

## Outstanding (Stale Dated) Checks - Unclaimed Property Process

Checks that are outstanding after a certain period of time should be considered unclaimed property and districts should not write these checks off and keep the money. Some districts may refer to these checks as stale dated. The process for handling old outstanding checks is administered by the Wisconsin Department of Revenue (WI DOR) and districts should follow the process in the WI DOR “Unclaimed Property Holder Report Guide” for locating the owner and/or remitting the unclaimed property to the WI DOR. Any questions regarding this process should be directed to the WI DOR Unclaimed Property Section. The reporting tool and additional resources can be found at:

<https://www.revenue.wi.gov/Pages/UnclaimedProperty/Home.aspx>

The district should have an established a policy for the handling of outstanding checks. If a district already has a policy, it may need to be revised if the district isn’t currently following the WI DOR guidance.

### **Best practice example:**

1. District reviews the outstanding checks during the monthly bank reconciliation, and follow-up on those that are outstanding after four months. At this time the district could attempt to locate the payee and reissue the stale dated check if necessary.
2. After six months, the district does a journal entry to reclass the outstanding check to a liability account (815900-Other Deposits Payable). The method of removing the check from the outstanding check list will vary depending upon the software, but will likely be a manual entry. The district should not void the original transaction. The original expenditure should remain on the ledger. The district tracks the details of the checks held in the liability account.
3. When the WI DOR dormancy timeline for the outstanding check gets closer, which is 1 year for payroll checks and 5 years for most other types of checks, the district should perform the steps in the WI DOR Unclaimed Property Reporting guide. The document lays out all of the steps to follow for owner notification (due diligence) and filing of the funds.

[http://www.revenue.wi.gov/forms/ucp/2013\\_Holder\\_Report\\_Guide\\_LP.pdf](http://www.revenue.wi.gov/forms/ucp/2013_Holder_Report_Guide_LP.pdf)

### **Sample Entries**

**When the check was issued, the transaction looked like this:**

	<i>Fund</i>	<i>Function/ Balance Sheet</i>	<i>Object</i>	<i>Project</i>	<i>Description</i>
Debit	xxE	xxxxxx	xxx	xxx	Expenditure
Credit	xxB	711000			Cash

*Payment of expenditure to payee/holder*

**After the check has been outstanding for the period of time described in the district’s policy, the district moves the outstanding check to the Other Deposits Payable liability account:**

	<i>Fund</i>	<i>Function/ Balance Sheet</i>	<i>Source/ Object</i>	<i>Project</i>	<i>Description</i>
Debit	xxB	711000			Cash

Credit	xxB	815900			Other Deposits Payable
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*Remove check from outstanding checks to an unclaimed liability*

***If the district needs to reissue a check to the payee that has been moved to the liability account or when they need to remit the funds to the WI DOR after the dormancy period has expired:***

	<i>Fund</i>	<i>Function/ Balance Sheet</i>	<i>Source/ Object</i>	<i>Project</i>	<i>Description</i>
Debit	xxB	815900			Other Deposits Payable
Credit	xxB	711000			Cash

*Remit unclaimed property to the WI DOR or reissue to payee*