

STALE CHECK POLICY

Purpose

The City of Forest Park issues checks for Payroll, Refunds and Accounts Payable. Once a check is issued, the recipient has 180 days to deposit the check. If the check has not cleared City of Forest Park's bank after 180 days, the check is considered stale dated. It is the City's policy to review and process stale dated and unclaimed checks monthly.

Definition

A stale check is a check that has not been presented to the bank for encashment within a period of 6 months.

Authority

Finance/City Manager

Procedure

1. Determining Stale Dated Checks

- a) Staff will identify and generate a list of outstanding checks six months old or older, by issue date, utilizing its treasury management reporting each month.
- b) The identified funds are moved to the appropriate holding account in the General Ledger for up to five (5) years.
- c) Staff will attempt to locate the payee by using available search tools (e.g., LexisNexis, SPOKEO, DMV, etc.).

2. Canceling Stale Dated Checks

- a) Staff will notify the payee or beneficiary in writing that a check was issued more than six months ago and has not cleared The City's treasury account. The payee will be provided with a "[Declaration to Obtain Duplicate of a Lost or Destroyed Check](#)" form.
- b) 30 days after initial notification - If there is no reply from the payee or beneficiary, a second notification will be sent by certified mail.
- c) 60 days after initial notification - If no reply has been received a final notice will be sent to the payee or beneficiary. The funds will remain in the holding account for up to five (5) years and will be absorbed into the System's reserves if unclaimed.

3. Re-issuing Stale Dated Checks

- a) Payee or beneficiary must provide a completed "Declaration to Obtain Duplicate of a Loss of Destroyed Check" affidavit, signed by the payee or beneficiary.
- b) Once the required documents are received by the City, a new check will be issued to the payee or beneficiary through the City accounts payable process.

4. Redeposit to Reserves (5 Years)

- a) At fiscal year-end, the holding accounts will be reconciled; any unclaimed funds five (5) years and older, from the date of initial contact, will be moved to the appropriate reserve account(s).

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Policy Review:

This policy shall be reviewed at least every three years.

John Wiggins, Finance Director

POLICY APPROVAL DATE: January 22, 2024

FORM 1

Declaration to Obtain Duplicate of a Lost or Destroyed Check Form

I, _____, have examined the check numbered, dated ____/____/____, payable to me in the amount of \$ _____. I did not sign this check or authorize anyone to sign it. The signature on this check is not mine. I did not receive the whole or any part of the money. The signature below is my proper signature.

I certify under penalty of perjury that the information I have given in this statement is correct and true.

Signature of Recipient

Date

Signature of Witness

Date