

Office of Operations
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Collaboration for Success

Uncashed State Checks

Kelly Kuracina, Jennifer Brown – OSC Office of Unclaimed Funds



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AGENDA

❖ Introductions

❖ Unclaimed Funds 101

- Office of Unclaimed Funds
- Abandoned Property Law
 - Section 1315 - Uncashed State Checks
 - Section 1422 - Due Diligence Requirements
 - Reporting Timeline

❖ Outreach & Check Re-issuance



INTRODUCTIONS

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UNCLAIMED FUNDS 101

- ❖ What are “unclaimed funds”?
 - Funds (cash and securities) that have been dormant for a set period of time.
- ❖ How much is unclaimed?
 - **\$13 Billion!**
- ❖ Where do the funds come from?
 - Holders - Banks, Corporations, Brokers, Insurance Companies, Courts, **State Agencies & Institutions**, and more.
 - Received \$900 million from holders (\$38m from state checks) last year.
- ❖ Where does the money go?
 - State’s General Fund until the rightful owner claims it.
 - Transferred \$560 million to the General Fund last year.



OFFICE OF UNCLAIMED FUNDS

❖ Core Functions:

- Pay claims:
 - Returned \$422 million to owners last year.
 - Processed 800,000 accounts.
- Process reports from holders:
 - 15,000 reports filed annually.
 - 2 million new accounts added each year.
- Audit holders to ensure compliance with the law.



OFFICE OF UNCLAIMED FUNDS

■ Key Services

- Raise public awareness about unclaimed funds.
- Seek out and return unclaimed funds to rightful owners.
- Provide guidance and expertise to holders and filing options that facilitate the reporting process.
- Create, maintain and publish a database of owners:
 - www.osc.state.ny.us/ouf
 - Over 10 million searches conducted annually.
 - 85% of all claims are generated from the Internet.



ABANDONED PROPERTY LAW (APL)

- ❖ Enacted in 1943, defines abandoned property and holders.
- ❖ Establishes the Comptroller as “custodian” of unclaimed funds.
- ❖ Serves to safeguard lost or forgotten assets belonging to NYS residents.
- ❖ Directs holders in the proper disbursement of property deemed as abandoned or unclaimed.
- ❖ Produces revenue stream for the State.



APL SECTION 1315 – UNCASHED STATE CHECKS

- ❖ Any amount representing an unpaid check or draft issued by the State of New York, or a debit card issued on behalf of the State of New York for the purpose of paying a tax refund, which shall have remained unpaid after **1 year from the date of issuance** in accordance with Section 102 of the State Finance Law shall be deemed abandoned property and shall be paid to the State Comptroller.
- ❖ Note – state checks issued by SFS will be reported and remitted by Treasury and OSC. Non-SFS checks must be reported and remitted by the issuing Agency.



APL SECTION 1422 – OUTREACH MAILINGS

- ❖ At least 90 days prior to the final report, a first class mailing must be made to each person whose name is expected to appear on the report unless the address is unknown or the holder can demonstrate that the address it has for the owner is not the owner's current address.
- ❖ In addition, at least 60 days prior to the final report, a certified mailing, return receipt requested, must be made to each person whose name is expected to appear on the report whose abandoned property is valued in excess of \$1,000.00 unless a claim has been initiated since the first class mailing was sent, or the first class mailing was returned as undeliverable.



REPORTING UNCASHED STATE CHECKS

- State issued checks:
 - General Checking Account – Treasury
 - Signed by the Commissioner of Tax & Finance and the Comptroller
 - Income Tax Refunds
 - State Payroll Checks
 - Comptroller's Refund Account – OSC
 - Signed by the Comptroller only
 - Vendor Checks
 - DMV Refund Checks
 - Agency Held Accounts (non-SFS) – Agency
 - Signed by Agency Head
 - Petty Cash
 - Miscellaneous Refunds



REPORTING UNCASHED STATE CHECKS

- Track check status:
 - Uncashed 1 year from original issue date as of December 31.
 - Ex. - Check issued June 1, 2013 is reportable March 10, 2015
- Conduct outreach:
 - First class (at least 90 days before report due date)
 - Certified mailings (\$1,000, at least 60 days before report due date)
 - Track responses/re-issuance
 - Mark returned mail
- Prepare report:
 - Owner details (payee name, address)
 - Account details (check amount, date)
- Submit report and remittance.



REPORTING TIMELINE

- ❖ By December 10
 - First class mailing completed
- ❖ By January 10
 - Certified mailing completed
- ❖ On March 10
 - Final Report and Remittance Due



REPORTING 1, 2, 3

- Enter Owner and Account Details:
 - Download software or file format - www.osc.state.ny.us/ouf/oufhandbook/materials.htm
 - Export file can be sent via CD/DVD or FTP
 - Paper Form AC2686 - 20 items or less
- Prepare Summary - Verification and Checklist Form AC2709
 - Provide name and contact information
- Send Remittance – journal voucher, check or ACH

