

Policy Number	Section Name	Policy Name	Effective Date	Revised Date
CM-100006	Cash Management	Check Escheatment	03/06/2007	

I. Purpose/Scope

The purpose of this policy is to provide agencies guidelines on the escheatment process for checks in conjunction with Department of Revenue’s instructions on filing unclaimed property. The stated policies apply to all agencies and departments; however some procedures vary based on whether agencies are on Streamlined Banking versus non Streamlined Banking agencies.

II. Background

The “Disposition of Unclaimed Property Act”, O.C.G.A. Section 44-12-190, protects the rights of owners of abandoned property and relieves those holding the property of the continuing responsibility to account for such property. Under the Act, when an agency holds property that belongs to someone else (“payee”) but has lost contact with that owner for a specified period of time (“dormancy period”), that holder must turn over (“remit”) the property to the Department of Revenue. The remittance must be accompanied by a report describing the property and contain certain information that will help the state advertise the property and take other steps to return the property to the rightful owner. The Department of Revenue serves as custodian for any property remitted under the Act, allowing the owners or their heirs an opportunity to claim their property in the future. Complete filing requirements can be located at <http://www.etax.dor.ga.gov/ptd/ucp/index.shtml>. Any checks issued by the State which are not cashed by the recipient are considered unclaimed property. Agencies are subject to honoring the Disposition of Unclaimed Property Act and any federal regulations regarding unclaimed property from federally funded programs.

III. Policy

- A. All agencies shall comply with the state statutes, “Disposition Unclaimed Property Act”, and the filing requirements established by the Georgia Department of Revenue.
- B. For Streamlined Banking PeopleSoft agencies, the State Accounting Office will escheat outstanding payroll checks over 1 year and agencies will escheat outstanding accounts payable checks over 5 years from the actual check issue date.
- C. For Streamlined Banking PeopleSoft agencies vendor payment checks will be stale dated after 180 days. The PeopleSoft escheatment process will be used to track stale dated checks until they are remitted to the Department of Revenue as unclaimed property. The State Accounting Office will “mark” outstanding payroll and accounts payable checks as “escheated” on the PeopleSoft system, after 180 days.

- D. For escheated checks over \$50.00, agencies must exercise due diligence to contact a payee's last known address, between July 1st and September 1st, prior to remitting the funds to the Department of Revenue.
- E. Escheated checks under \$50 do not require documented communication attempts from agencies, however all escheated checks must be remitted to the Department of Revenue within the timeframes defined in this policy.
- F. Agencies must annually remit escheated Accounts Payable checks and Payroll checks to the Department of Revenue.
- G. Agencies shall not "VOID" checks in the PeopleSoft system in order to avoid the required escheatment process.
- H. Agencies shall not escheat any inter-agency payments with the State of Georgia.
- I. Agencies are responsible for identifying any federal regulations that prohibits checks issued from federally funded programs from being escheated. Agencies should take appropriate action(s) to ensure the proper disposition of federal funds.

IV. Escheatment Procedures for Streamlined Banking Agencies

A. Monthly Accounts Payable Escheatment Process

1. PeopleSoft will automatically generate the Accounts Payable Aging Report which lists all outstanding checks by agency through a batch process at the end of every month. This report can be viewed in Document Direct.
2. Agencies should review the Accounts Payable Aging Report monthly and attempt to clear any outstanding checks.
3. After 180 days on the Accounts Payable Aging report, the State Accounting Office will stale date checks and move the funds to a liability account by "marking" the checks as escheated on the PeopleSoft system. Once checks have been marked as escheated, those payments will be identified as voided payments on the positive pay file and transmitted to the bank. Checks will be removed from the positive pay file and payees will be unable to claim funds from the check.
4. The State Accounting Office will run Paycycle through a scheduled batch process in the PeopleSoft system. The PeopleSoft Payment Post process will create a entry to Debit the Agency's Cash account (101005) and Credit GL account (262002) Funds Held for Others-Checks Uncashed/Unclaimed for escheated checks.
5. The liability for escheated checks will remain in account 262002 until the cash is transferred to the Department of Revenue as unclaimed property or when an escheated check is reissued.
6. If a vendor notifies the agency regarding an outstanding check anytime between 180 days and the 5 year timeframe, the agency can reissue the check anytime prior to remittance to the Department of Revenue. Agencies must reissue checks using the same invoice number and adding an "R" at the end. (i.e. original invoice #12345, new invoice #12345R)

7. Reissued checks will be charged to the Account (262002) Debit-Funds Held for Others-Checks Uncashed/Unclaimed. This entry will liquidate the liability for the escheated check.
8. Agencies can check the status of a payment at any time using the Payment Inquiry page.

