Section	09	Treasury	Effective Date	10/1/2015
Sub-section	05	Stale-Dated Checks (aka Canceled Drafts)	Revision Date	8/10/2015

BACKGROUND

Definition:
Stale Date – 1 year after the check-issued date.
State-issued checks are valid for 12 months from their issue date; however, the State has an obligation to pay on the check for an additional 5 years (6-years from the check-issued date).
On a monthly basis, uncashed, stale-dated checks are removed from the banks outstanding file and moved to an in-house database tracking system in the State Controller's Office (SCO). The purpose of the cancelled draft procedure is to track and reissue stale dated checks that are more than 12 months old for up to 6 years from their original issue date.

Legal Authority:
Wisconsin Constitution, Article 8, Section 2: *No money shall be paid out of the treasury except in pursuance of an appropriation by law. No appropriation shall be made for the payment of any claim against the state except claims of the United States and judgments, unless filed within six years after the claim accrued.*

The following state statutes also apply to checks that are not presented for payment within the prescribed time period:

16.401(10)
Stamp checks and drafts. *Cause to be plainly printed or stamped upon each check, share draft, and other draft issued by the secretary the period of time, as determined by the secretary but not to exceed one year, during which the check or other draft may be presented for payment. The secretary shall cancel on his or her records any check or other draft that is not presented for payment within the prescribed time period and shall credit the amount thereof to the fund upon which it is drawn*.

20.912(3)
Reissue of canceled checks, share drafts, and other drafts. *Subject to sub. (2), when the payee or person entitled to any check, share draft, or other draft canceled under sub. (1), or the payee or person entitled to any warrant so canceled by the department of administration, demands such check, share draft, other draft, or warrant or payment thereof, the department of administration shall issue a new warrant therefore, to be paid from the appropriate appropriation account under s. 20.855 (1) (bm), (gm), or (rm).*

20.912(2)
Payment of canceled drafts. *Any check, share draft or other draft canceled on which demand for payment has not been presented within 6 years from date of issue shall not be paid under sub. (3).*

State issued checks are exempt from the Uniform Disposition of Unclaimed Property Law (Chapter 177), because of the specific language in the Wisconsin Constitution, and in Section 20.912(2), Wisconsin Statutes.

Section	09	Treasury	Effective Date	10/1/2015
Sub-section	05	Stale-Dated Checks (aka Canceled Drafts)	Revision Date	8/10/2015

POLICIES

1. All requests for cancelled draft reissues must be submitted to the SCO via the designated form, DOA Form 2775.
   The form is available at: State Finances > State Controller's Office> Cach Management Operations > Forms > DOA-2775. StopPayment-Duplicate Check Request (DOA-2775)

2. If the date of the check is more than 12 months old but less than 6 years old, the following procedures apply.

3. If the issue date of the check is more than 6 years old, it may not be reissued.

PROCEDURES

When an uncashed check reaches the stale-date, the amount is lapsed to the sum-sufficient appropriation. The GPR sum sufficient appropriation is used for both GPR and PR. A sum sufficient appropriation has also been created in each SEG fund.

1. Monthly, the bank sends the State Controller's Office (SCO) a file of checks that have not been presented for payment for at least one year. The SCO loads these checks into the Master Cancelled Draft Subsystem master file.
2. The SCO will create a general ledger journal entry to debit cash and credit the sum sufficient appropriation to lapse the checks to the earned account by fund and check-issuing business unit. The Cancelled Draft Monthly Summary of New Records Being Added (AD32825Z) is used to determine the amount to be lapsed.
3. If the issuing agency receives a request to reissue a stale-dated check, it must forward the request to the SCO via SharePoint on DOA Form 2775. The SCO verifies that the check has not already been paid and has not been previously reissued.
4. On a weekly basis, the SCO creates a check writing file and creates a voucher that debits the sum-sufficient appropriations for the re-issued checks.

Stale-Dated Check Process for Checks Issued in PeopleSoft

1. PeopleSoft-issued checks will be handled like all other check series for stale dating and check reissuance.
2. Stale dated PeopleSoft issued checks will be imported into the existing Master Cancelled Draft Subsystem.
3. SCO will be responsible for manually recording the appropriate accounting entries to the identified sum sufficient appropriations for all stale dated checks – those issued via specialized check writers and those issued in PeopleSoft.
4. A mass payment stale date will be processed in PeopleSoft to flag any checks over 1-year old as a "stale dated payment". This flag is informational only.