PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to establish procedures for the receipt and processing of returned checks.

REVIEW: This HSC OP will be reviewed on January 15 April 1 of each odd-numbered year (ONY) by the TTU Director of Student and University Financial Services and the TTUHSC Director of Accounting Services and the TTU Director of Student and University Financial Services and, with recommendations for revisions, forwarded to the Executive Vice President by February 1 April 15.

POLICY/PROCEDURE:

1. Responsibilities of the Office of TTU Student & University Financial Services and TTUHSC Accounting Services. The TTU Student & University Financial Services, in conjunction with the TTUHSC Office of Accounting Services will be responsible for the establishment of guidelines for acceptance of checks by departments of TTUHSC and for the processing and collection of returned checks for collection. TTU Student & University Financial Accounting Services will also be responsible for negotiating an agreement with a contractor who specializes in the verification and collection of returned checks. This contractor will be used for any returned checks that were originally deposited into the primary one of the secondary depositories in Lubbock. This contract will be reviewed by May 15 of each year by the TTU Director of Student and University Financial Accounting Services and renegotiated on a bid basis if required. TTU Student and University Financial Services will be responsible for establishment and maintenance of a collection agreement for returned checks originally deposited into the TTU primary depository, including deposits for HSC.

2. General Guidelines for the Acceptance of Checks by Departments.
   a. To facilitate rapid and accurate check collection, all checks accepted by TTUHSC departments must be made payable to "Texas Tech University Health Sciences Center", to the department by name followed by "Texas Tech University Health Sciences Center" ("TTUHSC"), or to "Texas Tech Foundation Inc" ("TTFI") to facilitate rapid and accurate check collection. Any exception (i.e., two party checks) requires department head approval. Any check drawn on a foreign country bank must be transmitted to the TTUHSC Bursar's Office to be sent to TTUHSC's primary bank for collection. Checks drawn on foreign country banks cannot be considered as payment until the funds are collected by the primary bank.

   b. Before a check is accepted, the department taking it is responsible for insuring verifying that the following information is verified or included on the check:

      (1) It must be signed by the giver. The signature of the payer
      (2) It must be dated with The current date (postdated checks may not be taken)
      (3) The numeric amount of the check must agree with the amount due and the written amount (checks written for more than the amount due may not be taken)
      (4) There must be A notation indicating the service or goods for which the check is given payment is made
      (5) Complete driver's license information of the giver/maker payer must be written on the check.
      (6) All checks must be Imprinted with of magnetic ink characters for account identification of the giver/maker.
All checks must be preprinted with the giver/maker's payer's preprinted name and address, phone number, etc. on the check information.

c. State law requires that all receipts be deposited within three working business days. Any Receipts of totaling more than $100 should must be deposited not later than the following work business day.

d. All checks deposited collected by departments must be stamped with the restrictively endorsed using an official TTUHSC endorsement stamp issued to the department. The stamp imprint must be clear and readable. Consult HSC OP 50.10 for procedures relating to obtaining and using official endorsement stamps.

3. **Redeposition Redeposit of Insufficient Funds Checks.**

Checks will not Insufficient Funds checks are not to be redeposited a second time for collection unless there was a bank error and the bank of the giver/maker payer sends a memo notification acknowledging a bank error with a request and requesting that the check be redeposited. If no such error has been documented, insufficient funds checks should be forwarded for collection as described in sections 5 and 6 of this HSC OP.

4. **Service Charges for Returned Checks - Lubbock Campus.**

a. A return check charge of $25.00 (plus applicable sales tax) for each returned check will be assessed against the giver payer. This charge, in addition to the face amount of the returned check, will be paid by the maker of the check to the contractor. In the case of departmental error, the fee will be charged by the TTU Student & University Financial Accounting Services to the department depositing the check and paid to the contractor. This fee will be used to recover the cost of the collection service and will be distributed in accordance with the contract in effect with the collection agent between the service and TTUHSC. All returned checks should be paid directly to the contractor or Student & University Financial Services collection agent and must be paid either by cash, money order or cashier’s check. No other form of payment will be accepted. Any questions relating to acceptance of payment for returned checks should be referred to Student & University Financial Services at 742-3272 Accounting Services.

b. Any waiver of the returned check service charge is governed solely by the contract in effect between the collection service and TTUHSC with the collection agent.

