

Policy Number	Section Name	Policy Name	Effective Date	Version
CM-100011	Cash Management	Non-Sufficient Check	03/06/2007	

I. Purpose/Scope

The purpose of this section is to define the process for agencies on Streamlined Banking to recover funds for a check returned by the bank for non-sufficient funds (NSF).

II. Background

For the Main Depository Account, state agencies will be notified by the bank via the BAI file that an adjustment has been posted to the state's bank account. Agencies are to maintain adequate detail records to document a bank deposit adjustment.

III. Policy

- A. Whenever an agency receives a returned check, it must immediately credit the general ledger cash account in the PeopleSoft system.
- B. The State Accounting Office will have access to manage the main depository account through inquiry access to the bank proprietary system.
- C. Agencies which require local banks for business needs should negotiate any NSF processes with the bank.
- D. Agencies will request wire transfers by submitting a [Wire Transfer Request Form](#) to the Office of Treasury and Fiscal Services to cover any negative balances caused by returned checks at local banks. (See Bank Settlement section for more information.)

IV. Procedure/Guidelines

The following steps should be adhered to in processing a returned check:

1. The agency should make daily deposits at their main or local depository bank.
2. Checks returned for non-sufficient funds have been presented twice by the bank.

3. When this occurs, the main depository account is debited for the NSF fee and the amount of the returned check. These debits occur in the Streamline Banking agency's main concentration account.
4. If no funds are available to cover the returned check, the agency will fill out a [Wire Transfer Request Form](#) to notify the Office of Treasury and Fiscal Services to wire the remainder of the funds to the local depository account in conjunction with the Treasury policy. Agencies will work with individual local banks for communication concerning checks returned for NSF.
5. The agency will make correcting entries in PeopleSoft for the returned item.
6. The agency should attempt to recover the NSF funds from the payer. See attached sample collection letter. (*Refer to Statewide Accounts Receivable policy*)
7. If the agency has a local depository account, they will maintain their current NSF recovery process.
8. Funds from the local depository will be swept daily.

V. Definitions

Bank Administration Institute (BAI) file - Bank file which includes balance, activity summary and individual transaction information for the accounts at financial institutions. BAI files include prior day and current day bank account activities. BAI file data is imported into PeopleSoft.

Local Depository Account - Any other depository account not at Bank of America. The balance will be swept daily into the agency's main depository account.

NSF check- A bank check returned for insufficient funds in the maker's account.

Main Depository Account - Depository bank accounts at Bank of America used by Streamlined Banking agencies as an operating cash account. The PeopleSoft general ledger reference for these cash accounts is 102400-Cash in Bank-Depository Account.

State Bank Account - Bank accounts that are owned, held, or administered by a state agency, regardless of the source of the funds. This includes all types of depository, checking, or savings accounts maintained in any type of financial institution.

Zero Balance Account (ZBA) - Banks accounts which have a zero balance because funds are transferred daily to the account to cover outstanding debit or credit balances.

Statewide Accounting	Joyce Smith
Financial Systems	Sherrie Southern
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VIII. Revision History

Version	Date
1	3/6/07

Agency Official Letter Head

Sample Notice

Formal Notice Prior to Criminal Action on a Bad Check

December 18, 2006

Kathy Edwards (Payee Name)
461 Park Street Address
Madison, GA 30650

Dear Mrs. Edwards:

You are hereby notified that check number #181 in the amount of \$100.00 issued by you on December 10, 2006 and drawn upon the Bank of America and payable to the State Accounting Office has been dishonored. Pursuant to Georgia Law, you have ten (10) days from receipt of this notice to tender payment of the full amount of such check plus service charges of \$15.00 or 5 percent of the face of the check, which ever is greater. The total due being \$115.00.

Unless this amount is paid in full within the time specified above, the State Accounting Office will turn over the dishonored check and all other available information to the District Attorney or Solicitor for Criminal prosecution. Your payment in the form of a cashiers check or money order made payable to the State Accounting Office may be mailed to:

State Accounting Office
Cash Management Unit
200 Piedmont Avenue
Suite 1604 West Tower
Atlanta, GA 30331-9010

Yours Truly,

Joe Lee
Account Collector
404-463-2227 (O)