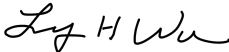


Procedure Number: AC028

Original Date: May 1, 2007
Last Revised: December 15, 2022



Lih Wu, Chief Financial Officer

Title: Procedure for handling uncashed checks

Statement

This document is to provide a procedure that ensures proper tracking and recording of uncashed checks and the timing of forwarding these unclaimed funds to the State Controller's escheat account.

Purpose

To establish a procedure to properly record uncashed accounts payable checks and payroll checks on the financial statements, and if unclaimed after 3 years from the date of issue, and after an appropriate due diligence notification is given, these unclaimed checks will be escheated to the State Controller's office.

Procedure

When a check with an amount of \$50.00 or higher has not been cashed for 90 or more days from the issue date, a due diligence notification letter will be sent to the payee. The letter requests the payee to attest, via a signature on the correspondence, if the check is or is not in the payee's possession. If the letter is indicated by the payee as "NOT" and returned to TUC, TUC will confirm that the check is indeed not yet cashed and remains outstanding, the check will then be voided and a replacement check will be issued and sent to the payee. In the event that the check has been cashed by the payee, the payee will be notified and no further action will be needed.

If no response is received on the due diligence letter, and a check is outstanding for at least 180 days from issue date, a second due diligence letter will be sent. If after 30 days there is no response from the payee, the check is considered unclaimed property and will be reclassified from the cash account to the unclaimed check liability account on the financial statement; accounts payable unclaimed checks will be recorded in liability account #250-009, and payroll unclaimed checks in account #250-810.

Accounts payable unclaimed checks are processed in the PeopleSoft system/Common Financial System. If the Account Payable unclaimed check is associated with a project/grant/agency fund that is no longer active, the project/grant/agency fund will need to be re-opened in Peoplesoft to allow the transaction to take place. For payroll

unclaimed checks, ADP payroll processing system/firm will revert the net amount of the unclaimed check back to our operating account via ACH wire.

As per the California State Controller Unclaimed Property Division on Holder Due Diligence:

- Organization can charge admin costs for mailing (up to \$2.00)
- Holder should send a letter as soon as possible, if the due diligence window is missed, then holder shall proceed with the reporting process in accordance with reporting deadlines.

Accounting department maintains a list of the unclaimed checks in the two liabilities accounts and keep copies of the formatted letter and a list of the payees to demonstrate our due diligence 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 accompanies the check with the detail of the amounts will be included with the check. The form includes the payee's name, last known address, social security number (if available) and the unclaimed amount.

Unclaimed property of less than \$50 can be grouped to a lumped sum for reporting purposes. When unclaimed funds are forwarded to the State Controller's Office, the liability account balance is reduced accordingly.

Payroll unclaimed checks will follow the same process except that since ADP uses their check stock and bank account for TUC's payroll checks when a payroll check remains on the ADP outstanding check list for over 90 days, the funds are returned to TUC's operating bank account and TUC will assume the liability and recorded into Account# 250-810 and initiate the first due diligence letter to the payee and follow the same procedure as Account Payable unclaimed checks.

References:

- See AC032 Procedure for processing a stop payment
- Due diligence letter samples and requirements can be found on the unclaimed property site:
- Unclaimed Property Law & Regulations: https://sco.ca.gov/Files-UPD/guide_upd_updlaw.pdf

Sample Letter

Month Day, Year

Name
Address

Re: Uncashed Check
Account #: [Supplier #]
Date of Escheatment: Month Day, Year

Dear Ms.GALLAGA:

Our records show check # ##### dated Month/Day/Year in the amount of \$###.## remains outstanding. California Unclaimed Property Law requires business entities to transfer funds of a deposit, account, shares, or other interest to the State Controller's Office (SCO) if it has been inactive for 3 years. According to our records, there has been no activity on your account for more than 3 years. Therefore, your property is in danger of escheating to the State unless you contact us or respond by completing, signing, and returning this notice prior to the Date of Escheatment listed above.

If your property is transferred to the State, you will be required to file a claim with the SCO to recover it, in accordance with the provisions of the *Code of Civil Procedure* section 1500 et seq.

Thank you for your assistance in this matter.

Sincerely,

Cindy Ruan
Associate Director, Accounting
Contact: Accounts Payable aptuc@csun.edu or at number/address below

PLEASE SIGN BELOW AND RETURN THE ENTIRE NOTICE

PROPERTY OWNER SIGNATURE	DATE
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Print Name _____

Current Address _____

I certify I have not deposited the check referenced. Please issue a replacement.