

CHECKS, STALE DATED

PURPOSE

This practice describes the responsibilities and process when an OSPA employee or vendor check is still outstanding after two years.

Under Oregon law, vendor and employee checks become unclaimed property when the state has not had contact with the payee for two years or more and the payee has not cashed the check.

OSPS distributes the E701-030-A Outstanding Checks to be Purged from Check Recon report by July 1 of each year. The report lists outstanding checks that will be at least two years old on June 30 of that year. Agency payroll exercises “due diligence” to find and contact the payee. If payroll cannot find the payee, we have the legal responsibility to declare the funds as unclaimed property and turn them over to State Lands for the Common School Fund.

AUTHORITY / REFERENCES

Oregon Revised Statutes, <http://www.leg.state.or.us/ors/>

- 98.302 to 98.436 Uniform Disposition of Unclaimed Property Act
- 98.991 to 98.992 Penalties
- 293.475 Issuance of duplicate instrument; affidavit of owner, payee or representative

Oregon Administrative Rules:

- Chapter 141, Division 045 Administration of Unclaimed Property, http://arcweb.sos.state.or.us/rules/OARS_100/OAR_141/141_045.html

SCOPE / APPLICABILITY

This practice applies to all agencies that issue employee or vendor checks through OSPA.

RESPONSIBILITIES

Intentionally left blank

Entity	Responsibility
	•

SYSTEMS / APPLICATIONS

Intentionally left blank

System / Application	Functionality
	•

PREREQUISITES

Intentionally left blank

RECOMMENDED PRACTICE

Action	More
1. OSPS distributes the E701-030-A Outstanding Checks to be Purged from Check Recon report to agency payroll by July 1.	See the OSPA Reference Manual, Report Descriptions
2. Agency identifies current state employees and vendors that are on the report. Work with them to either redeem the outstanding checks or to cancel and reissue the checks. Do not forward them to State Lands as unclaimed property.	
3. For payees who are not current state employees or vendors, agency payroll sends written notice to each payee at the last known address. The notice includes written warning that the agency will send their property to State Lands if they do not respond by October 1.	
4. If the agency does not receive a response to the letter, the agency exercises due diligence to find and contact the payees for checks for ≥\$100. Complete due diligence efforts by September 15. See Notes, Due Diligence below.	
5. Document the steps taken to contact the payee on the E701-030-A report.	
6. Request any check rewrites by October 1: <ul style="list-style-type: none"> ▪ If the agency has the check, use the OSPS.99.23 Cancel an OSPS Issued Check form. ▪ If the agency does not have the check and wants to do a stop pay and reissue the check, sign and send the C-27 Stop Payment Notification form to OSPS: ▪ If the agency does not have the check and does not wish to place a stop pay, complete, sign and send the OSPS.99.03 Lost Check Replacement Form to OSPS. 	See Documentation / Forms below NOTE: The decision on whether to request a stop pay depends upon the agency's risk assessment. The stop pay will reduce the agency's risk if the payee or another party finds the check and attempts to cash it.
7. Send the E701-030-A report and due diligence documentation to OSPS by October 1.	

Action	More
8. OSPS will perform due diligence on centrally paid checks and forward the list of unclaimed property to State Lands by October 31.	

NOTES

Current State Employees – Do not list checks for current state employees as unclaimed property. Contact the employee.

If the employee does not redeem the check(s), request a replacement check from OSPS.

- If the agency has the check, use the OSPS.99.23 Cancel an OSPS Issued Check form
- If the agency does not have the check, use the C-27 Stop Payment Notification or the OSPS.99.03 Lost Check Replacement form.

Due Diligence – OAR 141-045-0010(7) defines due diligence as the degree of effort holders of unclaimed property take to find the rightful owner of property before the holder sends the property to State Lands. ORS 98 requires us to do due diligence for checks for ≥\$100. OSPS recommends that agency payroll make at least one attempt to contact payees of checks for <\$100.

Due diligence examples include:

- Verify that the payee has not contacted agency payroll about the outstanding check(s)
- Send a letter to the last known address, include a specific statement that the state will turn the funds over to State Lands if the payee does not respond by October 1
- Verify the payee is not a current state employee or vendor
- Use telephone books and on-line searches to verify the address and/or telephone number. See Resources below.

EXCEPTIONS

Intentionally left blank

TROUBLESHOOTING

Intentionally left blank

SUPPORTING DOCUMENTATION / FORMS

Keep a record of your due diligence activities for each payee for three years. Documentation might include:

- Copies of letters and returned envelopes
- Notes
- Web or telephone book searches

OSPS Forms, http://oregon.gov/DAS/SCD/OSPS/form.shtml#Numerical_Sort

- C-27 Stop Payment Notification Form
- OSPS.99.03 Lost Check Replacement Form
- OSPS.99.23 Cancel OSPS Issued Check Form

RESOURCES

Oregon State Lands Unclaimed Property web site: <http://www.oregon.gov/DSL/UP/index.shtml>

OSPA Reference Manual: <http://oregon.gov/DAS/SCD/OSPS/referencemanual.shtml>

Resources for finding current addresses and telephone numbers:

- Dex On-line White Pages: <http://dexknows.whitepages.com/>
- PeekYou: <http://www.peakyou.com/>
- Yahoo People Search: <http://people.yahoo.com/>

REPORTS

For additional information, see the OSPA Reference Manual, Report Descriptions.

E469-05-1 Check Reconciliation File – in Agy/Micro Sequence -- OSPS produces the E469-05-1 report after each final payroll run 2. It lists the outstanding checks issued from the Joint Payroll Account on behalf of your agency. OSPS encourages agencies to work the checks so that the report typically does not include checks that are more than 90 days old. By being pro-active, you can complete the due diligence requirements prior to receiving the E701-030-A in June. You also have a better chance of locating the payee if you act quickly. Keep your documentation and send it to OSPS with the E701-030-A report.

E701-030-A Outstanding Checks to be Purged from Check Recon – OSPS requests the E701-030-A by June 15 of each year. It lists OSPA issued checks that >2 years old on July 1 of that year. Use the report to identify the checks that OSPS can turn over to State Lands as unclaimed property.

ATTACHMENTS

Intentionally left blank

REVISION HISTORY

Date	Rev. No.	Modification
03/13/09	1.0	Original
06/01/10	1.1	Periodic review
06/17/11	1.2	Periodic review; FLCH-9 to OSPS.99.03 Lost Check Replacement form, clarify forms to use

07/25/11	1.3	Clarify use of check replacement forms
----------	-----	--
