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| <b>System-wide Policy:<br/>FI0140 - Unclaimed Property</b> |                                   |
| <b>Version: 3</b>  | <b>Effective Date: 09/10/2018</b> |

## FI0140 – Unclaimed Property

### Topics:

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### Objective:

To provide policies on reporting and disposing of unclaimed property.

### Policy:

#### General Policy

1. The University of Tennessee is subject to the state of Tennessee's "Uniform Unclaimed Property Act," Tenn. Code Ann. § 66-29-101 et seq. and Regulations 1700-2-1-.01 through 1700-2-1-37, when it is a holder of property that is unclaimed and presumed to be abandoned by the apparent owner of the property, if the last known address of the apparent owner, as shown on the university's records, is in Tennessee or is unknown. This Act requires the university to exercise due diligence in attempting to locate apparent owners of unclaimed property in its custody and to annually report certain unclaimed property to the state. Additionally, the state of Tennessee accepts unclaimed property for which the apparent owner's last known address is in another state or commonwealth of the U.S. The state reciprocally reports this property on behalf of the university to the appropriate state or commonwealth.

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### Unclaimed Property

2. Tennessee's Uniform Unclaimed Property Act applies to unclaimed property (1) that the university owes to or is holding for other organizations or individuals and (2) for which the university has had **no contact** with the apparent owner for a minimum of one year up to the maximum statutory period.
3. Unclaimed property includes, but is not limited to:
  - Uncashed payroll checks
  - Uncashed disbursement checks
  - Uncashed refund checks
  - Uncashed miscellaneous checks
  - Unidentified remittances
  - Credit balances in accounts receivable
  - Stored Value Cards (VolCard, Mocs Card, Skykawk Card, etc.)
4. Non-cash items are considered "lost and found" items. These items are not considered to be unclaimed property and should not be reported to the state.

### Due Diligence

5. Before reporting unclaimed property as described above, the university is required to exercise due diligence in attempting to notify the apparent owner of amounts \$50 or greater with information on how to claim property. "Due diligence" is defined under applicable Tennessee law as the degree of care which a reasonably prudent person would exercise in the normal course of business operations and sending a written notice via first-class or registered mail to the last known address of the apparent owner. Such written notice must be sent not more than one hundred eighty (180) days, nor less than sixty (60) days, before filing the report with the state Treasurer. If an apparent owner of unclaimed property has consented to receive electronic mail communications from the university, the university shall send the notice by both first-class mail to the apparent owner's last known mailing address and by electronic mail, unless the university has reason to believe that the apparent owner's electronic mail address is not valid. (Property under \$50 requires no due diligence notice letter and is submitted to the state along with other unclaimed amounts from the same calendar year.)

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6. The university's notice to the apparent owner of unclaimed property must contain a heading that reads substantially as follows "Notice: The State of Tennessee requires us to notify you that your property may be transferred to the custody of the treasurer if you do not contact us within thirty (30) days after the date of this notice."
7. Mail returned as "undeliverable" is evidence that the apparent owner cannot be located. If the apparent owner cannot be located, the property should be considered abandoned and be reported to the state as unclaimed property.
8. Unreturned mail is considered a contact (presumably, the apparent owner has received the notification and is now aware of the property's location). If contact is established, the property is no longer considered to be abandoned and should not be reported to the state. If the apparent owner does not claim the property or provide the university with directions for disposing of the property within 90 days of the date of contact, the university may then assume ownership of the property. The Controller's Office will account for these funds in unclaimed property funds that remain available should the funds be claimed by owners.

### Stored Value Cards

9. Each campus or institute business office is responsible for performing due diligence on all stored value cards (VolCard, Mocs Card, Skyhawk Card, etc.) that have been inactive for at least one year and a maximum of five years and that have a balance of \$50 or greater. Detailed information associated with these cards must be maintained at the campus or institute level. Each campus or institute must compile and transmit a file of names, addresses, and social security numbers of dormant account owners, along with amounts to the Controller's Office by October 1 of each year. The list will also include balances under \$50 for which due diligence is not required. This effort must be coordinated with the Controller's Office.

### Accounts Receivable Credit Balances

10. Each campus or institute business office is responsible for performing due diligence on all credit balances in accounts receivable that have been inactive for at least one year and a maximum of five years and that have a balance of \$50 or greater. Detailed information associated with these balances must be maintained at the campus or

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institute level. Each campus or institute must compile and transmit a file of names, addresses, and social security numbers of dormant account owners, along with amounts to the Controller's Office by October 1 of each year. The list will also include credit balances under \$50 for which due diligence is not required. This effort must be coordinated with the Controller's Office. As an alternative, credit balances under \$50 and inactive for one year may be reported through the Accounts Receivable Write-off Request (Form T-35).