5. **Recording and Collection of Returned Checks - Lubbock Campus.**

a. Initially the amounts of all returned checks will be removed from the cash account by TTU Student & University Financial Services and posted in the applicable receivable account Accounting Services and expensed in TechFIM as an uncollectible account. Funds collected for returned checks will be deposited to the cash account and the receivable will be relieved uncollectible expense will be cleared in TechFIM. Returned checks which are deemed initially as uncollectible because of improper information, bank error, forgeries, stolen checks, stop payment, or other reasons as determined on an individual basis, will be charged back to the depositing department's returned check receivable account credited to the uncollectible expense and returned to the department for further action rather than being sent to the check collection service.

b. Checks which are returned by the contractor collection agent as uncollectible will be returned to the departments where applicable and charged to a department returned check receivable account for additional collection activity. The contractor collection agent will provide all documentation to file the returned check with the Criminal District Attorney's Office. The department, at its discretion, may then proceed with further collection efforts which may include, but are not limited to, filing the check with the check collection division of the Criminal District Attorney's Office. Subsequent collections of returned checks by departments must be deposited against the uncollectible account.
expense (object 10 and sub-object 8680). Any service fees collected by the department may be deposited as departmental revenue using revenue source 70 and sub-revenue source 7617.

c. Returned checks which are to be written off as uncollectible should be returned to TTUHSC Accounting Services by the department to insure that the proper entries to the receivable accounts will be made. If the original returned check is returned to the maker, copies of the checks should be sent to TTUHSC Accounting Services to be written off. Uncollectible checks must be written off within six months of the date the check was given unless there is reasonable evidence that the check can be collected or prior agreement with the maker that the check will be redeemed. All uncollected checks must be written off no later than one year from the date of the check. The department is responsible for the safeguarding of returned checks in their possession and to surrender checks requested by TTUHSC Accounting Services to be written off.

d. TTUHSC Accounting Services will reconcile all returned check receivable accounts to verify accuracy.

6. Recording and Collection of Returned Checks - Regional Campuses.

a. Initially the amounts of all returned checks will be removed from the cash account by TTUHSC Accounting Services and posted in the applicable receivable account expensed in TechFIM as uncollectible MPIP receipts. The checks are will then be sent to the regional campus for collection. Each regional campus has must established procedures for collection of these returned checks.

b. Returned checks that are to be written off as uncollectible should be returned to TTUHSC Accounting Services along with a prepared journal voucher. If the original returned check is returned to the maker, copies of the checks should be sent to TTUHSC Accounting Services to be written off. The journal voucher will be reviewed and entered by Accounting Services to relieve the receivable. Collection of returned checks at the regional campuses must be deposited against the uncollectible account expense (object 10 and sub-object 8680). Related collections of service fees should be deposited in accordance with standard procedures for each regional campus.

7. Record Holds and Termination of Check Cashing Privileges.

a. Checks given by students which are returned to a department as uncollectible will result in a hold being placed on the student's records. It is the responsibility of the department to notify the TTUHSC Bursar's Office that a hold should be placed on the records.

b. Checks which are returned from the contractor may cause the name of the giver to be placed in the file of persons who may not give checks at TTUHSC. This file is provided by the contractor and is not within the control of TTUHSC. The contractor must be contacted by the maker of the check for reasons for such occurrences. Collection agents often maintain a list of payers from which checks should not be accepted. This list is provided to us and may initiate refusal by departments to accept check payments from listed individuals or organizations. If inclusion on such lists is believed to be inappropriate, the listed individual or organization must contact the collection agent directly.

c. Departments may, at their own discretion, establish policy regarding action to be taken against faculty or staff employees within their departments who have write checks which are returned or deemed to be uncollectible.
d. A department may refuse checks as payment when they deem such action to be in the best interest of TTUHSC the institution.

8. **Returned Checks for Student and Tuition Fees.** Collection of returned checks for student tuition and fees will be the responsibility of TTU Student and University Financial Services. These checks will be collected in accordance with TTU OP 62.04. Any question regarding collections of student tuition and fee checks should be addressed to TTU Student and University Financial Services.