



## *Statewide Business Process Policy & Procedure*

**Business Process Reference:**

Section: Cash Management  
Title: Remittance Process for Outstanding and Unclaimed Checks

**Effective Date:** 03/06/2007

**Revision Date:** 10/08/2018

**Index:**

[Background](#)

[Business Policy Summary](#)

[Business Process Policy and Requirements](#)

[Monitoring](#)

[Authority](#)

[Applicability](#)

[Definitions](#)

[Forms and Attachments](#)

**Background:**

The “Disposition of Unclaimed Property Act” (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 organization 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.

**Business Policy Summary:**

Under this Act, any checks issued by the State which are not cashed by the recipient are considered unclaimed property.<sup>1</sup> The purpose of this policy is to provide guidelines on the remittance process for these outstanding checks in conjunction with Department of Revenue’s instructions on filing unclaimed property. The remittance procedures are the same for all organizations, even those that participate in the Consolidated Treasury Accounting Structure (CTAS). Generally, for checks over \$50.00, organizations must exercise due diligence and attempt to contact a payee’s last known address within the specified time frames, before remitting the outstanding checks to the Department of Revenue as unclaimed property.<sup>2</sup> However, organizations also must follow any federal regulations regarding unclaimed property, such as outstanding checks, from federally funded programs.

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<sup>1</sup> O.C.G.A. § 44-12-204.

<sup>2</sup> O.C.G.A. § 44-12-214.

**Business Process Policy and Requirements:**

Organizations are responsible for performing certain remittance procedures relating to outstanding accounts payable checks<sup>3</sup> and payroll checks.<sup>4</sup> Unpaid wages (i.e., unclaimed payroll checks) should be remitted to the Department of Revenue one year after the amounts become payable. All other unclaimed checks held by State Entities should be remitted to the Department of Revenue five years after the checks become payable. This remittance process is mandatory and alternative methods of disposing of checks should not be utilized (i.e., inappropriate voiding). Additionally, organizations are responsible for identifying any federal regulations that prohibit checks issued from federally funded programs from being remitted to the State of Georgia as unclaimed property. All organizations are required to submit an unclaimed property report to the Department of Revenue by November 1<sup>st</sup> of each year, even if there are no unclaimed checks to be remitted.<sup>5</sup>

***Accounts Payable Remittance Process***

- Organizations should review their outstanding check list monthly and attempt to contact all payees for checks over \$50.00 that are also stale dated (held longer than 180 days). Based on payee communications, organizations must determine whether outstanding checks should be voided, stopped, or reissued.
- For all stale dated checks over 180 days, the organization designates the checks as unclaimed 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, and procedures for unclaimed federal fund payments should follow federal regulations.)
- The organization also removes the check from the outstanding list (manually reconcile the check in the bank reconciliation panel in TeamWorks), but should continue to maintain a separate record of unclaimed checks over 180 days.
- If a payee notifies the organization regarding an outstanding check anytime between the check becoming stale dated (180 days after becoming payable) and the check becoming abandoned (five (5) years after becoming payable), the organization can reissue the check prior to remittance to the Department of Revenue. Organizations must reissue checks using the same invoice number and adding an “R” at the end (e.g. original invoice #12345, new invoice #12345R), and maintain accurate records of reissued checks.
- By the end of each fiscal year, the organization should identify all unclaimed checks which became payable at least five (5) years prior. For checks over \$50.00, the organizations must make a final attempt to notify the payee at the payee’s last known address between 60 days, but no more than 120 days, before remitting the abandoned and unclaimed checks to the Department of Revenue.<sup>6</sup> Organizations will create a voucher to pay abandoned and unclaimed funds to the Department of Revenue and debit the #262002 account.
- Organization must submit the required forms, reports, and funds to the Department of Revenue by November 1st of each year<sup>7</sup>. The report must contain the name, SSN/FEIN (if available), last known address of payee, nature of property (i.e., Utilities, Fees, Refunds, etc.), and the date when the property became payable.

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<sup>3</sup> Organizations shall not remit any inter-agency payments within the State of Georgia.

<sup>4</sup> O.C.G.A. § 44-12-206.

<sup>5</sup> O.C.G.A. § 44-12-214.

<sup>6</sup> Id.

<sup>7</sup> Id.

