

CAMPBELL UNIVERSITY ESCHEATS AND UNCLAIMED PROPERTY POLICY

(This policy was developed at the direction of the Vice-President for Business and Treasurer of the University and created to support current operating needs and processes. In accordance with the Cash Management Policy approved by the University's Board of Trustees on March 10, 2010, this policy is approved without submission to the University's Board of Trustees.)

I. PURPOSE

- (1) To establish sound cash management practices while ensuring compliance with federal, state and university regulations related to escheats and unclaimed property.
- (2) To provide management and employees guidelines of good business practices and controls to assist them in fulfilling their fiduciary duty to the University.

II. SCOPE

This policy applies to all Campbell University management tasked with policy development, implementation, and dissemination, as well as, employees responsible for identifying and reporting escheat and unclaimed property in accordance with the North Carolina Unclaimed Property Act and North Carolina General Statute (NCGS) 116B Escheats and Abandoned Property.

III. GENERAL GUIDELINES

Campbell University is committed to the development, implementation, dissemination, and annual review of a sound Escheats Policy which supports compliance with federal, state and university regulations regarding escheats and unclaimed property. This policy provides guidelines specific to the following escheats and unclaimed property objectives.

- (1) Compliance with the NC Unclaimed Property Act and NCGS 116B;
- (2) Compliance with procedures established by the NC Department of State Treasurer;
- (3) Effective monitoring of dormant accounts and escheatable items;
- (4) Due diligence and good faith effort to locate owners; and
- (5) Avoidance of Title IV funds into the escheats process.

IV. POLICY STATEMENTS

Campbell University is committed to adhering to statutes established by the North Carolina General Assembly. North Carolina General Statute 116B is specific to this policy which outlines the statutory obligations and requirements for reporting unclaimed property. Campbell University will report escheats and unclaimed property to the NC Department of State Treasurer in a manner supporting strong internal controls, timely reporting, and adhering to federal and state regulation.

By doing so, the potential for reporting non-escheatable funds is eliminated while providing audit trails to allow for review of related transactions.

The primary responsibility of reporting escheats to the NC Department of State Treasurer is a joint effort between the University Business Office and Accounting Office. This policy stipulates requirements of both offices and its employees. Extenuating circumstances requiring deviation from this policy must be in writing and approved by the Vice President for Business and Treasurer or designee.

Internal control procedures must be in place to promote the accuracy of University records and discourage fraudulent manipulation of accounting records. Procedures must also incorporate controls necessary to ensure compliance with federal, state, and university regulation. Such controls should ensure the following objectives are met:

- (1) Compliance with procedures established by the NC Department of State Treasurer;
- (2) Timely monitoring of property that is held, issued, or owed;
- (3) Timely notification when property is returned undeliverable;
- (4) Due diligence in locating property owners; and
- (5) Ensuring Title IV funds are refunded to the program within 180 days of issuance and not escheated.

Escheats Process

Effective July 1, 1971, the State Treasurer was designated the Escheat Officer for the State of North Carolina with the responsibility for collection, management, and investment of moneys in the Escheat Fund. The NC Department of State Treasurer established a four-step process to assist holders of unclaimed property in their reporting efforts. Campbell University is committed to following this four-step process.

- (1) Identify properties and evaluate dormancy requirements
- (2) Attempt to locate the owners
 - a. Items \$50 and greater require written notification
 - b. NCGS 116B-59(b) requires notification not more than 120 days or less than 60 days from the reporting due date
- (3) Prepare the report
- (4) Submit the report and remit funds due
 - a. Remit funds by check, ACH, or Wire Transfer
 - b. Record retention is required, as identified in NCGS 116B-73(a)

Timely Monitoring

The timely monitoring of property that is held, issued, or owed requires consistent and timely monitoring to reduce escheats reported and transferred to the state while ensuring compliance with regulations. Escheats management requires a unified effort between the Business Office and Accounting Office which are tasked with specific areas of review.

The Business Office primary review focus involves the following.

- (1) Student account credit balance
- (2) Unapplied student account deposits
- (3) Student refund checks returned undeliverable
- (4) Electronic student refunds (e-refunds) returned by a financial institution

The Accounting Office primary review focus involves the following.

- (1) Unreconciled accounts payable checks and electronic transfers
- (2) Unreconciled payroll checks and electronic transfers

Timely Notification and Due Diligence

The timely notification of an “apparent owner” that property is held, issued, or owed is essential to reduce escheats reported and transferred to the state while ensuring compliance with regulation. The Business Office and Accounting Office will exercise due diligence in locating property owners by utilizing data available in the university’s ERP, such as permanent address, email accounts, and telephone numbers. The university permits skip tracing to locate apparent owners, only if the vendor is contracted by the university to perform such task. All attempts to locate an apparent owner will follow strict guidelines to ensure the protection of personally identifiable and confidential information while meeting the objectives of this policy without exception.

