



## OBJECTIVE

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To define the process for the acceptance and endorsement of checks by university departments.

## POLICY

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Applies to: All university personnel and departments accepting checks for payment of goods or services.

Issued: 06/1991

Revised: 08/2009

Revised: 05/2011

Edited: 05/2014

### I. Overview

- A. It is the responsibility of the Office of Financial Services to determine the policy and procedures for check acceptance, endorsement and deposit.
- B. Each department must restrictively endorse all checks upon receipt. (See Procedure III.) This prohibits the negotiation of the check if it is stolen.
- C. Deposits must follow Policy #5.12, Deposits – Cash and Checks.

### II. Definitions of Acceptable Checks with Proper Identification

The Uniform Commercial Code (UCC) section three and four designate the following cash equivalents as checks and they are to be processed as any other check.

- A. Cashier's Check - A check purchased at a bank for any amount; the bank completes all information on the face of the check with a bank officer signing as the maker.
- B. Certified Check – A personal check guaranteed by the bank; the check is stamped “certified” and signed by a bank officer.
- C. Money Order – An item purchased at a bank, post office, or other business establishment for any amount up to and including \$200. The bank completes only the amount information.
- D. Traveler's Check – A special check supplied by banks or other companies for the use of travelers; these checks already bear the purchaser's signature and must be countersigned in the cashier's presence.



- E. Personal Check – A written order payable on demand, drawn on a bank by a depositor; a personal check is written against an individual's funds as opposed to a cashier's check, certified check, money order, or traveler's check, all of which are written against bank funds.

NOTE: Personal checks are accepted for purchase of good or services. Cashing of personal checks is prohibited.

### III. Definitions of Unacceptable Checks

- A. Counter Check – A non-personalized, non-encoded check that is available at most banks.
- B. Starter Check – A non-personalized check that a person receives from a bank when they establish a new checking account. These are for the person's use prior to receiving encoded checks from the bank.
- C. Third Party Check – A check made payable to a person or organization other than the one accepting or cashing the check (for example, a paycheck).
- D. Foreign Check (unless there are exceptional circumstances) – A check written on a foreign bank (e.g., a Canadian bank) not specifically prepared as U.S. currency. Contact the Office of Financial Services if a foreign check is received. If a foreign check is accepted, complete a [Foreign Check Transmittal Form](#) and contact the Office of Financial Services, Bank Reconciliations at 292-4822 for instructions.

## PROCEDURE

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Applies to: All university personnel and departments accepting checks for payment of goods or services.

Issued: 06/1991

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### I. Review of Accepted Checks

- A. Every check or money order must be reviewed for completeness.
- B. Any department receiving mail remittances should review the check for completeness given the applicable items stated below.
- C. Items which are to be carefully reviewed include:



1. Preprinted information: Verify that account holder's name, address, and phone number information is current and correct.
2. Pre-printed check number: Observe that the check number is preprinted and does not appear to have been tampered or altered.
3. U.S. bank name and location: Verify bank is located in the United States by looking at the bank address printed on the check.
4. Bank coding and holder's account number: Observe that the check has the customer's bank account and routing number encoded on the bottom along with the bank and check number.
5. Address verification: Verify the address on the check matches the address on the ID. If it does not match, write the correct address on the check. In the case of OSU Students, Faculty, and Staff, address verification is not required.
6. Telephone number: Request and write the current telephone or cellular number on the check.
7. Date: Examine check for the current date. Postdated checks must be refused. Checks that bear a date more than 60 days old must be refused.
8. Signature: If the item is a personal check or traveler's check, the signature must be compared to an identification card. Note: Traveler's checks must be countersigned in the cashier's presence.
9. Acceptable Payee Names: Checks must be payable to The Ohio State University. Acceptable payee abbreviations such as OSU or Ohio State are also acceptable.
10. Amount: The amount written in numerals must agree with the amount written in words and equal the amount of the purchase.
11. Minimum Identity Required: State issued Driver's License, or State issued ID, or student/staff ID, or passport. (See Section II below) Must first ask for consent prior to documenting. If the payer consents, record the driver's license number, or student/staff ID or passport number on the front of the check. If the check maker does not consent, you can refuse acceptance of the check.
12. Observe Photo: Observe the photo and determine whether it is a reasonable match to the payor presenting the check.