B. Annual Accounts Payable Escheatment Process

1. Agencies must run the Annual Escheatment Report within 30 days after fiscal year end. The Escheatment Report lists all escheated checks in the PeopleSoft system by age and any reissued checks based on the GL 262002 account. This is an ad-hoc report that agencies are responsible for generating.
2. The Manage Escheatment Exclusions page will be used by agencies to match any reissued checks with the original checks. This will allow agencies to manually remove any payments that should not be submitted to the Department of Revenue. Once matching has been completed, agencies should re-run the Annual Escheatment Report which will display only the payments which need to be remitted to the Department of Revenue.
3. Agencies must review the Annual Escheatment Report for checks over 5 years old. For all checks over 5 years and over \$50, agencies must make a final attempt to notify the payee by sending a first class Owner Notification Letter to the payee's last known address between July 1st and September 1st. This is the last required attempt to contact payees before funds are remitted to the Department of Revenue. (Attempts must be documented)
4. Before November 1st, agencies must complete the Holders Report Form and Owners Report and submit the payment to the Department of Revenue.
5. The agency creates an Accounts Payable voucher to remit funds to the Department of Revenue. The account which is charged is the GL 262002 account. This will liquidate the agency's liability and transfer the cash to the Department of Revenue.
6. Once funds are submitted to the Department of Revenue, agencies will refer vendors directly to the Department of Revenue to claim their money.

C. Monthly HCM Escheatment Process

1. PeopleSoft HCM automatically generates a monthly Payroll Aging Report listing all outstanding checks by agency.
2. Agencies must review the Payroll Aging Check Listing Report monthly and attempt to clear all outstanding checks.
3. Agencies must attempt to contact all payees for any outstanding checks over \$50.00 and over 180 days.

D. Annual HCM Escheatment Process

1. PeopleSoft HCM will generate the Payroll Aging Check Listing Report at the end of each fiscal year. Agencies must review the June 30th Payroll Aging Check Listing Report for all checks over 1 year old.
2. For all checks over 1 year and over \$50, agencies must make a final attempt to notify the employee by sending a first class Owner Notification Letter to the employee's last known address between July 1st and August 31st. This is the last required attempt to contact payees before funds are remitted to the Department of Revenue. (Attempts must be documented)
3. Based on prior efforts, the State Accounting Office will evaluate the August 31st Aging Report to review all remaining checks over the 1 year remittance period and prepare the Department of Revenue's Holder's Report for State agencies, along with the Owner's Report.
4. Before November 1st, the State Accounting Office must submit the Holder's Report and Owner's Report to the Department of Revenue.
5. The State Accounting Office will escheat all checks in PeopleSoft HCM based on the Payroll Aging Check Listing Report and run the Annual Positive Pay batch process to void the checks. This process will clear the checks off the outstanding list and update the positive pay file from the bank.
6. The State Accounting Office will create a voucher to Debit- the liability account (262056) Funds Held for Others and Credit-Cash, and remit monies and the Holders Report to the Department of Revenue by Nov. 1st.
7. The State Accounting Office will notify agencies that funds were moved from their books to the Department of Revenue.
8. The State Accounting Office will notify agencies to run the Annual HCM Escheatment query report which lists all escheated checks. Each agency should retain this report for a permanent record of escheated items. The State Accounting Office will create a final Holder's Report. A query will be available for agencies to review.
9. When the Department of Revenue receives the report and the ACH payment from the State Accounting Office, the Department of Revenue will deposit the funds into their depository account by creating a direct journal in Accounts Receivable.
10. If an escheated check clears the bank due to a bank error, the State Accounting Office will create a reversing entry to the general ledger liability account on the agency's books. It will be necessary for the State Accounting Office to file a Holder Reimbursement Form to request the funds from the Department of Revenue. The above journal entry may be made to record the transaction and reversed when the funds are returned from the Department of Revenue.
11. The State Accounting Office will identify the bank error during the bank reconciliation process.

