**Unclaimed Property: Due Diligence on and Reporting of Unclaimed Property for Imprest Accounts**

**Effective Date:** January, 2014

**Revised:** July, 2022

**Due Dates:**

* Due Diligence Monitoring: Quarterly in accordance with calendar below
* Unclaimed Property Reporting: Two weeks following request by Corporate Tax, Compliance & Payroll
* Yearly Due Diligence Certification January 31st of each year

**Background**

State laws require organizations such as the University of Pennsylvania to report unclaimed property at the end of its dormancy period. Once it is reported, the state then holds the property until claimed by the rightful owner.

The principal causes of uncashed checks becoming stale-dated are an incorrect address for the payee, checks received by the payee but not cashed, and due diligence efforts performed years after the check becomes stale. In an effort to improve the due diligence process related to the stale-dated imprest account checks, emphasis should be placed on performing due diligence on uncashed checks as they become stale, rather than waiting until the end of the dormancy period.

**Responsibility**

*Schools/Centers*

Schools and Centers have the responsibility for performing due diligence on uncashed, stale-dated checks issued on their imprest checking account(s). Generally, this responsibility will lay with the custodian of the imprest account or his/her designee. It is their responsibility to identify uncashed checks and to contact the vendors to determine the reason the check remains uncashed or to otherwise research the check to determine why it remains uncashed. Schools and Centers are also responsible for voiding or voiding and reissuing checks as appropriate.

*Comptroller’s Office*

Corporate Tax, Compliance & Payroll

Corporate Tax, Compliance & Payroll is responsible for managing the annual reporting of unclaimed property on behalf of the schools and centers. As such, it has oversight responsibility for ensuring that due diligence efforts are performed to try and reunite unclaimed property with its owner

**Procedures**

1. Each school/center has the responsibility to complete due diligence on checks that are written from their imprest accounts. This due diligence should be completed on a monthly basis, once the checks become stale. Generally, checks become stale 90 days after issuance. Due diligence includes reviewing the payment information to ensure it is correct and/or reaching out to the payee to determine if there are any issues with receiving and/or cashing the check. The payee may be contacted either via telephone or by mail. A sample due diligence letter is included in Appendix B.
2. To document and track its due diligence efforts, the school/center should prepare a report (e.g., in an Excel spreadsheet) listing the outstanding stale-dated checks from its imprest account. The information in the report should include the check number, check issue date, payee, payee address (including street address, city, state and zip code), check amount and the due diligence efforts or action taken on the stale dated check. Examples of actions for stale dated checks include:
   1. Escheat- Due Diligence letter sent, awaiting response
   2. Escheat- Due Diligence letter sent, no response
   3. Escheat- Due Diligence letter sent, letter returned as undeliverable by post office.
   4. Check voided and reissued.
   5. Check voided without reissue, due to being a duplicate or erroneous payment
3. Upon completion of due diligence the school/center may do one of the following:
4. Void the original check and issue a replacement check to the payee. This will happen if it is determined that the original payment represents a **valid** payment and can be resent to the original payee (either at the request of the payee or due to better information being available to reunite the property with its owner). **Under no circumstances should a valid payment be stopped without being reissued.**
5. The original check will be voided, stop payment without being reissued. This will happen if it is determined the original check represents an **invalid** payment, that is, it represents an erroneous or duplicate payment, either through the school/center’s review of the payment or based on a written response from the payee that no payment is due. The School/Center should maintain documentation supporting its conclusion that the payment is invalid.
6. The original check will remain as a stale-dated check to be reported to the appropriate state. This will happen if it is determined that the original payment represents a **valid** payment and, after due diligence, the payee cannot be located or otherwise does not respond to attempts to contact him/her.

\*\*Note that the school/center **may not take into income or otherwise keep** property (uncashed checks, in this instance) that belongs to another individual or organization. Any such property that cannot be reunited with its owner must be reported to the appropriate state.

