

## PROCEDURE

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**Series:** Cash Management COA: FIN 2, 7.2, 7.3; RPM 5  
CFOP:

**Procedure Name:** Non-Sufficient Funds  
**Procedure Number:** CM-170  
**Reviewed Date:** 10/21/15 , 08/11/2020  
**Revision #/Date:** 02/04/09  
**Effective Date:** 10/01/04

**Applicable to:** All BFP, CARES and NCFIE Staff

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### PURPOSE:

**SUBJECT:** Non-Sufficient Funds

**PURPOSE:** To process returned checks, credit cards, and bank drafts in order to expedite collection.

### PROCEDURE:

#### **References**

Policies/Procedures: AR-630, CM-140, GOV-202, GOV-208  
Cash Receipt Mail Log

#### **Definitions**

EFT: A bank designation for an electronic funds transfer.

NSF: A bank designation for non-sufficient funds.

Strategy Team: The senior executive body managing BFP.

#### **General**

When a copy of an NSF/returned check and/or a bank notification of an EFT error are received, they are date stamped by the non-accounting personnel opening mail and then forwarded to the Finance Department for processing.

Notifications received regarding an NSF check or a check that is returned due to the account being closed will be logged upon receipt as outlined in procedure CM-140 and given to the CFO or designee appointed by the CEO in the absence of the CFO under the direction of the CEO by the Board of Directors. Upon review, this information will be processed as outlined below:



1. The Finance Department will provide a copy of the information to the appropriate BFP Operational Department for them to contact the issuer of the NSF check or EFT error.
2. When the information is forwarded, the appropriate Department will proceed to rectify the situation, as necessary. There may be times when these types of transactions occur that do not need to be collected. For example: an individual pays for registration to one of BFP's conferences but forfeits their place at the conference due to lack of payment. There has been no service or goods delivered, therefore no pursuit of payment is needed.
3. Notification will be given to the Finance Department on the results of the BFP Operational Department handling the NSF/returned check or EFT error. There should be two outcomes:
  - Collection efforts will begin.
  - Verifiable funds have been re-issued to BFP.
  - There was an error and no funds were due to BFP.

## **Accounting Process**

### NSF Checks

1. Upon receiving the NSF paperwork, a journal entry is recorded to recognize an account receivable. This initiates the collections process in procedure AR-630, Collections & Write Offs.
2. The Finance Department will monitor the accounts receivable account on a monthly basis to ensure compliance with the collections process.
3. After all BFP collections efforts have been exhausted, the CFO or designee appointed by the CEO in the absence of the CFO under the direction of the CEO by the Board of Directors, after consulting with the Executive Team, will decide which avenue to pursue:
  - Write off the accounts receivable. In this case, the Finance Department will remove the debt from accounts receivable and recognize the bad debt expense.

### EFT Processing Errors

The Accounting Department becomes aware of EFT processing errors in two ways:

1. A call is received by the Accounting Department from one of the payee categories listed above stating that they did not receive their EFT.
  - Verification of the banking information of the payee by the Finance department staff is performed.



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- If there is a recording error in the EBanking module (EFT processing module) of the payee's banking information, their documents are pulled and reviewed and the banking information is updated as indicated. Any error in a payee's banking information will cause the transaction to be rejected.
- The Accounts Payable Supervisor will verify that the transaction was rejected by logging onto BFP's online banking and notify the CFO or designee appointed by the CEO in the absence of the CFO under the direction of the CEO by the Board of Directors.
- Upon confirmation, the EFT paper check is voided and a check is generated on the next weekly check run.

BY DIRECTION OF THE CHIEF EXECUTIVE  
OFFICER:

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PHILIP J. SCARPELLI  
Chief Executive Officer  
Brevard Family Partnership Family of Agencies

APPROVAL DATE: 8/25/2020