TO: Robert Schiffbauer, Superintendent

FROM: Kathi Norman, Director of Finance

DATE: September 21, 2026

SUBJECT: Recommendation for Implementing an Outstanding Check Write-Off Policy

During the FY26 audit, Lauterbach and Amen noted that the district does not have a formal policy for following up and processing old outstanding checks. Establishing this policy will improve our internal financial controls and streamline monthly bank reconciliations to ensure legal compliance with the Illinois Revised Uniform Unclaimed Property Act (RUUPA).

When checks issued by the district remain uncashed for more than six months, they become "stale dated" by banking standards. Under Illinois escheatment laws, we cannot simply void outstanding checks and return the funds back to the general operating budget. Government entities in Illinois must track and handle outstanding checks based on specific statutory dormancy periods:

- Payroll checks: Illinois mandates a strict one-year dormancy period for unpaid wages and payroll checks.
- Vendor & Accounts Payable checks: These carry a standard three-year dormancy period.

Failing to manage these timelines creates administrative burdens and can introduce unnecessary compliance risks during our annual external state financial audit.

The purpose of the memo is to recommend the formal adoption of an Outstanding Check Write-Off Policy which establishes a structured timeline outlined in the attached policy.

Outstanding Check Write-off Policy

Section A – Introduction

The purpose of this policy is to help ensure accurate cash reporting and management, in accordance with state law and Generally Accepted Accounting Principles.

Section B – Notification of Outstanding Checks

When a check is outstanding for more that six (6) months, the business office designee shall notify the payee by first-class mail that the check was issued and is still outstanding. The letter shall include the check number, check date, and the amount of the outstanding check.

Section C – Recording of Outstanding Checks

At least once each year, the business office designee shall prepare a listing of all checks that have been outstanding for more than six (6) months in which notification was sent to the payee and the check was not claimed. A journal entry will be completed to deposit the funds into the school district's unclaimed liability account.

Section D – Transfer of Outstanding Check Value and Information to the State

At the conclusion of the school district's annual external financial audit, the business office designee shall review the listing of all checks that have been outstanding and deposited into the unclaimed liability account to determine which outstanding checks will be sent to the State of Illinois, Unclaimed Property Division per state law.