

**Check Processing****5.3.2****PURPOSE**

To ensure best practices for processing check payments are adhered to.

**AUTHORITIES**

San José Municipal Code Section, Part 2 of Chapter 1.17 of Title 1

1.17.110 Payment by wire transfer

- A. Any person desiring to pay an obligation by check shall provide to the person designated by the Director of the department to whom the payment is to be made, on or before the due date of such payment, a properly completed and signed check in the amount of the obligation.

**SCOPE OF APPLICATION**

This policy applies to all City employees responsible for handling and processing checks received by the City.

**POLICY**

The City of San José may accept checks in payment of materials, services, fees, taxes, etc. Checks are to be accepted and deposited in such a manner so as to promote operational efficiency while maintaining the controls necessary to safeguard City assets.

**PROCEDURES****Acceptance of Checks**

1. Checks may be received over-the-counter, in the field, City Hall drop box, bank lockbox, or in the mail.
2. Checks must be payable to the City of San Jos or other acceptable name such as SJ Housing Department or San Jose Police.
3. Checks must be complete with date, amounts, and signature. Written and numerical amounts must agree.
4. Second Party checks) are not to be accepted.
5. All checks must have a Magnetic Ink Character Recognition (MICR) routing code and account number printed on the face.
6. The name, address, and telephone number of the maker should be pre-printed on checks received over the counter or in the field.
7. A receipt must be provided when payment is presented in person. The check number should be written on accompanying documentation or invoice.
8. Checks may not be cashed for individuals.

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9. Checks should be for the amount due. If a person presents a check to Finance Department's Treasury Division, Cashiering staff, or to a City employee in the field that is written for an amount other than the amount due, the following actions should be taken:
  - a) Refer to invoicing department's process for handling over payments and refunds.
  - b) If the billing system doesn't allow over-payments, attempt to obtain a new check for the correct amount or have the writer of the check alter the check to the correct amount, initialing the alteration.
  - c) Cash refunds should not be issued for overpayments.
10. For RevenuePlus (Citywide Accounts Receivable System) refunds, the procedure and refund form can be found at:  
<https://sanjoseca.prod.simpligov.com/prod/portal/ShowWorkFlow/ShowWorkflowDetail/bca93cc4-a648-43e8-a3f6-9f37b4bcb88e>
11. Some payments for fees and permits may require the amount to be determined at a later time when the application and/or documentation are processed. The customer will be required to wait to make the payment until the proper amount can be determined; the City will not be responsible for holding checks in the interim.

**Acceptance of Large Checks of \$20,000 or more received without documentation**

If a check is received by the Finance Department for an amount of \$20,000 or more, all attempts should be made to have the funds deposited immediately. This may not be possible if there are no accompanying documents or extenuating circumstances related to the owner department.

1. The Finance Department Treasury Division Payment Processing and Cashiering staff will make their best effort to determine to which City department the check belongs and contact the department.
2. Once a determination is made, the owner department is contacted, and it is requested that the check be picked up as soon as possible.
3. The owner department may request the Cashiering staff to electronically deposit a check or checks. A confirmation of deposit email will be sent to the owner department who will be responsible for making the entries into the citywide financial management system.
4. If backup documentation is not available, and the owner department cannot be determined, the Payment Processing and Cashiering staff will hold on to the check for no more than 24 hours. If documentation or determination is not received within this time, the check will be returned to the sender.

**Returned Checks**

If a check is returned to the bank unpaid for any reason, the bank will automatically present it for payment a second time. If it is returned to the bank again the bank will post it in the online banking platform as a returned item.

1. Cashiering staff will access the returned items in the online banking platform daily and download the images.