V. Escheatment Procedures For Non-Streamlined Banking Agencies

A. Annual Accounts Payable Escheatment Process

1. Agencies shall review the outstanding check list monthly from the PeopleSoft Account Register Report. Agencies shall attempt to contact all payees via the Notification Letter for Outstanding Checks for checks over \$50.00 that are held longer than 180 days.
2. The agency must determine whether outstanding checks should be voided, stopped, or reissued based on communication feedback.
3. For all stale dated checks over 180 days, the agency shall escheat the checks by entering a manual general ledger entry to debit the cash account, and credit account 262002, Funds Held for Other- Checks Uncashed/Unclaimed. (NOTE: The suggested fund type to use is the General Fund. Escheatment for federal fund payments should follow federal regulations.)
4. The agency shall manually reconcile the check in the bank reconciliation panel in PeopleSoft to remove the check from the outstanding list.
5. By each fiscal year end, the agency shall identify all escheated checks over 5 years. Agencies shall keep a separate record of escheated checks over 180 days before remitting payment to the Department of Revenue.
6. For checks over 5 years and over \$50, agencies must make a final attempt to notify the payee by sending the Owner Notification Letter via first class mail to the payee's last known address between July 1st and September 1st. This is the last required attempt to contact payees before funds are remitted to the Department of Revenue. (Attempts must be documented)
7. If a vendor notifies the agency regarding an outstanding check anytime between 180 days and the 5 year timeframe, the agency can reissue the check anytime prior to remittance to the Department of Revenue. Agencies must reissue checks using the same invoice number and adding an "R" at the end. (e.g. original invoice #12345, new invoice #12345R)
8. Agencies shall maintain and keep accurate records of reissued checks.
9. Agencies shall submit the Holder's Report, Owners Report, and payment to the Department of Revenue by November 1st.
10. Once funds are submitted to the Department of Revenue, agencies will refer payees or vendors directly to the Department of Revenue to claim their money.

B. Monthly HCM Escheatment Process

1. Agencies should review aged checks outstanding for more than 180 days.
2. Agencies must attempt to contact all payees for any outstanding checks over \$50.00 and over 180 days.

C. Monthly HCM Escheatment Process

1. The agency determines whether outstanding checks should be voided, stopped, or reissued based on communication feedbacks.
2. After July 1st and before September 1st each year, the agency shall make a final required attempt to notify the payee by sending the Owner Notification Letter to the payee's last known address. Contact must be at least 60 days, but no more than 120 days, prior to remitting escheated funds to the Department of Revenue.
3. Based on prior efforts, the agency will evaluate the August 31st Aging Report to review all remaining checks over the 1 year remittance period and prepare the Department of Revenue Holder's Report for government entities, along with the Owner's Report.
4. Before November 1st, the agency must submit the Holder's Report and Owner's Report to the Department of Revenue.
5. Agencies will use the bank proprietary software to mark the checks as "cancelled" in the positive pay file.
6. Agencies will create a general ledger journal entry to debit cash and credit the liability account, manually voiding the check. (262056)
7. Agencies will create a voucher to pay escheated funds to the Department of Revenue, debiting the 262056 account.
8. Agencies should retain documentation of the Holders and Owners reports for audit purposes.
9. Once funds are submitted to the Department of Revenue, agencies will be required to complete a Holder Reimbursement Form for any owner who appears to reclaim escheated funds.

VI. Definitions

Escheat - Succession of abandoned property to the State that results from the failure of a person legally entitled to that property to make a valid claim against property within a prescribed period of time. The most common form of escheated property for the state is uncashed state checks.

Stale Date - References the time period (180 days) after which a check is no longer valid.

Stop Payment Request Form – Form that agencies must complete when requesting a stop payment or void in PeopleSoft.

Unclaimed Property - Unclaimed property consists of bank accounts, wages, utility deposits, insurance policy proceeds, stocks, bonds, and contents of safe deposit boxes that have been abandoned – property for which there has been no documented transaction(s) or contact with the owner(s) for a statutory period of time. In most cases, this period of time varies from 1 to 5 years depending upon the property type.

VII. Approval

Statewide Accounting	Joyce Smith
Financial Systems	Sherrie Southern
State Accounting Officer	Lynn Vellinga

VIII. Revision History

Version	Date
1	3/6/07
2	