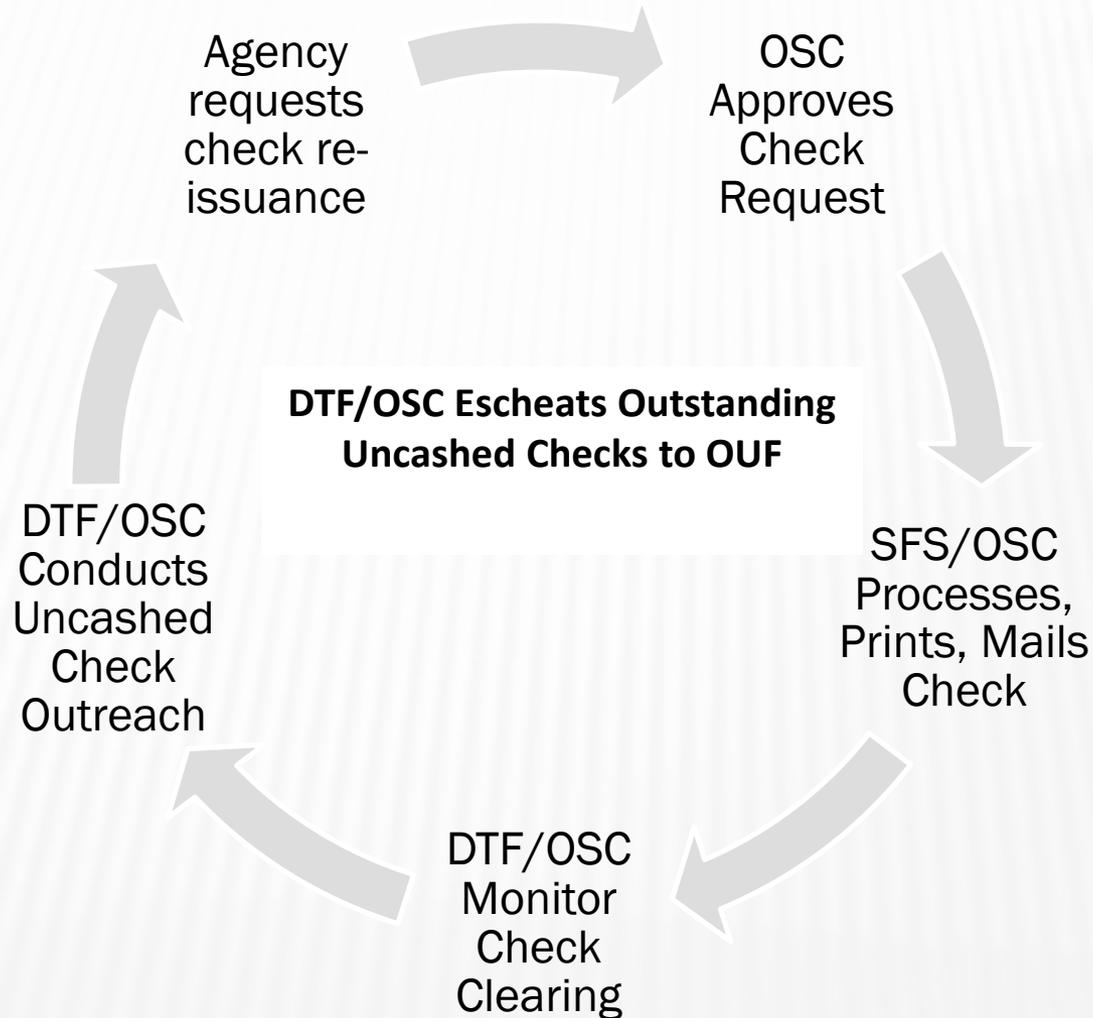


SFS ISSUED CHECKS

- ❖ OSC and Treasury will conduct outreach and report for Joint Custody and Sole Custody Accounts through SFS
 - Outreach letters for uncashed checks issued by SFS in 2013 will be mailed in November 2014.
 - Originating agencies are the point of contact for the payee to request reissuance – see copy of Outreach Letter.
 - Checks issued by SFS in 2013 will be remitted to OUF on March 10, 2015.



SFS ISSUED CHECKS



REPLACEMENT CHECKS - TREASURY

- ❖ Signed outreach letters serve as authorization for check reissuance. Return completed letters to:

NYS Division of the Treasury

PO Box 22119

Albany, NY 12201-2119

or fax to 518-435-8625

- ❖ Address changes must be updated in SFS prior to submitting the outreach letter to Treasury.



REPLACEMENT CHECKS - OSC

- ❖ Signed outreach letters that are returned should be treated as a written request for reissuance of a refund check.
- ❖ Email the Bureau of State Accounting Operations Refund Unit at revtax@osc.state.ny.us.
- ❖ Include the account name, check number, date, amount, and payee.



REPLACEMENT CHECKS - OSC

- ❖ The OSC refund unit will check with the bank to verify that the check has not been cashed after the outreach letter was returned to the agency, and then process the agency's cancellation request.
- ❖ Also a SFS query run daily to confirm cancellations – email RevTax to receive a copy instead of transmittal letters.

A more comprehensive overview of the refund process is available in the Guide to Financial Operations, Section XII.9.G.



PROCESS IMPROVEMENTS

- ❖ Consistent outreach process and letter format to vendors, state citizens and others for all warrant types.
- ❖ Streamlined business process – leverages existing agency business processes for check replacement and closing the voucher.
- ❖ Bank account used for issuing original check will be used for replacement checks with an audit trail.
- ❖ Replacement checks will be issued with a different check number.
- ❖ Check Clearing Data – available in SFS, extract available.

