Stale Dated Checks/Return of Title IV Funds

Purpose:
The purpose of this procedure is to define the process by which funds from stale-dated checks are returned to Federal Programs.

Authority:
Per the Student Financial Aid Handbook, Volume 4, page 4-44 states the following (excerpt from Prohibition on Escheating of FSA Funds): A school must have in place a procedure to ensure that funds do not go to an unintended third-party. Moreover, a school must have a process through which it identifies a credit balance that remains on a student's account or is undelivered to the student and returns those funds to the FSA programs on behalf of the student. The search for the student should end and the refund/return to the Department should be completed prior to the date the funds would otherwise escheat, but no later than a few days after a check to the student would cease to be negotiable (180 days).

Accountability:
The Coordinator, Refunds is responsible for ensuring the timely return of Title IV funds to the Federal Student Aid programs after due diligence has been performed to locate the student.

Usage:
The Refund Staff will conform to this policy to ensure that quality services are rendered in a timely manner.

Procedure:
1. Returned refund checks are received by the University Controller’s office.
2. The Controller’s Office will provide to the Refund staff, Student Financial Services a listing of all checks that have returned for outstanding/bad addresses.
3. Student Financial Services will provide an alternate address for the check to be remailed within 48 hours.
4. Call and/or email student to attempt to locate students on the stale dated check list for them to come in to pick up check or process a stop payment on the outstanding check.
5. If there are any checks remaining in the Controller’s safe after 180 days, they will be forwarded to General Accounting to be marked void. Checks that have not been physically received will need to have a stop payments placed on them by Student Financial Services. All of these check numbers should be identified on a stale dated check listing. This list will exclude any stop payments/reissues that were done on the original check.
6. The Stale Dated check list will be forwarded to the Coordinator, Refunds who will secure the reversal of all stale-dated checks in the Peoplesoft system on the student’s account.

7. The University Legacy system and Peoplesoft are used to determine what portion of the refund should be returned to the Federal programs in the following order Federal Loans then Grants.

8. The Financial Aid Office will adjust the student’s financial aid award by year.

9. The return of the funds should be documented by fund and by year. This record should be kept by the Refund section.

10. A memo will be drafted for any funds from the system to the University Controller’s Office to request a check be sent to the U. S. Department of Education for the return of the funds. A copy of the check will be maintained with the request in the official Treasury Operations records.