

Republika ng Pilipinas
(Republic of the Philippines)
KAGAWARAN NG EDUKASYON, KULTURA AT ISPORTS
(DEPARTMENT OF EDUCATION, CULTURE AND SPORTS)
UL Complex, Pasig, Metro Manila

August 19, 1991

DECS O R D E R
No. 96, s. 1991

GUIDELINES AND PROCEDURES IN THE REPLACEMENT OF LOST,
STALE, MUTILATED, AND FRAUDULENTLY ENCASHED CHECKS

To: Regional Directors

A. Coverage

This Order will cover Continuous Form Checks (CFCs) issued by the Department of Education, Culture and Sports, Payroll Services Division (DECS-PSD).

B. Definition of Terms

1. Lost check - A check is considered lost under the following circumstances:
 - 1.1 If it is misplaced, waylaid or inadvertently/negligently left behind by the payee or holder-in-due course, or by the custodian/cARRIER thereof, and after diligent search cannot be found or located.
 - 1.2 If it was lost due to fire, perils of travel, flood or typhoon or other causes due to force majeure and after diligent search cannot be found or recovered.
 - 1.3 If it was lost by theft or robbery
2. Stale check - When it is outstanding for over six (6) months from the date of issuance.
3. Mutilated check - When it is torn, defaced or with erasures affecting the genuineness of any material information contained therein.
4. Fraudulently encashed check - When payment is made by a bank to a person other than the payee or holder-in-due-course.
5. Payee - Refers to the person, natural or juridical, in whose name the check was issued.

6. Holder-in-due-course - The holder of the check who has taken the instrument under the following conditions:

6.1 It is complete and regular on its face;

6.2 He became the holder of the check before it was overdue, and without notice that it has been previously dishonored, if such was the fact; and

6.3 He took it in good faith and for value.

C. Responsibilities

1. The DECS Regional Office shall:

1.1 process/issue the stop payment order (SPO) to servicing bank;

1.2 process the request for replacement of lost, mutilated, stale or fraudulently encashed check;

1.3 approve or deny the request depending upon the validity of the claim;

1.4 endorse to DECS-PSD for replacement of check;

1.5 issue the lift order for recovered checks;

1.6 request from the Department of Budget and Management the release of prior years' funds for mutilated/lost checks together with all supporting documents;

1.7 request from the servicing bank the reimbursement of fraudulently encashed check together with the following documents:

- a. Original check
- b. Affidavit that the check was fraudulently encashed.

2. The Servicing Banks, namely, the Land Bank of the Philippines (LBP), Philippine National Bank (PNB), and Development Bank of the Philippines (DBP), shall:

2.1 see to it that checks with Stop Payment Order (SPO) shall not be honored;

2.2 submit status report on the checks covered by SPD to the Regional Office as soon as possible;

2.3 issue Credit Advice to the Regional Office for the replacement of fraudulently encashed checks.

3. The DECS Regional Accounting Office concerned shall be responsible for the appropriate accounting and/or internal control of replacement of lost, stale and mutilated checks issued in prior years.

4. The DECS Payroll Services Division (PSD) shall:

4.1 issue the replacement check for continuous form check (CFC);

4.2 issue the required certificate that the check lost in transit by banks before clearing are validly issued and that the same has not been replaced.

D. General Guidelines

1. The Regional Office will approve the request for replacement of lost checks upon completion of the following requirements:

1.1 Submission of the Affidavit of Loss by the payee or holder-in-due-course;

1.2 Filing of SPD by the Regional Office concerned with the corresponding bank;

1.3 Receipt of Status Report from the corresponding banks advising of the hold/stop payment of the said lost checks and such checks are still outstanding;

1.4 Receipt of credit advice from the corresponding bank with regard to lost checks that have been fraudulently encashed.

2. A stale and/or obsolete check shall be replaced with a new one provided the original check is presented/surrendered for cancellation.

3. Request for funds to cover replacement of stale, lost and mutilated checks in prior years shall be sent by the Regional Chief Accountant to the Department of Budget and Management.

4. The payee or holder-in-due-course of the lost check should file the SPO with the Regional Offices concerned.

5. SPO must include the following information:

- 5.1 Current Account Number
- 5.2 Serial Number of Check
- 5.3 Issuing Agency
- 5.4 Name, Division, Station, Region and Employee Number of the payee
- 5.5 Date of Issue of the check
- 5.6 Amount of the check
- 5.7 Reason for the issuance of SPO

6. In case of checks lost by the Payroll Services Division during processing time, PSD will file the corresponding SPO to the bank concerned and make the necessary replacement.

7. In cases of claims for reimbursement of fraudulently encashed checks, the regional office shall prepare/file the request at the servicing bank together with the following documents:

- 7.1 Check
- 7.2 Affidavit

8. In case of checks recovered by beneficiary, the Regional Office shall also be responsible for issuing the lift order payment to all servicing banks.

9. For information and guidance.

(SGD.) ISIDRO D. CARINO
Secretary

Reference:

None

Allotment: 1--(M.O. 1-87)

To be indicated in the Perpetual Index
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- BUREAUS & OFFICES
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