Replacement and Returned Checks

Section: Treasury Management
Title: Replacement and Returned Checks
Number: 105.300

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- None.

POLICY

.100 POLICY STATEMENT

A replacement check may be issued when the payee dies or when the original check is lost, stolen, or destroyed. A duplicate check is issued payable to the payee, owner, legal representative of the owner, or heir as appropriate. Replacement procedure depends on the check type -- payroll or account payable -- and the circumstances.
Undeliverable checks and checks to be cancelled should be returned to the institution business office.

Forms mentioned in this section may be obtained from the institution business office.

This policy supersedes FASOM Section 13.03: Purchasing -- Replacement & Returned Checks. Minimal changes were made, only those needed to bring the policy current.

.110 POLICY RATIONALE

OUS seeks to ensure that the high-level roles and responsibilities of the Chancellor's Office and the institutions related to replacement and returned checks are documented, communicated, and clearly understood and applied.

.120 AUTHORITY

- OUS Fiscal Policy 56.400, Lost and Unclaimed Property
- OUS Fiscal Policy 105.100, Treasury Management Operations
- ORS 293.475 Issuance of duplicate instrument; affidavit of owner, payee or representative
- ORS 293.490(3) Payment upon death of person entitled to money from state if estate not in probate

.130 APPROVAL AND EFFECTIVE DATE OF POLICY

Reformatting of this policy for the Fiscal Policy Manual was approved by the Associate Vice Chancellor for Finance & Administration/Controller on July 7, 2010. Minimal changes were made, only those needed to bring the policy current.

.140 KNOWLEDGE OF THIS POLICY

All Chancellor's Office and institutional personnel with responsibilities related to payments for foreign operations should be knowledgeable of this policy.

.150 DEFINITIONS

None.

.170 LOST, STOLEN, AND DESTROYED CHECKS

When the payee, owner, or legal representative requests a duplicate check, the institution business office should first verify that the original check must be replaced. This includes determining whether the original check was addressed correctly and ensuring that it is not being held for the payee.
Payments issued to employees, such as payroll wages and travel expense reimbursements, are distributed according to the entries on the Banner forms GXADIRD and PPAIDEN. Banking and mailing address information can be verified on those forms.

Accounts payable checks are distributed according to instructions on the disbursement document, which should be checked for accuracy.

.180 LOST CHECK STATEMENT

A Lost Check Statement (Form CO-196) is used to request replacement of a missing check. Exceptions may be made only for a check payable to a government agency (see section .210) or, in some circumstances, for a check lost by a bank (see section .220).

After it has been confirmed that the original check was issued, cannot be found, has not been cashed and must be replaced, the payee or owner should be given a Lost Check Statement and instructions for replacing the check. The completed form must be sent to the institution business office.

.190 AFFIDAVIT TO OBTAIN PAYMENT DUE A DECEASED PERSON

An Affidavit to Obtain Payment Due a Deceased Person (Form CO-192) must be completed by a survivor before any funds due a deceased person can be paid to the survivor. In signing the affidavit, the claimant affirms that:

1. no survivor of higher priority exists,
2. the estate is not subject to probate, and
3. no more than $1,000 is due the decedent from the State of Oregon from sources other than salary and wages.

These matters should be discussed with the claimant. The institution is not responsible for determining the truth of the affidavit.

A. Priority of Survivors

Only a person in the group of survivors with highest priority according to ORS 293.490(3) can file a Form CO-192. Claimants with equal priority must complete separate affidavits. Following is the order of priority:

- Surviving spouse
- Children and children of a deceased child by right of representation
- Parents
- Brothers and sisters
- Nephews and nieces

B. Payment Limitations
No limit exists on the amount paid to claimants for salary and wages. The maximum payment from all state departments from sources other than salary and wages is $1,000. If the total due from other sources exceeds $1,000, the decedent's estate is paid the full amount.

C. Payment to the Estate

Payments to the decedent's estate require no affidavit. The estate's executor or administrator may cash a check issued to the decedent by attaching the "letters of administration" issued by the court.

