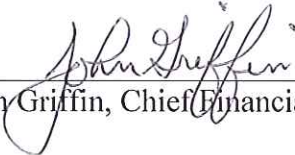




The University Corporation
Research, Investments and Commercial Services
California State University, Northridge

Procedure Number: AC028

Date: May 1, 2007
Reviewed: June 18, 2012


John Griffin, Chief Financial Officer

Title: Procedure for recording uncashed checks and forwarding unclaimed funds to the State of California.

Statement

This procedure is established to document the method used to track and record uncashed checks on our books and forward funds unclaimed after 3 years to the state Controller's escheat account.

Purpose

To provide The University Corporation, (TUC) with a procedure that requires uncashed accounts payable and payroll checks be properly recorded on the books and subsequently escheated to the State Controller's office if unclaimed after 3 years from issue date.

Procedure

The Accounting Department reconciles its operating bank account every month. When checks have been on the outstanding check list for 90 days since issue, a letter is written to the payee notifying them of the uncashed check and asking them to attest, via a signature on the correspondence (see example #1) that the check is lost and not in the payee's possession. Once the letter is signed by the payee and returned to TUC, the outstanding check is voided and a replacement is issued.

If the letter is not returned and the check remains on the outstanding check list after 180 days from issue, another letter is sent (see example #2) requesting a reply. If after 30 days from this letter there is still no response, the check is considered unclaimed property and it is moved out of the cash account and put in an unclaimed check liability account on the books. There is a liability account set up for accounts payable (211140) and for payroll (211150). For accounts payable, this process is done via the Peoplesoft system. If the project/grant/fund that was associated with the original payment is now inactive, it must be re-opened in Peoplesoft first, and then the transaction can take place. For payroll, the process is done when ADP sends the net amount of the check back to our operating account via ACH wire.

Every month accounting reviews the balance of general ledger accounts 211140 and 211150. We maintain a spreadsheet of the checks which make up the balance in the two accounts, and keeps a binder of the letters sent to the payees to demonstrate our efforts in trying to get the payments to the proper recipients.

Three years from the date of the check, a check request is prepared to send the unclaimed funds to the State Controller's office. A state form (see example #3) accompanies the check with the detail of the amounts included in the check. We include the payee's name, last known address, social security number (if available) and the unclaimed amount. Unclaimed property of less than \$50 can be lumped together for reporting purposes. When unclaimed funds are forwarded to the State, the liability is reduced in accounts 211140/211150 accordingly.

Payroll:

The system is the same except that ADP uses their check stock and bank account for our payroll checks. If a check remains on the ADP outstanding check list for over 90 days, the funds are returned to our operating bank account via ACH and at that point the liability is recorded into 211150 and the first letter is sent to the payee. The procedure then continues in the same fashion as noted above.

Example #1

May 31, 2007

«1»
«2»
«3»

Dear «4»:

Our records show we issued check # «5» dated «6» in the amount of \$«7» for «8».

At this time the check still has not been cashed. If you have not received this check, please inform this office by filling in the information below and returning this letter to us. Upon receipt of your signed statement we will issue you a replacement. If you are holding this check for any reason, please notify us or cash it as soon as possible.

This check will be voided 90 days from the date of this letter if we have not heard from you.

We appreciate your cooperation.

Sincerely,

John Griffin
Chief Financial Officer

JG:jd

**This is to certify that I
have not, and will not, deposit
the check referenced above.
Please issue me a replacement.**

(signature)

(street address)

(city, state, zip)

Example #2

May 31, 2007

"SECOND NOTICE TO REPLY"

«1»
«2»
«3»

Dear «4»:

Our records show we issued check # «5» dated «6» in the amount of \$«7» for «8».

At this time the check still has not been cashed. If you have not received this check, please inform this office by filling in the information below and returning this letter to us. Upon receipt of your signed statement we will issue you a replacement. If you are holding this check for any reason, please notify us or process it as soon as possible.

This check will be voided and the funds will be sent to the "California State Controllers Office" as unclaimed property if we do not hear from you within 30 days.

We appreciate your cooperation.

Sincerely,

John Griffin
Chief Financial Officer

JG:jd

**This is to certify that I
have not, and will not, deposit
the check referenced above.
Please issue me a replacement.**

(signature)

(street address)

(city, state,zip)

Example #3

STATE OF CALIFORNIA CONTROLLER'S OFFICE ANNUAL REPORT OF UNCLAIMED PERSONAL PROPERTY

THIS FORM MUST BE COMPLETED AND ATTACHED TO THE REPORT

Mail to: Office of State Controller John Chiang, Division of Collections, Bureau of Unclaimed Property, P.O. Box 942850, Sacramento, CA 94250

DEBIT REF. NO: BUSINESS YEAR END REPORT DUE BEFORE: 11/01/2006 LIFE INSURANCE COMPANIES: 05/01/2007

A. EMPLOYER IDENTIFICATION NO. BRANCH NO. B. NAME OF HOLDER: STREET ADDRESS: P.O. BOX NUMBER: CITY: STATE: ZIP: COUNTRY:

ADDRESS INQUIRIES ON THIS REPORT TO: NAME: TITLE: PHONE NO. EXT. E-MAIL ADDRESS, if applicable:

C. THE FOREGOING ADDRESS IS THAT OF: MAIN OFFICE # BRANCH # IF INCORPORATION, STATE OF INC: DATE OF INC.:

D. TOTAL FOR ACCOUNTS: \$50.00 AND OVER \$50.00 AND OVER WITHOUT NAMES \$49.99 AND UNDER GRAND TOTAL* TOTAL SHARES

E. TYPE OF ORGANIZATION: SIC CODE: (FINANCIAL INSTITUTIONS, CHECK ONE AND SUPPLY THE CHARTER DATE) FEDERAL: DATE: STATE: DATE

IF YOU ARE THE SUCCESSOR TO A PREVIOUS HOLDER OF PROPERTY, OR IF YOU HAVE CHANGED YOUR NAME, PLEASE LIST SUCH PRIOR NAME BELOW:

G. IF YOU ARE REPORTING FOR A HOLDER OF UNCLAIMED PROPERTY, PLEASE PROVIDE THE FOLLOWING: REPORTING AGENCY: CONTACT NAME: PHONE: EXT STREET ADDRESS: CITY: STATE: ZIP: COUNTRY:

H. This report does not include unclaimed proceeds from the demutualization of an insurance company. Unclaimed demutualization proceeds reported are included for the category checked below: Date of Demutualization

- Distribution not sent, because holder did not have a valid address. Such property is considered ABANDONED IMMEDIATELY. Distribution sent but returned by the post office as undeliverable. Distribution sent and not returned by the post office.

I. VERIFICATION: If made by an individual, shall be verified by the individual; if made by a partnership, by a partner; if made by an unincorporated association or private corporation, by an officer; if made by a public corporation, by its chief fiscal officer or other employee authorized by the holder (Section 1530 (e) CCP).

The undersigned, declares, under penalty of perjury, that, to the best of (his) (her) knowledge and belief, the following sheets contain a full, true, and complete report of unclaimed property which is presumed unclaimed under the provisions of Part 3, Title 10, Chapter 7, Code of Civil Procedure, commencing with Section 1500, and Title 2, California Administrative Code, Sections 1150 et seq.

SIGNATURE: TITLE: DATE: