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Policy on State Agency Recoveries and Reissues from the Undeliverable or Unpresented Check Funds

1.0 Objective

The Treasury Management Division of the Maryland State Treasurer's Office has issued this Policy on State Agency check recoveries and reissues from the Undeliverable or Unpresented Check Funds (Policy) to provide guidance to Agencies who are requesting these services. Please note that Section 3.1.23 of the Comptroller's General Accounting Division Accounting Procedures Manual outlines the procedures for requesting reissues for **active** checks, whereas this policy outlines procedures to request recoveries and reissues from the Undeliverable or Unpresented Check Funds.

The goal is to provide State Agencies with operating policies that will mitigate potential fraud.

2.0 Applicability

This Policy applies to all State of Maryland Agency locations that request recoveries or reissues from the Undeliverable or Unpresented Check Funds.

3.0 Authority

The Treasurer's authority as custodian of the State Treasury and as the Constitutional Officer responsible for the deposit and disbursement of State funds is found under Article VI, Section 3, of the State Constitution and Titles 6 and 7 of the State Finance and Procurement Article of the Annotated Code of Maryland.

It is the overall mission of the Treasury Management Division to provide efficient, accurate, and timely banking services to all State Agencies and external customers. As part of its overall mission the Treasury Management Division, which includes both Banking Services and Investments, serves as the State's authority for the development, control, and maintenance of statewide policies and procedures for banking products and services.

4.0 Rationale for the Policy

This Policy provides State Agencies guidance designed to mitigate the risks associated with reissuing checks and ensure checks are being issued to valid payees. State Agencies should incorporate this Policy into their internal control program.

5.0 Check Recoveries from the Undeliverable or Unpresented Check Funds

Check recoveries from the Undeliverable or Unpresented Check Funds are only granted to an Agency if a Payee is not entitled to the funds (i.e. Payee's name is incorrect/misspelled or has changed due to marriage; Payee has already been paid for the product/service via credit card, working fund, or another form of payment).

The Agency must submit a request to Banking Services to recover the funds from the Undeliverable or Unpresented Check Fund. The Agency shall complete Form ST-151 and check the following option, "Please Recover the check described below from the Unpresented or Undeliverable Fund."

A reason stating why the Payee is not entitled to the funds must be written on the ST-151 Form with supporting documentation attached. The Agency shall complete the requested information listed on the bottom of the form (Check Number, Date, Amount, Vendor Number, and Payee Name and Address) and in the 'From' section (Agency Name, Address, Contact Person and Phone Number). If this information is not provided, the request will not be processed. The form must be signed by an authorized individual and dated.

After Banking Services verifies the funds are in the Undeliverable or Unpresented Check Fund, the request is then forwarded to the STO Budget & Administration Division to process the Agency recover via interagency transfer.

6.0 Check Reissues from the Undeliverable or Unpresented Check Funds

In order for an Agency to request that a check be reissued out of the Undeliverable or Unpresented Check Fund, the Agency must fill out a Form ST-151 for vendor checks or Form ST-152 for payroll checks. On Form ST-151, the Agency shall check the following option, "Please issue the check described below from the Unpresented or Undeliverable Fund" and complete all other requested information on the form. On Form ST-152, the Agency shall check the following option, "Please issue the check described below from the Unpresented Fund" and complete all other requested information on the form.

Form ST-151 Check Information: All original information pertaining to the original check issuance should be completed on the bottom of the form. This includes the original check number, issuance date, amount, vendor number and payee name with **original** mailing address.

Attachments Required:

1. For reissuances out of the **Unpresented Check Fund**, the following should be attached:
 - a. Cancelled Check or
 - b. Remittance Advice

Note: These attachments should include the correct mailing address for the replacement check. If a cancelled check is attached, cross out or white out original address and write in a new mailing address if it has changed.

2. For reissuances out of the **Undeliverable Check Fund**, the following should be attached:
 - a. Remittance Advice

Note: The remittance advice should include the correct mailing address for the replacement check.

The Payee on a reissued check cannot be changed, however, if a Payee is deceased, the Payee can be changed to “Estate of (Payee’s name)” if proper documentation is provided. If the Payee is incorrect (i.e. Payee’s name is incorrect/misspelled or has changed due to marriage), an Agency will need to recover the check first and then reissue it with a new Payee name.

After Banking Services verifies the funds are in the Undeliverable or Unpresented Check Fund, the STO Budget & Administration Division will process the reissue.

6.1 Verification of Payee Information

It is the responsibility of the Agency and incumbent upon the Agency to validate that the payee is entitled to the check as well as validate the payee’s identity and address, particularly if the address has changed. Banking Services processes the reissue request based on authorization from the Agency when it submits a Form ST-151 or ST-152.

In order to mitigate the risk of reissuing a check to an invalid payee or fraudulent party, the Comptroller’s Office provides Agencies the following guidance on their website for validating a payee’s personal identity:

Payee must submit two forms of personal identification, one of which must show payee's Social Security number. Forms of identification could be a Drivers License and Social Security card. If Payee is a company, a completed W-9 Form is required. If the claim is being filed by a party acting as a guardian, executor, administrator or some other representative capacity, the appropriate documentation demonstrating entitlement to make the claim in that capacity must also be enclosed (i.e. Letter of Administration, Power of Attorney, Copy of Will, and/or Guardianship paperwork). If an account was originally jointly opened with the names connected by "and" (i.e. John and Mary Doe), both parties must make a claim for the funds. If one of the two parties is deceased, a copy of the appropriate death certificate must be provided.

3rd Party Locator Companies – If the request is from a 3rd party locator company the following is required:

- Request for reissuance should be submitted on company letterhead stating original check number, dollar amount, payee name and address along with correct mailing address for the reissued check.
- Power of Attorney (POA) signed by company representative (**along with a copy of identification to verify authentication of company representative signing the POA**)**.

**** This support should be submitted along with Form ST-151 for all reissue requests to 3rd Party Locator Companies.**

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Issued by:



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