

City of Richmond

Administrative Manual

SUBJECT: Returned Receipts

SECTION: Finance

POLICY NUMBER: AP 504

INITIAL DATE PREPARED: August 25, 1999

LAST DATE REVISED: August 25, 1999

I. Purpose

To establish the City's policy regarding returned checks and to establish departmental responsibility for disputes arising from returned checks and/or stop payment checks.

II. Policy

- A. Cash Drawer Custodians maintain a sensitive position of trust. They handle City funds and payment from the public. Daily accountability must be maintained. Custodians may receipt payments in cash, check, cashier's check, money order, ATM, Visa, and Mastercard.
- B. Returned receipts may occur for a variety of reasons, including the following:
 - 1. Returned for insufficient funds
 - 2. Returned account closed or unable to locate
 - 3. Returned funds unavailable
 - 4. Returned for stop payment
 - 5. Returned check damaged
- C. The City of Richmond will pursue curing returned receipts and a fee established by the Finance Director to cover costs.
- D. The department responsible for receipt of payment will be responsible for resolving stop payment disputes.
- E. Treble damages and subpoena service charges will be claimed on all small claim court actions.
- F. Write off of returned receipts will be in accordance with AP 251, Write Off Delinquent Accounts, and AP 503, Accounts Receivable.
- G. Custodians must adhere to Policy Statements AP 504 and AP 505.

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III. Procedure

A **Receiving and Recording Returned Checks**

1. Checks returned by the bank unpaid are first received by the General Ledger Unit. The General Ledger Unit will record the check by posting an adjustment in the deposit journal.
2. After posting the check, the General Ledger Unit will forward the check and bank notice to the Central Cash Drawer Custodian.
3. The Central Cash Drawer Custodian will record the check by entering it into the Returned Check Database (AP 504-1).

B. **Receiving Payment for Returned Checks**

1. **Unsigned checks or incorrect amounts**

When a check is received to replace a check for an incorrect amount or to complete an unsigned check, a note should be made by the Cash Drawer Custodian. The Central Cash Drawer Custodian will annotate his accounting records showing the check has been cured.

2. **Returned checks**

- a. Returned checks should be cured at the Finance Department Cash Drawer. The Cash Drawer Custodian may receive the funds in accordance with procedures contained in AP 505.
- b. To cure a returned check, only cash, money order, cashier's check, ATM, Visa or Mastercard will be accepted.

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- c. Cash Drawer Custodian's will collect a process service fee based upon the bank's prevailing process service fee (currently \$25) for each returned check.
- d. Cash Drawer Custodians will prepare a receipt as usual, but write on the receipt that it is to "cure a returned check."
- e. The Central Cash Drawer Custodian will compare the amount received to the Returned Check Database AP 504-1 and post the amount paid.