



POLICIES

Effective Date: July 1, 2003

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Revised: July 1, 2015

Approved by: James E. K. Hildreth, Ph.D., M.D.
President and Chief Executive Officer

Subject: Division of Finance - Policy on Unclaimed Property

PURPOSE:

The Unclaimed Property Policy provides direction for reporting and disposing of unclaimed property. It is to ensure compliance with the laws of the State of Tennessee concerning the identification and disposition of unclaimed property while under the control of Meharry Medical College, improve internal controls, and establish unclaimed property procedures.

POLICY STATEMENT:

Meharry Medical College is subject to the State of Tennessee's Uniform Disposition of Unclaimed Property Act in accordance with the Unclaimed Property Law, Tennessee Code Annotated 66-29-101 through 66-29-134 and Regulations 1700-2-1-.01 through 1700-2-1-.36. This act requires the College to exercise due diligence in attempting to locate owners of unclaimed property in its custody and to annually report certain unclaimed property to the State. Tennessee law requires filing of an annual report of unclaimed property in accordance with the provisions of Tennessee Code Annotated Sections 66-29-101 et. Seq. Any unclaimed property will be written off the College's books and the funds will be deposited with the State Treasurer as unclaimed property. These funds then become the property of the State. A claim from the original owner of the property must be made with the State Treasurer's office in order to receive the funds.

The Office of the Controller is responsible for the proper disposition of unclaimed property. The college will recognize unclaimed property as a general liability.

DEFINITIONS:

Unclaimed Property: Unclaimed property consists of funds or collateral in the College's possession that have gone unclaimed by, or undelivered to the true owner for the statutory period (Dormancy period for most property is 5 years in the State of Tennessee). Examples include, but are not limited to: outstanding checks, accounts receivable credit balances (patient accounts receivable, student accounts, student loans), outstanding wage checks and vendor credit balances. This policy does not address lost and found items.



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Holder: The entity that is in possession or controls the property until it is transferred to the state on behalf of the lost owner.

Due Diligence: Tennessee Code Annotated Section 66-29-113 requires due diligence on all unclaimed property of fifty dollars or more. All holders are legally bound to perform due diligence – a good faith effort to find the true owners of unclaimed property. Due diligence is performed by attempting to contact property owners by mailing them through first class mail or better at their last known residence.

Due Diligence Period – Due diligence must take place no more than one hundred twenty days or less than sixty days to filing the report which is due May 1st. This would be the period after the year ended December 31st from January 1 to February 28th /29th.

Dormancy Period – The period in which the holder may hold the property interest before it is presumed to be abandoned. During this period, the unclaimed property is **not** required to be reported to the state. Most property falls under the 5 years for dormancy with the exception of payroll checks which is 1 year. During this time, the holder should perform due diligence in trying to locate the true owners of the unclaimed property. The holder of the unclaimed property does not have to wait until the dormancy period is over to report unclaimed property.

PROCEDURE:

The Controller is responsible for the proper disposition of unclaimed property. This process includes the identification, recognition, notification, reporting and remittance functions for all unclaimed property such as accounts receivable credit balances, outstanding vendor checks, and outstanding wage checks.

1. At the end of the calendar year, December 31, each department or sub-units shall identify and report all property that meets the definition of unclaimed property to the Office of the Controller. If departments are unclear or have questions about whether certain items meet the definition, contact the Office of the Controller. The various responsible departments of the College shall maintain sufficient detailed accounting records. In particular the School of Dentistry, the Meharry Medical Group, the Treasurer's Office (student accounts) and the sub-units of accounts payable and payroll of the Office of the Controller should report on unclaimed property to the Controller.



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2. Prior to making a determination as to whether property such as credit accounts receivable balances or vendor credits is unclaimed, balances \$50 and over must be researched to determine validity. Once credits have been substantiated, they are treated as unclaimed property. If balances are not accurate, corrections and/or adjustments must be made and documented.

3. If balances are below \$50, research and due diligence is **not** required. However, the property must be included on the report provided to the Controller's Office.

4. Each department should determine the dormancy period for the type of property under review. The dormancy for most property is 5 years. Some exceptions include wages (1 year). Departments should document the last transaction date. The College does not have to wait the full statutory period to report property items. The property may be reported at any time, provided due diligence has been exercised in attempting to notify the property owner to eliminate the College's accountability and responsibility.

5. **Each department is responsible for exercising due diligence** in attempting to notify the property owner by sending notification of unclaimed property by first-class or registered mail to the last known address of the property owner. However, if requested, the Office of the Controller may assist in this process.

6. Mail returned as "undeliverable" is evidence that the owner cannot be located. If the owner cannot be located, the property should be considered abandoned and reported as unclaimed. Unreturned mail is considered a contact (i.e. the owner received the notification and is now aware of the property's location).

7. If contact is established, the property is no longer considered to be abandoned and should **not** be reported to the State. However, divisions should report this information to the Controller's Office. If the owner does not claim the property or provide the College directions for disposing of the property within 90 days of the date of contact, the College may then assume ownership of the property. Non-cash items may be sold or disposed of as surplus property in accordance with College policy. Cash items will revert back to the College.



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8. Each department or sub-unit will provide to the Controller's a report of all items determined to be unclaimed property with the name, mailing address, social security number, last transaction date, account and/or check number, property type, and amount. This report should be provided to the Controller's Office by February 28th or sooner if the information is available.

9. The Controller's Office will review and compile all information submitted by each division. After review, the Controller's Office will record the appropriate accounting entries and ensure that reconciliation has occurred.

10. The Controller's Office shall determine if any further due diligence is required prior to reporting property as unclaimed. Due diligence must be exercised not more than 120 days and not less than 60 days before filing a report with the State.

11. The College shall file a report containing all property presumed abandoned and held as of December 31. At the time of filing such report, the College shall with that report pay or deliver to the State Treasurer all unclaimed funds and intangible property specified in the report. The report must be filed on or before May 1 of each year. Property reports should be delivered to: Treasury Department, Unclaimed Property Division P.O. Box 198649, Nashville, TN 37219-8649. The report shall include a notarized verification and affidavit under the signature of the Chief Financial Officer.

12. This report shall contain detail sufficient to make a proper account and remittance to the State Treasurer. The College shall elect to use the electronic media for reporting provided by the State at no cost to the College. The media is available at the website listed under "references".

13. Lost and found items are not considered to be unclaimed property and should not be reported in the unclaimed property reporting. These items should be disposed of in accordance with campus security procedures.

14. Confiscated property will not be considered abandoned and should be treated as College surplus property for disposal purposes. Confiscated firearms and other hazardous items should be disposed of in accordance with local statutes.



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Sanctions: Failure to comply with this policy may result in disciplinary actions as set forth in College policies and procedures.

References:

Tennessee Code Annotated Sections 66-29-101 through 66-29-134
1700-2-1-01 Regulations Governing the Uniform Disposition of Unclaimed
Property Act.

<http://www.treasury.state.tn.us/unclaim/wagers.htm>