

TITLE 10

SPECIAL ORDINANCES, REGULATIONS, RULES, POLICIES, AND BARGAINING AGREEMENTS

SUBTITLE 3 — POLICIES

POLICY 9

PROCESSING AND DEPOSITING PAYMENTS

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9.005 Definitions

(A) As used in this policy,

(1) “**Agency**” means departments, offices, and their officials whether elected or appointed.

(2) “**Deposit**” means a transference of a payment to the Treasurer’s Office or any authorized financial institution.

(3) “**Payments**” includes checks, cash, credit cards, and electronic transfers.

(4) “**Person**” includes, but is not limited to entities such as corporations and partnerships.

(5) “**Processing**” means the handling of a financial payment transaction from the first receipt of a payment to final deposit.

(6) “**Receipt**” means a written record of the payment transaction.

(7) “**Reconcile**” means establishing that a written record of all payments received each day equals the actual amount of payments collected and on hand for that day.

Adopted 10-029 eff 6/8/10

9.010 Background

(A) Many Linn County agencies routinely handle payment transactions involving checks and cash and thus have cash on hand. It has been noted that employees have occasionally cashed personal and third party checks as a part of those transactions and that there is no policy to prohibit cashing personal and third party checks for the convenience of the employee. This Policy has been amended to effect that change.

(B) Many Linn County departments provide services, permits, or goods to the public, and receive payment by cash or check. Occasionally, a check is dishonored by the bank on which it is drawn. When that occurs, the Treasurer and the affected agency shall follow the procedure in LCP 9.100(D).

(C) It is necessary to attempt to collect the amount due from the dishonored check, and if collection attempts are unsuccessful, to have the dishonored check written off as a revenue item.

(D) This policy is to establish guidelines under which checks can be cashed, and the procedure to follow when a check is dishonored.

(E) Payments made to Linn County agencies need to be timely deposited after receipt in compliance with statutes and good business practices.

[Adopted 86-648 eff 11/25/86; and 10-029 eff 6/8/10]

9.100 Policy

(A) **Processing Payments.** The following policy treats the handling of payments made to the County.

(1) Payments shall be placed in a secure place.

(2) A written receipt for each payment received shall be given to the payor and a copy retained in the payee's payment drawer.

(3) Each payee shall balance and reconcile the drawer on a daily basis.

(4) Cash and check payments shall be promptly deposited in accordance with the schedule shown in paragraph (5) of this subsection or as otherwise may be required by applicable statutory law. As shown in the schedule, daily reconciliation and deposits are the rule, with some exceptions when the payments collected are below a certain amount. No check may be held more than five (5) working days. All payments shall be kept in a secure locked safe, drawer, or box until removed for depositing.

(5) The Schedule.

(a) **General Rule.** Generally, each payee shall reconcile and deposit payments received each day or as otherwise may be directed by state law.

(b) **Exceptions.** The total accumulated payment amounts less that \$500 must be deposited at least weekly; however, all payments shall be reconciled on a daily basis. When the total accumulated amount of payments exceed \$500, the payments shall be deposited either that day or the next business day.

(B) *Cashing Checks*

(1) Generally, a first party check may be taken for payment of any County service, permit or goods, as well as tax payments. However, each agency may establish criteria for that agency. No agency is required to take checks. When payment is made by check, delivery of the service, permit or goods may be delayed until the check has cleared.

(2) Checks should not be taken that are incomplete, post dated, or when there is reasonable cause to believe the check will be dishonored.

Generally, third party personal checks should not be taken however, agencies may accept third party checks when properly endorsed and the payment is owed to the County and the check is to cover services provided by the County; for example, checks from health vendors made payable to Health Department clients for services provided to the client by the Health Department.

(C) *Employee Check Cashing*

(1) Linn County employees are prohibited from cashing personal and third party checks for their own convenience for the purpose of receiving cash; *i.e.* using a Linn County office or department as their "bank or credit union."

(2) Employees may make payments to the County with personal checks for taxes, services, permits, goods, etc., as those transactions are provided for the public.

(3) Employees may receive and deposit in County accounts checks from others (third parties) made payable to the employee in their role as a County official.

(D) *Dishonored Checks.* When a Linn County agency takes in a check that is later dishonored by the bank:

(1) the Treasurer will customarily do the following:

(a) notify the agency that received the check;

(b) take the dishonored check and process the check as a returned NSF check; and

(c) withdraw the amount shown on the check from that agency's revenue account.

(2) Upon notice by the Treasurer of the dishonored check, the agency shall:

(a) If the check was in payment for something which can be taken back or revoked, such as a building permit, take back or revoke the thing for which the payment was made.