1. The school/center should add the completed report to their designated folder in Penn Box on a quarterly basis as set forth in the due diligence calendar below. If the school/center has no outstanding stale dated checks for the quarter, it should send an e-mail to Corporate Tax, Compliance & Payroll indicating that it has reviewed the account for any outstanding stale dated checks for the period under review and that it does not have any outstanding stale-dated checks for that period. The Comptroller’s Office will collect these reports as evidence that the schools/centers are performing their due diligence responsibilities to fulfill its oversight responsibility but will not review the report for the appropriateness of any actions taken.
2. On an annual basis, Corporate Tax, Compliance & Payroll will request a listing of property to be uploaded into the unclaimed property database of our unclaimed property outsourcing partner, PwC. A spreadsheet will be provided that must be completed with the information required to be reported on any uncashed checks to be reported along with instructions on how to complete the spreadsheet. If the school/center does not have any checks that need to be reported, it will need to respond to Corporate Tax, Compliance & Payroll that they do not have any stale dated checks to report for that period.
3. Prior to reporting of the unclaimed property, PwC will send out due diligence letters in accordance with state requirements and collect the responses provided by the owners of the unclaimed property. PwC will provide a listing of reportable property (“Reportable”) and property that is removed from the listing of reportable property based on the due diligence response (“Removed per DDL”). Corporate Tax, Compliance & Payroll will provide the listings of Reportable and Removed per DDL property to the imprest account custodian for their review and approval prior to submission of the reports. Corporate Tax, Compliance & Payroll will also provide copies of any due diligence responses. It is the responsibility of the custodian of the account to reissue any claimed property to the owner. The custodian should notify Corporate Tax, Compliance & Payroll of any property on the Reportable listing that has been claimed so that it can be removed from the list of property reported to the state.
4. For any property that is reported to the state, the custodian will need to transfer the cash back to the University for reporting to the state and will also need to make an adjustment to the cash balance in their checkbook to remove the outstanding checks reported.
5. To transfer the cash back to the University, the school/center will first need to complete their Reimbursement of Petty Cash Fund request form. After the Non-PO Payment Request for the reimbursement is completed, a Non-PO Credit Memo Request should also be completed separately in the amount of the checks to be reported charged to xxx-xxxx-1-000000-2325-xxxx-xxxx. If both requests are entered and approved at the same time, the payments will be netted in BEN financials. When the checks are reported to the state by Corporate Tax, Compliance & Payroll, the Comptroller’s Office will process the payment to the state against the 2325 Escheat Liability account entered on the credit memo request, eliminating the liability on the school/center’s books.
6. At the time the reimbursement request is made, the school/center will make an adjustment to its checkbook balance to “write on” the aggregate balance of the checks reported to the state as these are no longer considered to be outstanding checks. If appropriate, the school/center must also notify the bank to remove these checks from its outstanding check list for this account to avoid these checks being processed by the bank in the future.

**Appendix A**

**Imprest Account Due Diligence Calendar**



**Appendix B**

**Sample Due Diligence Letter**

*Below is a sample due diligence letter for use in contacting payees regarding their uncashed checks. The letter should be sent out on University letterhead. Information in brackets “< >” should be entered by the School/Center prior to sending the letter.*

<Current Date>

<Name of Payee>

<Address of Payee>

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**RE: Property Type:** UNCASHED CHECK

**Last Activity: <Issue date of check>**

**Check #: <Check Number>**

**Check Amount: $<Amount of Check>**

The above referenced check has been found in our records as outstanding. Please let us know if this payment is still due to you or not.

Check the appropriate statement below and sign on the space provided. Return this letter to the address provided below. If the address on this letter is incorrect, kindly indicate the address where you would like us to send your re-issued check on the “New Mailing Address” lines below.

If you are a vendor that is already registered as a Penn Supplier and would like to receive these funds via direct deposit, please navigate to the Penn Procurement Services website and select “Doing Business with Penn”. From there, you can access the supplier portal under “Become a Penn Supplier” to update your payment information.

We would appreciate receiving your response no later than **<Response Date>**. If we do not hear from you, your funds will be reported to the appropriate State entity that governs Unclaimed Property.

\_\_\_\_ Yes, this payment is still due.

\_\_\_\_ No, this payment has been settled or I am not entitled to receive this payment

***Name*** (if different than above):\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

***New Mailing Address:*** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

***State/City/Zip code:*** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

***Signature:*** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ***Date:*** \_\_\_\_\_\_\_\_\_\_\_\_\_

If you have any questions please feel free to contact me.

Sincerely yours,

<Name of School/Center Contact>

<Title>

<Address>

<Telephone>

<Fax Number>

<e-mail address>