

INSUFFICIENT FUNDS AND WORTHLESS CHECKS

7.42

The face value of a check returned for insufficient funds (NSF) may not be absorbed as a cost by state, federal or public local funds since an uncollected check is considered a bad debt. The principal or other designated school administrator shall exercise due diligence in the acceptance of checks and in the collection of NSF checks. A list of individuals who have submitted bad checks during the school year is to be maintained in order to prevent the receipt of any further checks from those individuals.

Uncollected NSF checks may not be written off. Necessary actions must be taken to collect the check amount in compliance with and through the District Attorney's Worthless Check Unit. Documentation of those actions and procedures are to be maintained. A NSF fee (the maximum charge allowed by law) must be charged to the check writer for all returned checks whether collected or not. NSF fees may not be waived for any reason. Non-public funds must be used to cover any NSF check in state, federal or public funds accounts.

NSF fees shall be deposited in a separate, non-public activity account. This non-public activity account can then be utilized to transfer funds to the appropriate state, federal or public fund to cover the amount of any NSF check.

REFERENCE(S):

**CODE OF ALABAMA
16-8-8, 16-13A-1**

HISTORY:

**ADOPTED: OCTOBER 11, 2007
REVISED: JULY 18, 2013; _____
FORMERLY: 8.42**