



Policy and Procedures

Departmental Return Check Handling

Policy Description: The following procedure outlines the process departments must follow in order to recover the amount of the returned check plus a \$30.00 service charge for each returned check. The procedures only apply to checks received for non-tuition payments. Departments must also provide documentation of due diligence in their collection efforts. Not collecting these amounts is in effect giving away the original good or service that was purchased.

Returned Check Procedures

All checks returned unpaid by the bank are charged back to the department originally receipting the checks. The Cash Management Analyst will prepare a journal entry to charge the department for the total of the returned check/s. The department is notified about the returned item/s and receives a copy of the journal entry. **Note:** All checks are automatically deposited a second time before being returned to Clemson University.

Returned checks will normally be returned to the department within 14 business days. **Note:** Delays may occur due to Holidays, Bank closures and University closures.

Collection

The department is to comply with the following collection efforts.

If no goods have been released or a service has not been performed in association with the returned item, please contact the Banking Coordinator with the Office of Cash and Treasury Services to inform them that the collection process is not necessary.

Checks \$50.00 and Under - Within 10 days of receiving the notification about the returned item, document all phone calls to and send a letter to the payer advising them of the returned item and the need to pay the amount of the check plus the \$30.00 service charge. Repayment should not be in the form of another check. Ask for cash, guaranteed check, or money order. **Note: You can send a registered letter, but use discretion when doing so. You do not want to send a registered letter if the cost outweighs the amount you are attempting to collect upon.**

Checks Over \$50.00 - Within 10 days of receiving the notification about the returned item, document all phone calls to and send a **registered** letter to the payer advising them of the returned item and the need to pay the amount of the check plus the \$30.00 service charge. Repayment should not be in the form of another check. Ask for cash, guaranteed check, or money order.

1. If not paid within 30 days, contact should again be made to the payer at least every 30 days.
2. If not paid within 90 days, contact the Banking Coordinator with the Office of Cash and Treasury Services to discuss the next step in the collection process for checks \$50.00 and over. The Banking Coordinator will require all documentation involved in the attempted recovery of the returned item. **Note: These recovery procedures are subject to auditing, therefore, records of recovery efforts must be kept.**
3. If original fund and the service charge are collected, the department will issue a new receipt and deposit amount(s) to the account(s) charged from the journal entry prepared by the Cash Management Analyst. **Important: The \$30.00 service charge is deposited using Account Code #4755 – Service Charges.**
4. Appropriate steps must be taken to safeguard all returned items and payer information being held in the department. Please document where returned items and documented recovery are retained.

The Banking Coordinator will monitor all returned items and contact departments to follow-up on collection by the 90-day deadline. If it is determined that collections efforts haven't been followed the Banking Coordinator will work with the department to determine if additional time is needed and at that time the relevant department supervisor or department head will be contacted to assist with the collection process.

Below are guidelines to follow when collecting on a debt/returned item.

The Fair Debt Collection Practices Act (FDCPA) prohibits debt collectors from using abusive, unfair, or deceptive practices to collect a debt. The Act covers personal, family, and household debts. The following is a brief list of best practices concerning collection of debt.

DO

- Only discuss the debt with the debtor or attorney of the debtor.
- Contact the consumer via registered letter at a minimum. You can also contact the consumer via phone and/or email.
 - Send a registered letter to the debtor as soon as you become aware of the debt. The Office of Cash and Treasury Services has created a returned item letter template that all departments must use to collect on the returned item. The letter can be found at: <http://media.clemson.edu/cfo/cash-treasury/Check-Return-Item-Letter.docx>
 - Keep a copy of the letter and proof it was sent registered or certified.
 - Document call times and conversations with the debtor.
 - Keep all emails between the department and the debtor.
- Identify yourself and state the reason for your call (if you are speaking to debtor directly).
- Call only between the hours of 8:00a.m. and 9:00p.m. at the debtor's location.
- Do not notify debtor of the consequences of non-payment (no longer conduct business with said debtor, etc.)

DON'T

- Do not discuss the debt of someone other than the debtor.
- Do not communicate by postcard.
- Do not use any language or symbol on any envelope or in the contents of any communication that indicates you are collecting a debt.
- Do not communicate with any person other than the debtor's attorney once you have been provided with that attorney's name and address.
- Do not call at times you know to be inconvenient.
- Do not call, fax, or email debtor at work.
- Do not use or threaten to use violence.
- Do not use obscene or profane language.
- Do not cause a telephone to ring or engage in telephone conversations repeatedly or continuously with the intent to annoy, abuse, or harass.

- Do not leave voice messages stating you are calling for collection of debt.
- Do not contact the debtor once they have filed for bankruptcy.

The above procedures are not subject to change by the department. Need for interpretation should be discussed with the Banking Coordinator with the Office of Cash and Treasury Services.

Contact Information

Cash and Treasury Services Banking Coordinator

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