13. Travelers checks: Accept only US checks in US dollars. Also, verify authenticity by the following criteria - all routing numbers begin with 8000 and all have watermarks.

### III. Confirming Identity of Check Maker and Minimum and Enhanced ID requirements

- A. Request Consent: Ask for consent prior to documenting information.
- B. Two levels of ID Requirements Minimum and Enhanced: There are two standards for Payor's Proof of Identity. Each department must determine whether the Minimum Requirement is sufficient for check acceptance or the Enhanced Requirement. The Enhanced Requirement will increase the ability to collect funds should collection be pursued. It is recommended that the Enhanced Requirement be used for checks greater than \$250.
1. Minimum Requirement - Request and document the ID number from one of the following Photo IDs. Write the number on the front of the check.
- OSU Students, Faculty and Staff - OSU photo ID, or state issued driver's license, state issued ID, or passport.
  - Non-university related customer – State issued driver's license, state issued ID, or passport.
2. Enhanced Requirement – This is recommended for checks greater than \$250. Request and document the following ID information. Write the information on the front of the check.
- State issued driver's license, or state issued ID, or passport.
  - Last four digits of the payor's Social Security number.
  - Payor's birth date.
- C. All other forms of ID are unacceptable.
- D. The identity of the individual presenting the check should be confirmed and documented on the check with a driver's license or other acceptable form of photo identification (see Section VI. Fraud Prevention).

### IV. Check Endorsement Stamps

- A. Departments accepting checks must have an endorsement "for deposit only" stamp.



- B. The depositor's endorsements are limited to the 1.5 inches at the trailing edge of the check.
- C. Endorsement stamps are ordered by contacting Office of Financial Services, Treasury Management. Include department name, department address, department contact name, phone number and number of stamps needed.

#### V. Returned Checks

- A. The bank sends returned checks to the Office of the University Bursar for collection efforts.
- B. Checks can be returned from the bank for the following reasons including:
  - 1. Non-sufficient funds (NSF)
  - 2. Account closed
  - 3. Lack of information
  - 4. Suspicion of fraud
  - 5. Stale date
  - 6. Customer placed stop payment

#### VI. Display of a Return Check Fee

A sign stating that a charge, currently \$30, shall be assessed against the maker of each returned check shall be posted at each check-acceptance unit. To print a sign, please click on the following link: [Fee for Returned Checks Sign](#)

#### VII. Fraud Prevention

- A. All personnel who handle cash or check should be advised of the following:
  - 1. Identification such as a driver's license, signed bank credit cards, and employee ID cards shall be documented.
  - 2. Each ID shall be verified as current.
  - 3. Take all the time needed in examining identification.
  - 4. Do not accept checks which have been defaced by alterations, smudging, etc. Request another check.



5. The authority for accepting checks or charge cards shall be limited to designated employees.
6. The cashier must initial each check to indicate that documentation has occurred.
7. All checks should be deposited promptly.
8. All suspicious activity and check frauds shall be reported immediately to the University Police at 292-2121 and Internal Audit at 292-9680.

#### VIII. Intentional Fraud

- A. Intentional fraud may be suspected when a check maker draws any check on a closed account.
- B. If three or more checks are received from the same individual drawn on a closed account, without being able to locate and communicate with this individual, further action will be immediately instituted by the Office of Accounts Receivable.
- C. If an individual is suspected of intentional fraud or extreme check writing abuse and is encountered by a unit cashier, the individual should not be detained.
- D. Summon the University Police immediately and an attempt should be made to get a good physical description of the individual and to ascertain in which direction he or she is traveling.

#### **RESOURCES**

##### [Office of Financial Services](#)

1590 North High Street, Suite 400  
Columbus, Ohio 43201  
Phone: (614) 292-6261 or (800) 678-6009 (toll free)

##### [Office of the University Bursar](#) (Account receivable questions)

Student Academic Services Building, 2nd Floor  
281 West Lane Ave.  
Columbus, OH 43210-1132  
Columbus, Ohio 43210  
Phone: (614) 292-1056  
E-mail: [bursar@osu.edu](mailto:bursar@osu.edu)