



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
H. Martin Lancaster, President

February 27, 2004

MEMORANDUM

IMPORTANT

TO: Business Officers
North Carolina Community College System

FROM: Annette Dishner, State Aid Accountant

SUBJECT: Outstanding Checks

Our latest reconciliation of your State Disbursing Account indicated that check(s) listed on the enclosed printout have not been paid by the State Treasurer. The list includes all state checks written through January 31, 2004.

Attached is a copy of the guidelines established by the Office of the State Controller concerning exposure draft procedures for notifying payees of outstanding checks in excess of 180 days. This procedure will be required in addition to the normal escheat function.

As a reminder, each month colleges must follow the procedure and implementation process for notifying payees of outstanding checks, and take the necessary actions to ensure checks appearing on the outstanding checklist are removed accordingly (e.g. issues replacement checks, echeating, etc.).

Please review the outstanding check lists carefully and refer to the attached "Exposure Draft" procedure to adhere to OSC (Office of the State Controller) established procedures. If you find discrepancy on the attached O/S (Outstanding) checklist, contact me immediately.

If you have questions or need assistance, please contact me at 919/807-7079.

AD/daf

Attachment

pc: Presidents

CC04-043
Paper Copy

Exposure Draft

Procedure to notify payees of outstanding checks

Purpose

This is to establish a procedure whereby a citizen (individual or corporate) of the State of North Carolina will receive a one-time notification if a check for \$100 or more issued to that citizen by the State of North Carolina remains outstanding in excess of one hundred eighty days.

Background

Historically payees of the State's outstanding checks have not been sent notices prior to the time mandated by the Escheat statute (G.S. 116B). This Statute generally requires all holders of unclaimed property (valued at \$50 or more) to attempt to contact the rightful owner of such property upon the expiration of five (5) years. The statute further requires the holder of unclaimed property to certify to the State Treasurer that notices have been mailed first class to the last known address of each owner. Unclaimed property not then claimed by the owner must be paid into the Escheat fund, which is administered by the State Treasurer.

Recently, there have been attempts by certain organizations to acquire outstanding checks information from State agencies with the intention of locating the payee, then charging the payee a "finders fee" to recover the amount due. This procedure will provide an extra measure of fairness to payees.

Effective

The effective date of this procedure is April 1, 1995.

Applicability

The procedure hereby established shall apply to all State agencies and institutions except where exempted by specific statute.

Procedure

On a monthly basis each agency/institution shall review its listing of outstanding checks to determine if one or more checks issued for \$100 or more remains outstanding after the expiration of one hundred eighty days from date of issue. If any check is so identified and it is determined that notification has not been previously sent to the payee for this check the agency/institution shall send to the payee:

- A notification letter which includes the check number, amount and date of issue; additional identifying information (e.g., invoice number) may also be provided.
- A standard affidavit form which must be used by the payee to affirm, as appropriate, that the check in question was never received or has been lost or stolen.

Upon receipt of a properly completed affidavit the agency/institution shall follow the standard procedures to issue a replacement check to the payee.

Implementation

Implementation of this procedure should be on a prospective basis. This will help ease the burden otherwise imposed on agencies/institutions where a massive backlog of outstanding checks has accumulated. Therefore, to begin implementation an agency/institution should review its March 1995 listing of outstanding checks for any checks issued during August 1994 for \$100 or more. This will constitute the initial list for notifying payees. Outstanding checks lists for each subsequent month should be reviewed likewise (i.e., in April The notification list will consist of outstanding checks issued in September 1994, etc.).

Note –As resources permit an agency/institution should process notifications to payees of checks, which have been outstanding longer than the one hundred eighty days noted above.