

**TITLE: STALE DATED CHECKS**

POLICY NO: GL 200

SUBMITTED BY: Danielle Jones

APPROVED BY: Howard Merlin

EFFECTIVE DATE: July 1, 2009

**I. SCOPE**

All Lincoln University issued un-cashed checks greater than 180 days old.

**II.**

**PURPOSE**

To establish formal guidelines for the administration of stale dated checks and to ensure the Universities compliance with the Pennsylvania Treasury Department's Disposition of Abandoned and Unclaimed Property Act, 72.

**POLICY**

All Lincoln University issued checks that remain un-cashed 180 days or greater past the original issue date will be recognized as stale dated and can not be cashed.

A review of accounting records will be done monthly to identify stale dated checks. The issuing department (Accounts Payable, Payroll, or Accounts Receivable) will exercise its due diligence to locate the apparent owner of the individual stale dated check issued for more than \$50.00.

In compliance with the Pennsylvania Law, stale dated checks will be reported to the state on or before April 15<sup>th</sup> of each year. Documentation relating to unclaimed property will be retained by the issuing department for 10 years. If there are no stale dated checks to report for a particular year, the University will file a negative report on or before April 15<sup>th</sup> of that year.

**III. PROCEDURE**

During the month-end bank reconciliation process the Special Projects Accountant will identify all stale dated checks. This listing of checks will be forwarded to the issuing department on a monthly basis for research and/or follow up.

Each issuing department is responsible for researching the check to determine its validity. If the check is due the payee, the department will exercise its due diligence to locate the apparent owner of the individual stale dated check greater than \$50.00. The issuing department will contact the payee in writing via mail at the last known address 30 days after the check has become stale dated. If no response is received, the issuing department will make two additional attempts over a six month period to contact the payee using the last known or US Postal service identified forwarding address.

A due diligence log will be maintained by the issuing department. This log will be reviewed and signed off by the department supervisor on a quarterly basis to ensure that the University is exercising its due diligence to contact payee's of uncashed checks.

The due diligence log will be used to complete the Due Diligence Verification Form per payee for an individual check. This form must be submitted to the state annually with the unclaimed property holder report by April 15<sup>th</sup>.

Reporting of unclaimed property will be done by April 15<sup>th</sup> of each year by the Controller or a designee. Reporting of all unclaimed property will be done in accordance with Pennsylvania State Law.

Records will be maintained by the Business Office (issuing department) for a period of 10 years.

**NOTE: The dormancy period for most property is five years, meaning no contact has been made with the owner for a period of five years or there has been no customer-generated activity on the account for five years. At this time, the account must be reported as unclaimed property. The exception to this reporting period is for payroll checks. Payroll checks must be reported after a two year dormancy period.**