Services and Student Business Services, with recommendations for revisions submitted to the chief financial officer, or his/her designee, by April 15.

POLICY/PROCEDURE:

I. Responsibilities.

A.   Accounting Services will be responsible for the establishment of guidelines for acceptance of checks by departments and for the processing and collection of returned checks.

II. General Guidelines for the Acceptance of Checks by Departments.

A.   To facilitate rapid and accurate check collection, all checks accepted by departments must be made payable to TTUHSC El Paso, to the department by name followed by TTUHSC El Paso, or to the Texas Tech Foundation Inc. (TTFI). Any check drawn on a foreign country bank must be transmitted to the Student Business Services Office. Checks drawn on foreign country banks cannot be considered as payment until the funds are collected.

B.   Before a check is accepted, the department is responsible for verifying that the following information is included on the check:

1)   Signature of the payer
2)   Current date (postdated checks must not be accepted)
3)   Numeric amount that agrees with the amount due and the written amount (checks written for more than the amount due must not be accepted)
4)   Notation indicating the service or goods for which the payment is made
5)   Complete driver's license information of the payer
6)   Imprint of magnetic ink characters for account identification
7)   Payer's preprinted name and address of the payer

C.   State law requires timely deposit of receipts. Receipts must be deposited within three (3) business days with no exceptions. Receipts totaling more than $500 must be deposited no later than the following business day.

D.   Checks collected by departments must be restrictively endorsed immediately upon receipt using an official TTUHSC El Paso endorsement stamp. The stamp imprint must be clear and readable. Consult HSCEP OP 50.10 for procedures relating to obtaining and using endorsement stamps.

III. Redeposit of Insufficient Funds Checks.

TTUHSC El Paso has established a policy with our primary bank to redeposit all checks returned for insufficient funds. Therefore, the department should not attempt to redeposit insufficient funds checks for collection. Insufficient funds checks should be forwarded for collection as described in Section IV of this HSCEP OP. Departments should refer all communications regarding returned checks to Accounting Services. Departments should not accept repayment of a returned check amount without express approval by Accounting Services.

IV. Processing of Returned Checks.

A. As often as daily, returned checks will be forwarded from the respective banks either to Accounting Services or to the MPIP Business Office. For the depository accounts utilized by the MPIP Office, copies of the returned checks will be made so that the Business Office can have either copies or the originals of the returned checks and Accounting Services can have the other.

B. When the MPIP Business Office receives the returned check log and the original or copied returned checks, they must segregate between MPIP payments and other payments. For those returned checks that represent dishonored MPIP patient payments, a transaction must be entered into GE Centricity Patient System to reinstate the outstanding patient receivable balance. For those that do not represent patient payments, the MPIP Business Office will need to work directly with Accounting Services to determine which department originally deposited the returned check and what deposit coding was originally used.

C. When Accounting Services receives the returned checks, a journal entry will be prepared to reduce the MPIP clearing fund or other applicable revenue coding for the corresponding account. Accounting Services will assume initially that all returned checks for the MPIP deposit accounts relate to MPIP patient collections and will reduce the clearing fund revenue for the entire amount. Once the MPIP Business Office advises Accounting Services of the amount of the returned checks that do not relate to MPIP patient collections, the related clearing fund revenue will be reinstated. For returned checks that do not relate to MPIP collections, Accounting Services will contact the appropriate endorsement stamp contact as determined by the endorsement number printed on the returned check.

D. Immediate reduction of the MPIP clearing fund revenue for MPIP patient returned checks helps to ensure that the MPIP Business Office is able to reconcile between clearing fund activity and GE Centricity Patient System activity.

E. Subsequent collections of funds by the approved contractor or by express authorization of Accounting Services will result in a deposit to the clearing fund or other applicable revenue.

F. The MPIP Office will be responsible for collection efforts for returned checks that relate to their respective patient revenues. Collection efforts will often involve direct contact with the patient and/or referral to a third-party collection agent or the appropriate legal authorities.

G. Accounting Services will initiate the collection efforts for all checks returned by banks using a local third-party agent. Departments will be responsible for additional collection efforts for any items returned as "stop payments". Items determined by the third party agent to be uncollectible will be forwarded to the office of the District Attorney for prosecution and collection.

H. The maker of the returned check will be required to pay directly to the collection agent (or other collecting organization) the amount owed resulting from the returned check and any applicable service charge, in the form of cash, money order, or cashier's check. Any waiver of a returned check service charge associated with collection agent efforts is governed by the contract in effect with the collection agent unless collection is obtained prior to the check being submitted to the collection agent, in which case collection of an additional fee will be at the discretion and use of the collecting department. Collections by departments require the prior express approval by Accounting Services.

I. In all aspects of returned check processing, it will be extremely important that strong communications exist between departments and that information be provided in a timely manner.

V. Record Holds and Termination of Check Cashing Privileges.

A. Checks or web checks received from students which are returned to a department as uncollectible may result in a hold being placed on the student's records. The department is responsible for placing a hold on the student's records and the deletion of the hold when necessary.

B. Departments may, at their own discretion, establish policy regarding action to be taken against faculty or staff employees within their departments who write checks which are returned or deemed to be uncollectible. Where allowable by law, previously uncollected checks from faculty and staff may be applied against any other balance due to the employee.

C. A department may refuse checks as payment when they deem such action to be in the best interest of the institution.

VI. Returned Checks for Student Tuition and Fees.

A. Collection of returned checks or web checks for tuition and fees for students attending TTUHSC El Paso will be the responsibility of Student Business Services. A transaction will entered into the Banner student system to reinstate the student accounts receivable balance and collection efforts will resume immediately. Any question regarding collections of these checks should be addressed to the Student Business Services.