

Prepared by Treasury Office.
This amends A8.740 dated April 2006.

A8.740

A8.700 Treasury

July 2007

P 1 of 9

A8.740 Dishonored Checks

1. Purpose

To provide procedures for the processing of checks which have been returned unpaid by the maker's bank. This procedure is based on Chapter 20-10, Delinquent Financial Obligations, Hawai'i Administrative Rules adopted by the Board of Regents on December 12, 1974, and amended as of December 12, 2002; and Section 40-35.5, Hawai'i Revised Statutes.

Chapter 20-10, Hawaii Administrative Rules, Delinquent Financial Obligations may be viewed at:

<http://www.hawaii.edu/offices/bor/adminrules/chapter10.pdf>

Section 40-35.5, Hawai'i Revised Statutes may be viewed at:

http://www.capitol.hawaii.gov/hrscurrent/Vol01_Ch0001-0042F/HRS0040/HRS_0040-0035_0005.HTM

To assure that all dishonored checks are recorded properly in FMIS, makers of returned checks receive proper notification, and the dishonored check is repaid.

2. Applicability

This procedure applies to all campuses of the University of Hawai'i.

3. Definitions

Debit memo form - A form (FMIS-3) used to record the dishonored check in FMIS, hereafter referred to as DM. A separate DM form is processed for every check that is returned by the bank.

Dishonored check - A paper or electronic check, which the University has received and deposited, and is subsequently returned unpaid to the University by the maker's bank.

A dishonored check is a financial obligation due to the University and must be held for safekeeping until it is repaid by the student or maker.

Hearing officer - A person duly designated by the University to preside over a hearing under Hawaii Administrative Rules, chapter 20-10. The Chancellor of each University campus must designate a hearing officer to hear appeals.

Service charge - An amount assessed by the State of Hawai'i in accordance with §40-35.5 HRS for a check that is dishonored for any reason. The service charge can not be waived and is deposited to the State general fund.

4. Responsibilities/Procedures

Action to be taken when a check is dishonored and returned by the bank.

Treasury Office:

- 1) Identify the University department that originally accepted the check and the administrative/fiscal officer responsible for contacting the student or maker of the check to have the check repaid. Any dishonored check recorded in the Banner student information system is sent to the University Cashier's Office, regardless of which campus originally accepted the payment.

Note: The standard University of Hawaii Endorsement Stamp will usually indicate the name of the receiving department.

- 2) On the bank's debit memo, which is attached to the dishonored check, write the name of the department that deposited the check and the Notice of Dishonored Check Debit Memo number (FMIS-3).

If the original payment was made by electronic check, the department will receive a copy of the bank's ACH Returns Report.

- 3) On the top left corner of the returned check write the DM number, and on the top right-hand corner the date of the bank's debit memo.
- 4) Complete the DM form on FMIS screen 362 DM Maintenance:

- a) Reason: Reason the check was dishonored
- b) Maker of Check
- c) Phone: Maker's phone
- d) Check number
- e) Check amount
- f) Check date
- g) Bank date: Date bank dishonored check
- h) Department FO: Five-digit fiscal officer code whose department received check
- i) Go to FMIS screen 364 Document Activities and print Fiscal Officer and Treasury Office copies of DM form.
- j) Attach original check to Fiscal Officer Copy of DM and forward to fiscal officer.
- k) Attach copy of check to Treasury Office Copy of DM and file in suspense.

Campus/department receiving notice of DM form and dishonored check:

- 1) Create as necessary a customer record for the registered student or customer on FMIS screen 352 Customer Maintenance.
- 2) Complete account code(s), subcode(s), description and amount(s) of original credit entries related to the dishonored check on FMIS screen 362.
 - a) AR Type: Accounts receivable type
 - b) Cust (Reg Stud): Registered student or customer name
 - c) School, department and remit to codes
 - d) Enter accounting information by document line number

- e) Review for accuracy the information entered. If entries are correct, go to FMIS screen 364 Document Activities to finalize (PF9) the document.
- f) Print final version of DM (FMIS-3) (see Attachment 1). The Bill and Notice of Dishonored Check (FMIS-3A) (see Attachment 2) is automatically generated with information from the DM form.

