



# Standard Administrative Policy and Procedures Manual

Title: **FINANCIAL POLICY**

Date of Version: **SEPTEMBER 6, 2011**

Section: **CHECK ACCEPTANCE & RETURNED CHECKS** Resolution No.: **2011-277**

## **SECTION 1 - POLICIES**

- A. A sign must be displayed at the usual place of payment notifying the customers of the City's returned check fee. The City's returned check fee is \$20.00 and is allowable per the Code of Iowa Section 554.3512. However, if the maker of the check stops payment, the fee will not be assessed.
- B. Each department will contact and collect all monies owed for returned checks. All customers should be referred to the applicable department for replacement of a returned check.
- C. If a check is returned for any reason, the customer shall replace the check by cash, debit card or credit card only. A returned check may not be replaced by another check.
- D. Business shall not be conducted with an individual or business that has outstanding returned checks with the City until those checks have been replaced.
- E. When a customer has previously presented the City a returned check and the check has subsequently been replaced, it will not preclude the City from conducting business with the customer in the future. However, the City is not under any obligation to accept checks from that customer. The department and the Finance Department should take into consideration the customer's payment history, the nature of the previous returned transaction, and the type of business being conducted.
- F. Returned check fees apply to checks and ACH/electronic payments.

## **SECTION 2 - PROCEDURES**

- A. The \$20 returned check fee will be assessed at the time the check is returned.
- B. When a personal check is presented to the City, the cashier must request personal identification from the customer such as a driver's license.

- C. When a check is returned from the bank for insufficient funds, the Finance Department may present that check to the bank a second time.
- D. When the check is returned from the bank for insufficient funds the second time, the applicable department may attempt to collect the check by contacting the customer.
- E. If the customer does not replace the returned check within 10 days following contact, the check and all supporting evidence may be turned over to collections.