### Unclaimed Property Report

11. The Uniform Unclaimed Property Act requires the annual filing of the Unclaimed Property Report for all unclaimed property. The report must be submitted electronically through the "REPORT IT TN," the Tennessee Unclaimed Property online reporting portal, in the required NAUPA format. No paper reports are accepted. More information can be found on the [state Treasurer's Office website](#).

The UWA Controller's Office should compile the list of all cash items (i.e., uncashed checks, unidentified remittances, credit balances in accounts receivable, stored value cards) for the entire university and report it to the state Treasurer's Office. Reports must be filed with the state Treasurer on or before November 1 of each year and must include property presumed abandoned held as of June 30 of the appropriate reporting year. The state Treasurer may grant one 30-day extension provided a written request is received on or before November 1.

The university must retain supporting records relating to the reports for ten (10) years after the later of the date each report was filed or the last date a timely report was due to be filed, unless a shorter period is prescribed by the state Treasurer.

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### Timetable for Unclaimed Property

12. The following timetable describes the year's schedule for reporting unclaimed property.

**June 30**

End of reporting year.

**July 1 – August 31**

Controller's Office and campus or institute business offices (stored value cards and credit balances in accounts receivable) perform required due diligence on appropriate items considered abandoned.

**October 1**

Deadline for campus or institute business offices to transmit excel file of abandoned property to the Controller's Office (stored value card and credit balances in accounts receivable.)

**November 1**

Reports, verification forms and unclaimed property (cash) are due in the state Treasurer's Office.

**Note:** The university will require proper proof of ownership when individuals claim property items. The Controller's Office and campus or institute business offices have developed procedures for handling claims.

### Disposition of Non-Cash Items (Lost and Found)

13. Abandoned non-cash items may be:

- Sold at a public auction or by sealed bids in accordance with [FI0610 - Surplus Property](#);
- Donated to a local charity (if not purchased through a public sale); or

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- Discarded or destroyed if not valuable.
14. The following provisions apply to certain types of valuable property:
- **Jewelry** must be appraised and a minimum sales price established. If appraised at little or no value, the jewelry should be discarded.
  - **Coins** that appear to have a market value substantially higher than face value should be appraised and a minimum sales price set.
  - **Firearms** should be disposed of in accordance with local statutes.
  - **Dangerous items** (items of a combustible nature that are dangerous to store) should be safely disposed of as soon as possible.
  - **Illegal items** should be disposed of in accordance with instructions from the proper legal authorities.

### Payment of Claims

15. Since 1990, the university has annually remitted unclaimed property funds to the state Treasurer. Before receiving payment for claims, apparent owners must present property proof of ownership to the state Treasurer or the university. Accordingly, payment of claims for reported unclaimed property subsequent to 1990 is the responsibility of the state Treasurer.

### Confiscated Property

16. Confiscated property will not be considered abandoned and should be treated as university surplus property for disposal purposes (see [FI0610 - Surplus Property](#)). Confiscated firearms and other hazardous items should be disposed of in accordance with local statutes.

### **PROCEDURES:**

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| Chattanooga:           | <a href="http://www.utc.edu/business-financial-affairs/fiscalpolicies.php">http://www.utc.edu/business-financial-affairs/fiscalpolicies.php</a>   |
| Knoxville:             | <a href="http://budget.utk.edu/fiscal-policy/">budget.utk.edu/fiscal-policy/</a>  |
| Health Science Center: | <a href="https://uthsc.policymedical.net/policymed/home/index?ID=de47aa28-16aa-408b-9c96-cb04f232964f&amp;">https://uthsc.policymedical.net/policymed/home/index?ID=de47aa28-16aa-408b-9c96-cb04f232964f&amp;</a> |

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| Institute of Agriculture: | <a href="http://ag.tennessee.edu/Pages/UTIApolicies.aspx">ag.tennessee.edu/Pages/UTIApolicies.aspx</a>       |
| Martin:                   | <a href="http://utm.edu/departments/finadmin/procedures.php">utm.edu/departments/finadmin/procedures.php</a> |

**FOR MORE INFORMATION:**

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**Related Policies:** [FI0610 - Surplus Property](#)