



Procedures Manual

Number: FIN-237

Policy Number (if applicable):

Office of Primary Responsibility: Fiscal Office

Title of Procedure: Stale Payment Controls

Effective Date: April 9, 2021

Revised Date: April 9, 2021

Reviewed Date:

Purpose: Strong Internal Controls are necessary to prevent mishandling of funds, compliance with laws, and safeguard assets. They protect Hocking College, our customers, and employees.

Underlying Principles

1. **Ohio Reporting Requirements:** Hocking College is not required to report or remit unclaimed funds to the State. In Ohio, entities exempt from reporting Unclaimed Funds are political subdivisions of the State, and Internal Revenue Code 501(c)(3) tax exempt hospitals.
2. **Applicable Payment Types/Amounts:** All payment types (Payroll, Accounts Payable, Refunds, etc..) of any amount attempted to be made by Hocking College fall within these guidelines.
3. **Accurate Record Keeping:** Records of Outstanding/Unclaimed Payments will be maintained as long as funds remain unclaimed. Funds will be accounted for as described within the Procedural Guidelines section below.
4. **Timely reconciliations:** All bank accounts used to issue payments are reconciled in an appropriate format/document on a regular and timely basis.
5. **Periodic Reviews:** Accounting staff will review the age of all outstanding checks at least annually, document results, and promptly reclassify payments that meet the requirements for action within these guidelines.

Procedural Guidelines

Stale Checks List: Any check that has not been presented for payment and/or reconciled within 6 months of the issue date will be considered Stale and removed from the Outstanding Checks List in completion of the Bank Reconciliation process. These items will be added to the Stale Checks List maintained by Accounting Staff. At that time the amount of the checks will be transferred to the Stale Checks General Ledger (GL) Account 11-0000-1099.

The Stale Checks List will contain the following information about the payment:

1. Check Number
2. Check Issue Date
3. Payee Name
4. Payment Amount

The reconciled balance of the Stale Checks GL account should be maintained as an internally reserved portion of available cash in order to ensure availability of the funds in the event a payee eventually makes a valid claim to the original check.

Expired Checks List: Any check that has not been presented for payment and/or reconciled within 5 years of the issue date will be considered Expired and moved from the Stale Checks List to the Expired Checks List maintained by Accounting Staff. At that time the amount of the checks will be transferred from the Stale Checks GL account 11-0000-1099 to the General Checking GL Account 11-0000-1010. These funds will no longer be considered as internally reserved, and should be treated as available operating cash.

The Expired Checks List will contain the same information about the payment as was maintained on the Stale Checks List. In the unlikely event that payments in this category are rightly claimed by a payee, the College will promptly honor the claim with currently available operating cash, and remove the record from the Expired Checks List.