

FOR HOLDERS

How to Build Your Unclaimed Property Department



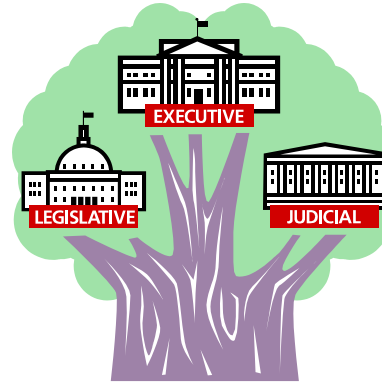
Benefits of Compliance

□ Benefits:

- Maintains good customer relationships
- Reunites unclaimed property with rightful owner
- Reduces your audit risk

Benefits of Compliance

- Required By Law



- It's a Consumer Protection Act



Sarbanes-Oxley Act

Section 404 Compliance:
Strengthened business
practices by mandating
stronger internal controls
and requiring financial
statements to be certified by
the executive officers.
(accountability)

www.pcaobus.org



- Sarbanes-Oxley Act of 2002
Section 404
Compliance

FASB Statement No.5: Accounting for Contingencies

This Statement establishes standards of financial accounting and reporting for loss contingencies. It requires accrual by a charge to income (and disclosure) for an estimated loss from a loss contingency if two conditions are met: (a) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements, and (b) the amount of loss can be reasonably estimated. Accruals for general or unspecified business risks ("reserves for general contingencies") are no longer permitted. Accounting for gain contingencies under Accounting Research Bulletin No. 50, Contingencies, remains unchanged; they are recognized when realized.

Elements of Success



Elements of Success

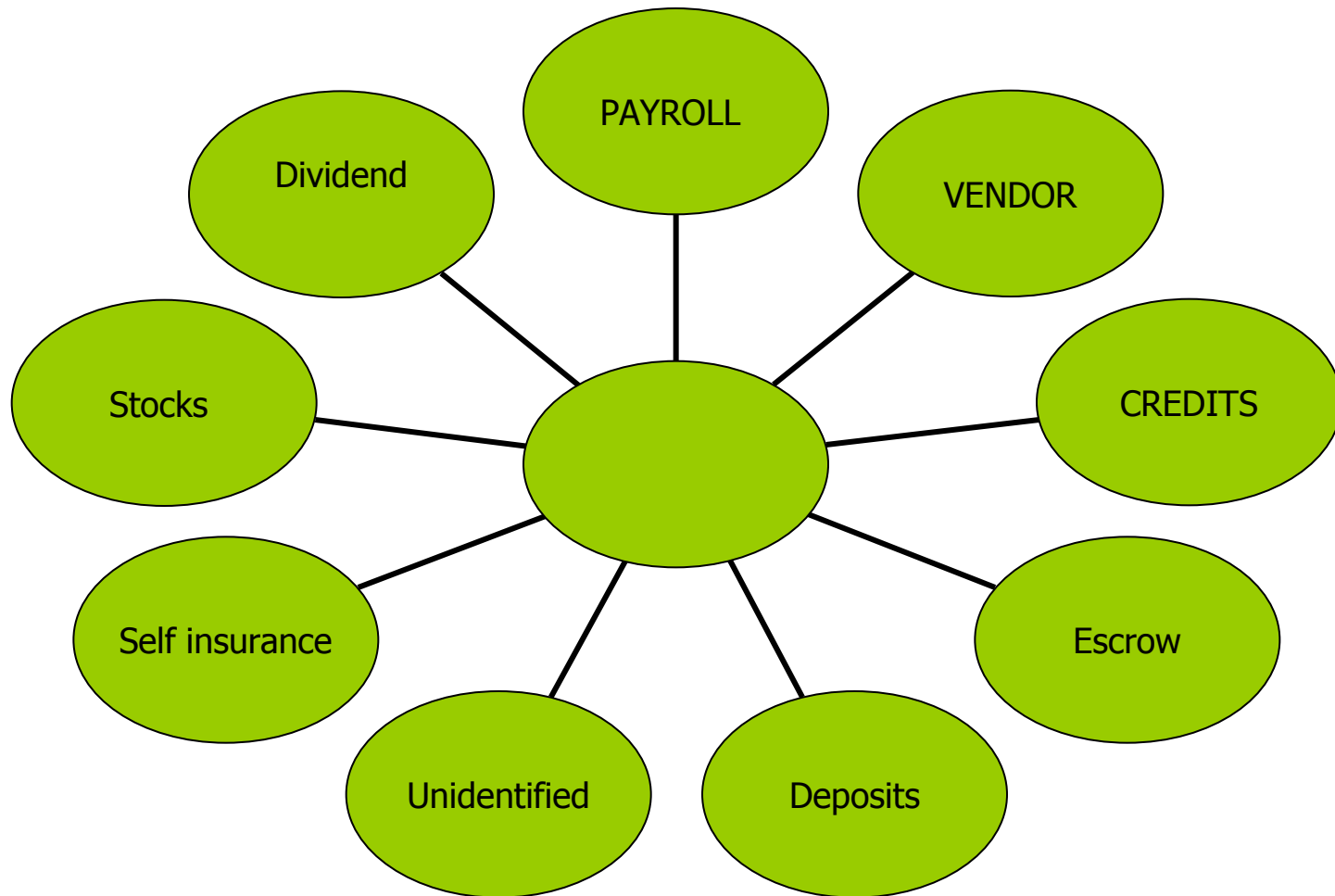
- ❑ Management commitment to compliance
- ❑ Departmental cooperation
- ❑ Clear lines of Responsibility & Authority
- ❑ Policies & Procedures
- ❑ Strong internal & operational controls