Note: A copy of the DM is remotely printed at the Treasury Office for its file.

- 3) Contact the student or maker and arrange to have the check repaid by cash, cashier's or certified check, or money order. Refer to A8.731, Delinquent Financial Obligation, sections 6. b. and c. for specific information on notification of delinquent financial obligation procedures. A8.731 can be viewed at:
<http://www.hawaii.edu/svpa/apm/treas/a8731.pdf>
- 4) Maintain a chronological record of all collection efforts made, (copies of letters sent, dates of telephone calls made, and other pertinent information). This information will be necessary in the event the financial obligation remains unpaid and must be written-off. See Administrative Procedures Manual A8.651 for write-off of receivables.
<http://www.hawaii.edu/svpa/apm/acc/a8651.pdf>
- 5) Any person who believes that an alleged financial obligation (other than an obligation involving parking and traffic matters or student loan matters) was improperly assessed or who deems that a sanction imposed under this chapter is excessive or unfair may appeal the matter to the campus hearing officer within fifteen days of official notification of assessment of the obligation. Refer to A8.731, section 9, for specific information on the appeals process for financial obligations.
<http://www.hawaii.edu/svpa/apm/treas/a8731.pdf>

6). When the dishonored check is repaid by the student or maker, follow deposit instructions in A8.701, Receipting and Depositing of Funds Received by the University, section 6..<http://www.hawaii.edu/svpa/apm/treas/a8701.pdf>

The following information is required on the Departmental Deposit Form (FMIS-5) and is available on the department's copy of the debit memo form (FMIS-3):

- a) Account Code - 0#####
- b) Subcode - 1361
- c) Reference No. 1 - D0#####
- d) ID No. - C0000#####

7). Sanctions are imposed when a dishonored check is not repaid and the maker of the check and/or the student incurs a delinquent financial obligation with the University. Sanctions are administered in accordance with A8.731, section 7.

FMIS-3
(REV 08/98)

UNIVERSITY OF HAWAII DATE: 09/21/98
NOTICE OF DISHONORED CHECK

DM NUMBER
MA-D000001-00068

DIRECT INQUIRES TO:

BUSINESS OFFICE
JACK SMITH

(808) 956-9999
FAX (808) 956-1111

CUSTOMER (REGISTERED STUDENT NAME)		MAKER OF CHECK	
STUDENT, JOHN 2220 ALA MOANA BLVD SUITE 200 HONOLULU, HI 96822		STUDENT, JOHN	
C0000577770			
		CHECK AMOUNT	\$ 13,671.80
		SERVICE CHARGE	25.00
		TOTAL AMOUNT DUE	\$ 13,696.80

THE CHECK ATTACHED BELOW HAS BEEN RETURNED BY THE MAKER'S BANK FOR THE FOLLOWING REASON (S):

Check No.: 2001
Check Date: 09/18/98

INSUFFICIENT FUNDS

DR ACC (046)	REF NO 2	DESCRIPTION	AMOUNT	DR ACC (066)	CR ACC (066)
210059-0010	U999999	TUITION & FEES	7,916.80	010059-1361	210059-0010
210059-0020			4,929.60	010059-1361	210059-0020
325508-0034			169.00	022350-1361	325508-0034
325988-0034			32.40	022398-1361	325988-0034
325798-0034			39.00	022379-1361	325798-0034
322498-0034			271.00	022049-1361	322498-0034
325178-0034			20.00	022317-1361	325178-0034
322078-0034			130.00	022007-1361	322078-0034
210059-0032			50.00	010059-1361	210059-0032
325328-0034			39.00	022332-1361	325328-0034
325728-0034			15.00	022372-1361	325728-0034
210059-0010			60.00	010059-1391	210059-0010
		SUBTOTAL CHECK AMOUNT	\$ 13,671.80		
		SERVICE CHARGE	25.00	092504-1361	992504-0642
		TOTAL DM AMOUNT	\$ 13,696.80		

Attach Check Here

Other Information

Fiscal Officer: DOE, JOHN
Code: 00068
Office: FINANCIAL MANAGEMENT OFF
E-mail: XXXXXXX@HAWAII.EDU
Location & Phone#: 1406 LC RD, 67163