D. Processing Affidavits

The claimant must deliver the following to the institution business office before an Affidavit to Obtain Payment Due a Deceased Person can be processed:

- Affidavit only if no check was issued
- Affidavit with the check attached if a check was issued
- Affidavit with a Lost Check Statement attached if a check was issued but was lost, stolen or destroyed (see section .180)

.200 AFFIDAVIT OF FORGED ENDORSEMENT

On determining that a check has been endorsed and cashed by someone else, the payee or owner of a check should complete and send the institution business office an Affidavit of Forged Endorsement (Form CO-191).

.210 GOVERNMENTAL AGENCY CERTIFICATE

A Governmental Agency Certificate (Form CO-175) is used in lieu of a Lost Check Statement to request replacement of a check payable to a federal, state or local government agency (ORS 293.475). An authorized officer or representative of the agency completes the form, which is then sent to the institution business office.

.220 CHECK LOST BY A BANK

When a bank is the owner (but not the payee) of a check lost within its own system, no Lost Check Statement is required. The bank merely sends a photocopy of the check with an explanation and request for payment to the institution business office.

After verifying that the check is outstanding, the Controller's Division requests a letter of indemnity from the bank. Once the letter is received, the institution issues a check to the bank.

.230 REPLACEMENT CHECKS
When the institution business office receives a Lost Check Statement, Affidavit to Obtain Payment Due a Deceased Person or Affidavit of Forged Endorsement, it proceeds in one of two ways:

1. If the check was an accounts payable check, the institution business office issues a replacement.
2. If the check was a payroll check, the institution business office forwards the necessary forms to the institution payroll office, which issues a replacement.

The replacement check is usually issued within three working days and is sent to the payee or owner according to the delivery arrangements made with the institution business office. The institution business office's address is included along with the following instructions:

"Enclosed is a duplicate Oregon State Board of Higher Education check to replace the one for which you signed a statement. We have voided the original check. If it should be found, please return it to the address below. If the original has already been cashed, do not cash this duplicate, but return it immediately to the above address."

In the case of a forged endorsement, the institution business office or Controller's Division, whichever issues the replacement check, will forward the cancelled forged check and affidavit to the State Treasurer's Office, which will credit OUS for the check's amount.

.240 CHECKS MORE THAN TWO YEARS OLD

At the end of each fiscal year, funds for outstanding checks more than two years old are transferred to the State Landboard. (See FPM 56.400.)

Once a year, in September or October, checks more than two years old are purged from the outstanding check list. All funds, except for auxiliary enterprise and student loan account funds, revert to the Division of State Lands. For replacement, the payee should contact the Division of State Lands, 775 Summer St. N.E., Salem, Oregon, 97310-1337, (503) 378-3805.

Funds from unclaimed checks written on student loan accounts are reviewed by institution business offices. Title IV money cannot revert to the State.

.250 ACTION WHEN REPLACEMENT CHECK IS ISSUED

When a replacement check is issued, the institution is responsible for avoiding loss from both original and replacement checks being cashed.

When an alleged lost, stolen or destroyed check and its replacement are both cashed, the Controller's Division immediately sets up a receivable on the institution's books. The institution is responsible for pursuing collection efforts for the amount of the replacement check.

.260 CHECKS RETURNED FOR CANCELLATIONS
Before a check can be cancelled, the original check must be delivered to the institution business office.

Mark checks to be cancelled "cancellation." Also mark over the signature. Do not remove the signature block.

The institution business office is responsible for cancellation of accounts payable checks.

The institution payroll office is responsible for cancellation of payroll checks.

**.690 CONTACT INFORMATION**

Direct questions about this policy to the following offices:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>General questions from institutional personnel</td>
<td>Institution Office of Business Affairs</td>
</tr>
<tr>
<td>General questions from institutional central administration and Chancellor's Office personnel</td>
<td>Chancellor's Office</td>
</tr>
</tbody>
</table>

**.695 HISTORY**

01/15/08 - Approved

07/07/10 - Reformatted

*Policy Last Updated: 07/07/10*

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**APPENDIX**

None.