



Retrieval Name
 CMP005-
 NSF_Procedures(Revised).doc
Page 1 of 4
Issue/Rev Date:
11/30/05
Originator:
 Comptroller's Office
Supersedes: _____

Health Care Services Division
Finance Policies and Procedures

AUTHORITY				
Federal	State Statutes	La. Admin Code	LSU-HSC	HCSD

CITATION:

PROCEDURE NAME: Health Care Services Division NSF Check Policy

PURPOSE: To establish the LSUHSC-HCSD policy for accounting for NSF Checks

RESPONSIBLE PERSON	ACTION/STEPS									
Cash Management Staff (Headquarters)	1. NSF notifications/checks are received from Regions Bank, Hancock Bank, Bank One, and Hibernia by Cash Management Staff at Headquarters.									
Cash Management Staff (Headquarters)	2. Determine specific Business Unit and prepare Journal Entry as follows: <table style="margin-left: 40px; border: none;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Debit</u></th> <th style="text-align: center;"><u>Credit</u></th> </tr> </thead> <tbody> <tr> <td>NSF Clearing (Acct 464255)</td> <td style="text-align: center;">XXX</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Cash (Acct 110202 Dept 2085215)</td> <td></td> <td style="text-align: center;">XXX</td> </tr> </tbody> </table>		<u>Debit</u>	<u>Credit</u>	NSF Clearing (Acct 464255)	XXX		Cash (Acct 110202 Dept 2085215)		XXX
	<u>Debit</u>	<u>Credit</u>								
NSF Clearing (Acct 464255)	XXX									
Cash (Acct 110202 Dept 2085215)		XXX								
Cash Management Staff (Headquarters)	3. Makes 3 copies of the NSF check and 3 copies of the notification from bank.									



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Retrieval Name
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Page 2 of 4
Issue/Rev Date:
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RESPONSIBLE PERSON	ACTION/STEPS									
Cash Management Staff (Headquarters)	<p>4. Distributes copies of checks and notifications as follows:</p> <ul style="list-style-type: none"> • One copy of check, one copy of notification to the appropriate Hospital employee and copy of Journal Entry when completed to Hospital employee • File one copy of the NSF Check and one copy of the notification in the Bank Reconciliation File • File the original check and the original notification in the NSF File • Attach one copy of the check and one copy of the notification to the Journal Entry for supporting documentation 									
Hospital Employee	5. Receives the NSF notification and check from the Cash Management Staff at Headquarters and researches to determine the original revenue account that was posted.									
Hospital Employee	<p>6. Prepares Journal Entry as follows:</p> <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: center;"><u>Debit</u></th> <th style="text-align: center;"><u>Credit</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Revenue Account</td> <td style="text-align: center;">XXX</td> <td></td> </tr> <tr> <td style="text-align: left;">NSF Clearing (Clearing 464255)</td> <td></td> <td style="text-align: center;">XXX</td> </tr> </tbody> </table>		<u>Debit</u>	<u>Credit</u>	Revenue Account	XXX		NSF Clearing (Clearing 464255)		XXX
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Revenue Account	XXX									
NSF Clearing (Clearing 464255)		XXX								
Hospital Employee	7. Email Cash Management Manager with Journal ID Number. The journal entry to record the NSF check should be made by the Hospital within one week of receipt.									
Hospital Employee (LAKMC, WOMMC &	8. Adjust (reduce) your transfers to Regions Bank by the amount of the nsf(s) and email Cash Management									



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Page 3 of 4
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RESPONSIBLE PERSON	ACTION/STEPS
WSTMC only)	Manager the adjustment amount that includes the nsf.
Hospital Employee	<p>9. If the payment (represented by the NSF check) was to pay the balance on account, a letter is forwarded to the patient requesting payment. The First Assistant to the CFO should notify the HCSD Patient Receivables Section that an adjustment should be made to the patient's account to reflect the returned check.</p> <p>If the payment (represented by the NSF check) was for something other than payment on account (medical records copies, meal tickets, etc.), a letter should be forwarded to the maker requesting payment.</p> <p>The letter should state that payment be made in the form of cash, money order, or certified check within 30 days from the date of the letter.</p> <p>See example NSF Letter (Attachment 1).</p>
Cash Management Staff (Headquarters)	10. Print all journal entries made by the Hospitals and attaches to the original check and copy of the notification in the NSF File.
Cash Management Staff (Headquarters)	11. Researches the NSF Clearing Account on a monthly basis to ensure that the Hospital has made all necessary adjustments. If adjustments have not been made, the Cash Management Staff at Headquarters will follow-up with the First Assistant to the CFO at the appropriate Hospital.



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Page 4 of 4
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**RESPONSIBLE
PERSON**

First Assistant to the
CFO at Hospital

Hospital Employee

ACTION/STEPS

12. Notifies Cash Management Manager (via email) when payment has been received for a NSF Check.

13. Within one week of notification from Hospital that payment has been received for a NSF Check, the original check will be returned/mailed to the name and address on the check.