



Escheatment Compliance & Process Review

TOWN OF TRUMBULL, CT

January 31, 2017
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January 31, 2017

Mrs. Elaine Hammers, Chairperson
Town of Trumbull Board of Finance
5866 Main Street
Trumbull, CT. 06611

Dear Mrs. Hammers,

I respectfully submit the enclosed report entitled Escheatment – Compliance & Process Review.

The objectives of this audit were to:

- Ensure an Escheatment Policy & Procedures document existed for the Town of Trumbull.
- Ensure the Town was compliant with State of Connecticut annual filing obligation.

Respectfully submitted,

Therese Keegan
Financial/Accounting Controls Analyst

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Overview

All states require reporting when personal property has been abandoned or unclaimed for a period of time specified by state law. State of Connecticut mandates funds should be reviewed and potentially identified as unclaimed or abandoned once diligent efforts to contact the owner are unsuccessful for a period of time exceeding 3 years. At that point, the holder reports the amount to the state and the state becomes the owner through a process called "escheatment".

All holders are responsible for filing reports including state, county, and city governments, political subdivisions, public authorities, public corporations, estates, trusts or any other legal or commercial entities. If you are based in Connecticut, you must file a report every year even if there is nothing to report. This is referred to as "negative reporting."

The unclaimed and abandoned funds are reported to the State of Connecticut Office of the State Treasurer who holds the funds until the owner submits a valid request. The state will then return the funds to the owner, but does not include interest covering the time after escheatment.

A State of Connecticut website provides reporting guidance for holders of unclaimed or abandoned funds: http://www.ott.ct.gov/unclaimed_overview.html as well as information on how individuals and businesses can search for unclaimed property that may have been reported in their name: <http://www.ctbiglist.com/>

Departments involved

Any Town of Trumbull department that issues checks for any reason may encounter situations of uncashed (unclaimed) funds.

Escheating process and timeline

A. Holder to notify owner, by first class mail directed to the owner's last-known address, that property is under review for escheatment and will be transferred to the State of Connecticut if contact cannot be made. This is to be done irrespective of dollar amount.

- | | |
|--|--|
| • If wages, salaries, commissions, or other compensation | Send letters up to 180 days prior to presumption of abandonment |
| • All other property types | Send letters within one year prior to presumption of abandonment |

- B. Holder allows 45 - 60 days for responses to letters, then reissues funds to owner or prepares to escheat.
- C. Property in Connecticut is presumed abandoned as of December 31st of each year. Unclaimed property holder reports are due to the Office of the Treasurer within 90 days after the presumption of abandonment, March 30 at the latest.
- D. The State website provides:
- free versions of HRS Pro and UPEXchange for download and completion
 - a list of property codes with dormancy periods by category
 - a coversheet providing holder information
- E. The following information is required for each amount to be escheated,:
- code, from state list
 - owner's name and last known address
 - owner's social security number or business taxpayer identification number
 - date of last transaction with owner
 - amount to be remitted
- F. Once complete, the NAUPA formatted file must be copied to CD ROM or flash drive and sent to the State of Connecticut Office of the State Treasurer with a signed notarized coversheet and payment.

Findings & Recommendations

Finding #1: There is no written policy or documented procedure document available. Escheatment is an annual process required by the State of Connecticut, without regard to dollar amounts.

Recommendation: A proposed Policy & Procedures document has been prepared and will be added to the in-process Accounting Manual. The proposed document is included in the Appendix, page 8.

Management Response: Agree with the need for a Policy, which will be added to the Accounting Manual. This will ensure the process is not lost due to employee turnover.

Finding #2: Although annual filings are required by State of Connecticut law, the last date of the submission could not be determined. Failure to timely report abandoned or unclaimed property could open the Town up to assessed interest at 15% per year from the date the property should have been reported. Reporting is required even if there are no amounts to report.

To catch the process up, check requisitions were prepared as follows:

Accounts Payable					
Aging	# O/S	\$ O/S	Reissued	Escheated	Reversed
Current	14	2,736	N/A	N/A	N/A
2007 - 2010	28	2,972	17	10	1
2011 - 2013	24	2,763	8	15	1
	66	8,470	25	25	2

Payroll					
Aging	# O/S	\$ O/S	Reissued	Escheated	Reversed
Current	18	3,111	11	N/A	N/A
2007 - 2010		-			
2011 - 2013	2	132	1		1
	20	3,243	12	0	1

Recommendation: Town of Trumbull must file annual reports as mandated by State of Connecticut law.

Management Response: Last report was filed in 2008 and process did not carry forward upon employee turnover. We are now current with requirements and will continue with annual filings going forward.

Appendix

Town of Trumbull
Proposed Escheatment Policy

Escheatment

1. Overview

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3. Escheating process and timeline

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