- Organizations should retain documentation of the attempted communications with payees and submitted reports for audit purposes.
- Once funds are remitted to the Department of Revenue any owner/claimant who appears to reclaim abandoned and unclaimed funds should be referred to the Department of Revenue's website for further instructions.

#### ***Payroll (HCM) Remittance Process***

- Organizations should review their outstanding check list monthly and attempt to contact all payees for checks over \$50.00 that are also stale dated (held longer than 180 days). Based on payee communications, organizations must determine whether outstanding checks should be voided, stopped or reissued.
- By the end of each fiscal year, the organization should identify all uncashed payroll checks that have been dormant for one (1) year. A final attempt to notify the payee at the payee's last known address is required. Contact must be at least 60 days, but no more than 120 days, prior to remitting the outstanding checks to the Department of Revenue<sup>8</sup>.
- If a payee notifies the organization regarding an outstanding payroll check anytime between the check becoming stale dated (180 days after becoming payable) and the check becoming abandoned (one (1) year after becoming payable), the organization can reissue the check prior to remittance to the Department of Revenue. An organization should void the first check and reissue a new one as well as maintain accurate records of reissued checks.
- Organizations must submit the required forms, reports, and funds to the Department of Revenue by November 1<sup>st</sup> of each year. The report must contain the name, SSN/FEIN (if available), last known address of payee, nature of property (i.e., Unpaid Wages), and the date the when property became payable.
- Organizations will mark the checks as "Cancelled" or "Escheated" in their financial/ERP system's positive pay file (i.e. TeamWorks). Note: Different systems identify this process with one of the two terms. TeamWorks uses the term "Escheated." The organization will then create a general ledger journal entry to debit cash and credit the liability account #262056, manually voiding the check. Also, organizations will create a voucher to pay remitted funds to the Department of Revenue, and debit the #262056 account.
- Organizations should retain documentation of the attempted communications with payees and submitted reports for audit purposes.
- Once funds are remitted to the Department of Revenue any owner/claimant who appears to reclaim abandoned and unclaimed funds should be referred to the Department of Revenue's website for further instructions.

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<sup>8</sup> Id.

**Monitoring:**

Organization management monitors the age of their outstanding checks to ensure compliance with the requirement of the Act. This monitoring could be accomplished via queries or reports out of TeamWorks, or reviewing the outstanding check listing used in monthly bank reconciliations.

**Authority:**

- Official Code of Georgia Annotated (O.C.G.A.) § 50-5B-3 – Duties of the state accounting officer include:
  - Prescribing the manner in which disbursements shall be made by state government organizations; and
  - Developing processes and systems to improve accountability and enhance efficiency for disbursement of funds and management of accounts payable.
- O.C.G.A. § 50-5B-4 – Duties of the state agencies with respect to SAO
- O.C.G.A. § 44-12-190 et seq. – Disposition of Unclaimed Property Act
- O.C.G.A. § 44-12-204 – Disposition of Unclaimed Property Act: When intangible property held for owner by state or federal entity presumed abandoned
- O.C.G.A. § 44-12-206 – When unpaid wages presumed abandoned
- O.C.G.A. § 44-12-214 - Disposition of Unclaimed Property Act: Report and remittance of persons holding property presumed abandoned under this article

**Applicability:**

This business process applies to all Organizations included in the State of Georgia reporting entity. The term “organization of state government” shall mean, without limitation, any agency, authority, department, institution, board, bureau, commission, committee, office, or instrumentality of the State of Georgia. Such term shall not include any entity of local government, including, but not limited to, a county, municipality, consolidated government, board of education, or local authority, or an instrumentality of any such entity. At these reporting organizations, all personnel with accounting and financial reporting responsibilities should be knowledgeable of this policy.

**Definitions:**

**Remittance** - Transfer of abandoned and unclaimed funds to the Department of Revenue and held in a custodial capacity by the State with no transfer of title.

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

**Unclaimed Property** - Unclaimed property consists of items such as savings and checking accounts, unclaimed wages, dividends, credit balances and outstanding checks 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.

**Forms and Attachments:**

For detailed Department of Revenue procedures, including specific forms to be filed, please refer to <https://dor.georgia.gov/unclaimed-property-program> and <https://dor.georgia.gov/holder-forms>.