(b) If the check was in payment for something that cannot be recovered or revoked, the agency shall make prompt, diligent attempts to collect the amount of the check. Those attempts should include:

(i) If the check was dishonored because of insufficient funds, contacting the bank

to determine whether there are then sufficient funds on deposit.

(ii) If the bank indicates there are sufficient funds, immediately notifying the Treasurer, who will then arrange to have the check collected from the payee bank.

(iii) Contacting the person who wrote the check and endeavoring to get an agreement to pay the amount in cash, in one or more installments as necessary.

(iv) Making a written demand for payment, using a letter that contains, at a minimum, the information in the sample letter attached as Exhibit A.

(c) Keeping a complete and accurate written record of collection attempts including who was contacted, when the contacts were made, and what was said or agreed to. The contents of the file shall also contain the information required in subsection (F) of this section.

(3) If collection attempts by the agency have not been successful within sixty (60) days, and the item is five hundred dollars (\$500), or more, the Treasurer will request that the Board of Commissioners write the item off as a revenue credit (decrease). Agencies shall use the two page form attached as Exhibit B. The agency shall fill out both pages in duplicate and forward the original to the Linn County Attorney. The Linn County Attorney will check it and either approve it and request that the item be put it on the Board of Commissioners agenda, or return it to the agency for corrections. An agency representative may be asked to appear at the Board of Commissioners meeting to discuss the circumstances of the check and the collection attempts made.

(E) After a dishonored check has been written off as a revenue item, the debt to the County remains. In some cases the debt may be owed by a person other than the one who wrote the check, but usually the debt would be owed by the check drawer.

(F) If legal action is a consideration, the agency shall include in the file the following information:

(1) Evaluate the amount of the debt;

(2) the whereabouts of the debtor; and
(3) other factors affecting the likelihood of recovery.

(4) In cases deemed appropriate by the agency, the agency should discuss the possibility of criminal prosecution with the District Attorney or one of the criminal deputies, or, if civil action is considered, the agency should discuss the matter with the Linn County Attorney.

[Adopted 86-648 eff 11/25/86; and 10-029 eff 6/8/10]

References and Authorities:

ORS 20.090; 30.310 to 30.400; 30.700; ch 203

Legislative History of Policy 9:

Adopted 86-648 eff 11/25/86

Amendments to 86-648

#10 10-029 eff 6/8/10

Appendix 1 — Sample Demand Letter

Date

Name

Address

City, State Zip

Dear [Name]:

A check drawn by you [Date] on the [Name of Bank] in the amount of \$ _____ payable to _____ has been dishonored [for lack of funds or credit to pay same] [because you had no account with the bank at that time].

This is a **DEMAND** for payment of the full amount of the check within thirty (30) days.

Your attention is called to the provisions of ORS 20.090, providing for attorney fees, and ORS 30.700, providing for an award of damages of *at least* \$100. Copies of those laws are attached.

Very truly yours,

Appendix 2 — Request and Order Writing Off Uncollectible Checks

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR LINN COUNTY OREGON

IN THE MATTER OF THE WRITING)
OFF OF BAD CHECKS RECEIVED) REQUEST AND ORDER
BY LINN COUNTY, OREGON)

The Linn County _____ Department has received a check(s) from the following individual(s) for which check has been dishonored by the bank upon which it was written for the reason indicated;

DRAWER'S NAME OR ACCOUNT #	DEPARTMENT	CHECK AMOUNT	DATE OF CHECK	REASON FOR DISHONOR
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Unsuccessful collection efforts have been made, and it is the opinion of the undersigned that the check(s) is uncollectible, and should be written off as a revenue item. Therefore, I request the Board of Commissioners ORDER that the check(s) listed above be written off as a revenue item in the _____ Fund Account Code Number _____.

Department

ORDER

It appearing to the Board of Commissioners that the check(s) listed on Page 1 are uncollectible and that the revenue accounts involved should be decreased accordingly, IT IS HEREBY ORDERED that the following checks:

DRAWER'S NAME OR ACCOUNT #	DEPARTMENT	CHECK AMOUNT	DATE OF CHECK	REASON FOR DISHONOR
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be written off as revenue items, and IT IS FURTHER ORDERED that the Linn County Treasurer shall be and is hereby authorized and directed to make the necessary bookkeeping adjustments to decrease the Linn County _____ Fund Account Code Number _____ by \$ _____.

Dated this _____, day of _____, 20_____.

LINN COUNTY BOARD OF COMMISSIONERS

Chairman

Commissioner

Commissioner

Linn County Legal Counsel
Order # _____