Title IV Credit Balances

Title IV Statement: Federal regulations require the release of credit balances resulting from Title IV funds to be refunded to the student or borrower within 14 days of the disbursement date to student accounts. Campbell University is committed to adhering to federal regulations regarding refunds of excess financial aid. Credit balances are refunded to the student or the borrower within 14 days of the disbursement date. Excess financial aid resulting from a Parent PLUS loan must be refunded to the borrower unless otherwise stated by the borrower in writing. Policy permits the release of credit balance refunds to students and borrowers as soon as possible after disbursement to the student account and receipt of federal funds into the University bank account. Campbell University encourages the release of refunds via electronic refunding as directed by the student or borrower; however, students not enrolled in electronic refunding will be refunded via check which will be mailed to the student by the Accounting Office.

Eliminating Title IV Funds from the Escheats Process: Campbell University is committed to adhering to federal regulations regarding Title IV funds and credit balances. Federal regulation requires Title IV funds to be refunded to the program within 180 days of issuance; furthermore, federal regulation prohibits the escheatment of Title IV funds. The Business Office is required to ensure Title IV funds are eliminated from the escheats process through timely monitoring of credit balance accounts and adhering to federal regulation outlined in the Title IV Statement above.

The Business Office and Accounting Office combines efforts to identify and respond to student refund checks and electronic transfers (e-refunds) returned to the university. In the event a student

cannot be contacted, the returned refund must be evaluated by the Business Office to identify if Title IV funds were released via the returned item. The Business Office is required to immediately notify the Financial Aid Office of returned items involving Title IV funds that cannot be reissued. The Financial Aid Office is required to identify and calculate Title IV funds to return to the federal program in accordance with federal regulation. In accordance with the objectives set forth in this policy, due diligence is required by all university offices handling Title IV funds in any capacity to ensure compliance with federal regulation.

V. DEFINITIONS

Apparent Owner: The term “apparent owner” as used in this policy and defined by NCGS 116B is a person whose name appears on the records of a holder as the person entitled to property held, issued, or owing by the holder.

Credit Balance: The term “credit balance” as used in this policy represents payments in excess of charges posted to individual receivable accounts.

Dormancy Period: The term “dormancy period” or “abandonment period” is the period of time during which the owner of the property does not take action on his property. The dormancy period is established by the National Association of Unclaimed Property Administrators which publishes the NAUPA Class Codes and Dormancy Periods schedule. The dormancy schedule is available on the NC Treasurer’s website.

Holder: The term “holder” as defined by NCGS 116B is obligated to hold for the account of or deliver or pay to the owner property that is subject to the NC Unclaimed Property Act. The term “holder” as used in this policy refers to Campbell University.

Property: The term “property” as used in this policy and defined by NCGS 116B is money or tangible personal property held, issued, or owed in the course of a holder's business. The term includes property that is referred to as or evidenced by:

- (1) Money, a check, draft, or deposit;
- (2) Credit balance, customer's overpayment, security deposit, refund, credit memorandum, unpaid wage, unused ticket, or unidentified remittance; or
- (3) An amount distributable from a trust or custodial fund established under a plan to provide health, welfare, pension, vacation, severance, retirement, death, stock purchase, profit sharing, employee savings, supplemental unemployment insurance, or similar benefits.

Title IV: The term “Title IV” as used in this policy represents funds entrusted to the University by the U. S. Department of Education for the sole purpose of disbursing federal aid to awarded students for educational expenses. Programs authorized under Title IV of the Higher Education Act of 1965 includes federal grants which include the Pell, FSEOG, and TEACH grants; federal loans to include Stafford, Parent PLUS, and Perkins loans; and all federal work study.

VI. RESPONSIBILITIES

Accounting Office: The Accounting Office has the primary responsibility to identify and report escheatable property related to accounts payable and payroll activity to the NC Department of State Treasurer. The Accounting Office is also responsible for notifying the Business Office of student refund checks returned undeliverable and/or unreconciled to ensure compliance with federal regulation.

Business Office: The Business Office has the primary responsibility to report accounts receivable credit balances to include unclaimed student account credit balances. The Business Office is responsible for reporting receivable related escheats to the North Carolina Office of State Treasurer while ensuring Title IV funds are not escheated. The Business Office is also responsible for notifying the Financial Aid Office of Title IV credit balances undeliverable to students to ensure compliance with federal regulation.

Financial Aid Office: The Financial Aid Office has the primary responsibility to calculate and return financial aid funds to federal programs in accordance with Title IV regulation.

Vice President for Business and Treasurer and Director for Financial Management: The Vice President for Business and Treasurer is responsible for administering and overseeing the operations and procedures related to this policy.

VII. COMPLIANCE

Campbell University is committed to adhering to federal and state regulations regarding financial aid awards to students, the disbursement of financial aid awards to student accounts and the managing of federal and state funds entrusted to the University on behalf of awarded students. The Vice President for Business and Treasurer and/or the Director for Financial Management may amend this policy as deemed necessary to ensure full compliance with federal and state regulations.

VIII. EFFECTIVE DATE AND APPROVAL

The Escheats and Unclaimed Property Policy was developed at the direction of the Vice President for Business and Treasurer of the University and was created to support current operating needs and processes.

In accordance with the Cash Management Policy approved by the University's Board of Trustees on March 10, 2010, this policy is approved without submission to the University's Board of Trustees.

Executed this 9th of February, 2015



James O. Roberts

Vice President for Business and Treasurer