FISCAL OFFICER COPY

FMIS-3A

UNIVERSITY of HAWAI'I

(REV 12/98)

BUSINESS OFFICE

*** BILL AND NOTICE OF DISHONORED CHECK ***

09/28/98

STUDENT, JOHN
2220 ALA MOANA BLVD
SUITE 200
HONOLULU, HI 96822

Amount of Check \$13,671.80
Service Charge 25.00

Purpose of check: TUITION AND FEES
DM Number: MA-D000001-00068
Student ID: XXXXX1234

Total Due: \$13,696.80
=====

Your check has been returned by the bank on 09/21/98 because of INSUFFICIENT FUNDS.
Please remit the total due stated above by cash, cashier's check, certified check, or money order by 10/13/98. Cash should not be sent through the mail. This office will not accept another personal check.

A delinquent financial obligation hold has been placed against your account. If this returned check was for payment of tuition and fees and if we do not hear from you by 10/13/98, your registration may be cancelled. Delinquent financial obligations must be cleared before any transcripts or diplomas can be released and/or any future registration will be allowed.

In addition to all other sanctions, the University may initiate legal action and/or contract the services of a collection agency to recover monies owed; refer the obligation to the State of Hawai'i Tax Setoff Program; note the obligation on your transcript; and report delinquent amounts owed to credit bureau organizations.

If you think that this obligation has been improperly assessed, is excessive, or unfair, you may file an appeal. The appeal must be filed by 10/13/98. Late appeals will not be considered. Appeal procedure and form may be picked at address listed below.

Thank you for your prompt attention to this matter. Should you have any questions regarding this "Bill and Notice of Dishonored Check", please call 956-9999

BUSINESS OFFICE, 1000 CAMPUS ST, HONOLULU, HI 96822
PHONE 956-9999, FAX 956-1111

An Equal Opportunity/Affirmative Action Institution

Specific information for the shaded fields is from DM Invoice Maintenance (362) and Customer Maintenance (352) screens.

University of Hawai'i
Notice of Request to Appeal
Delinquent Financial Obligations

Department, Campus: _____

Important – To appeal a delinquent financial obligation, you **must** file this Notice of Request to Appeal form within fifteen (15) days from the date of the "Bill and Notice of Dishonored Check " (Form FMIS-3A). You may not appeal a delinquent financial obligation which you have previously appealed. Instructions pertaining to the completion of this form are printed on the back.

[This section to be completed by the student.]

Date: _____

I, (name of student) _____, UH ID no.: _____,
hereby request for a hearing to appeal sanctions imposed for this (these) delinquent financial obligations as follows:

<u>Date of Notification</u>	<u>Specific Financial Obligation</u> <u>(Library Fine, Returned Check, etc.)</u>	<u>Dept. Invoking Sanction</u>	<u>Amount of Obligation</u>
_____	_____	_____	_____
_____	_____	_____	_____

I believe: [] The financial obligation has been improperly assessed. (Explain briefly below.)
 [] The sanction which has been imposed is excessive and unfair. (Explain briefly below.)
 [] Other. (Explain briefly below.)

I can be reached at:

Local mailing address:

Phone:

Signed: _____

Procedure for Request to Appeal Delinquent Financial Obligations

1. These hearing procedures do not apply to parking and traffic obligations or student loan obligations. Specific procedures for these types of appeals can be obtained from the campus Parking Office or General Accounting and Loan Collection Office.
2. Student completes the Notice of Request to Appeal form and returns it to the Office of the Vice President for Budget and Finance and Chief Financial Officer. Hearings will be granted only if the request is made within fifteen (15) days from the date of the notification of financial obligation.
3. A notification of the hearing will be sent to the student by registered or certified mail with return receipt requested, not less than fifteen (15) days before the date of the hearing.
4. The hearing must be informal in nature. Although the person requesting the hearing need not be present at the hearing, evidence and arguments may be presented in writing.
5. The hearing officer may confirm, modify, or cancel any sanctions imposed as may be appropriate under the circumstance.
6. The findings and conclusions of the hearing officer are binding for both parties. The findings and conclusions must be in writing and are effective upon notification of the parties.