

A. OTTER STUDENT UNION SECTION NO.

B. POLICY MANUAL DOCUMENT NO.

C.

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D. SECTION: **POLICY STATEMENT - GENERAL AND ADMINISTRATIVE**

E. SUBJECT: **ESCHEATMENT POLICY**

F.

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G.

H. PURPOSE: Ensures compliance with California Unclaimed Property Law and minimizes escheatable property.

I. EFFECTIVE DATE: [Date]

J. HISTORICAL:

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### I. Introduction

Escheatment relates to unclaimed property. California's Unclaimed Property Law requires annual reporting and delivery of unclaimed property to the State's Controller's Office. The following policy ensures compliance with California Unclaimed Property Law and minimizes escheatable property.

### II. Policy

The Otter Student Union ("OSU") will comply with the California Unclaimed Property Law, Civil Code Procedure Title 10, Chapter 7 §1500 et seq. At the OSU Board meeting that occurs after the State reporting deadline there will be a report to the Board on what, if anything, was escheated.

### III. Policy Guidelines

- K. Accounting Controls: Appropriate accounting controls and procedures will be established to limit escheatable property, including but not limited to:
- a. Maintaining proper accounting systems,
  - b. Developing controls to prevent credits from being absorbed,
  - c. Creating reports that identify and age on-account cash, outstanding checks, and open credit memos, and
  - d. Reconciling accounts and researching discrepancies on a regular basis.
- L. Reporting to the State: Funds or property escheated to the state of California must be reported to the State Controller pursuant to California Code of Civil Procedure Title 10, Chapter 7 §1530.

- a. Accounting will file the report using the form dictated by the State Controller and will include all information requested in Code of Civil Procedure Title 10, Chapter 7 §1530.
  - b. Accounting will file the report before November 1st of each year as of June 30th or fiscal year-end.
  - c. The OSU will verify the report prior to submission.
  - d. Accounting will file a second report between June 1 and June 15 of the following year confirming the remainder of unclaimed property, if any, which was not claimed after the initial report was filed. Unclaimed property will be remitted with the second report.
  - e. The OSU will verify the second report prior to submission.
  - f. If there is nothing to escheat, a report to the State is not required unless one is requested by the State in writing.
- M. Records: Accounting will keep records pertaining to escheated funds or property for seven (7) years after such funds or property is reported to the State Controller, pursuant to California Administrative Code Title 2-- Subchapter 8 §1174.
- N. Annual Report to the OSU Board of Directors: At the OSU Board meeting that occurs after the State reporting deadline, there will be a report to the Board on what, if anything, was escheated.

#### IV. Terms & Definitions

*Escheatment:* The process of turning over unclaimed or abandoned property to the State. Escheatment can cover situations in which a payee or creditor cannot be located for payment purposes.

*Unclaimed Property:* Any financial asset that has been left inactive by the owner for three years or more if payment was for goods and/or services and for one year or more if wages, payroll, salary. The California Unclaimed Property Law does NOT include real estate.

*Dormancy Period:* A period of time, as defined by State law, during which property remains unclaimed.

*Holder:* Any person in possession of property belonging to another, or who is trustee in case of a trust, or indebted to another on an obligation.

*Owner:* A depositor in case of a deposit, a beneficiary in case of a trust, or creditor, claimant, or payee in case of other chooses in action, or any person having a legal or equitable interest in property, or his or her legal representative.

#### V. Resources

- A. Code of Civil Procedure: Title 10, Chapter 7 -- Unclaimed Property Law
- B. California Administrative Code: Title 2, Subchapter 8 -- Unclaimed Property Regulations