Management Commitment

- ❑ Sets the tone from the top down
- ❑ Communicates commitment to compliance
- ❑ Provides education and technical support
- ❑ Encourages departmental cooperation
- ❑ Assigns responsibility of U.P. reporting
- ❑ Instructs third party administrators



Bring key players together

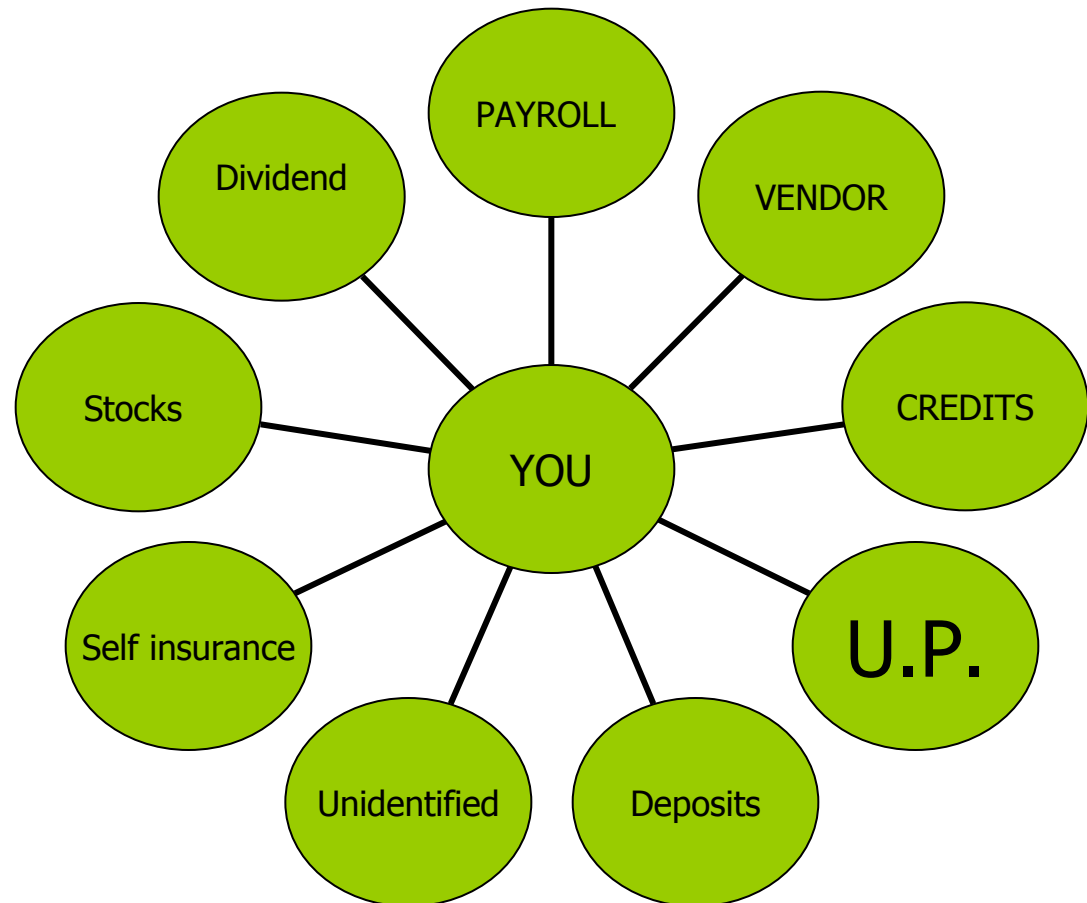


Management Commitment

- Departmental Cooperation
 - Preserve Integrity of data
 - Define the Flow of data
 - Define a uniform data format
 - Develop timelines
 - Communicate expectations
 - Clear lines of responsibility and authority

Responsibility & Authority

Assign
Responsibility
of filing
Unclaimed
Property
Reports.



Policies & Procedures

- ❑ Develop for each **process** which might AFFECT or GENERATE unclaimed property.
- ❑ Potential weaknesses
 - Write off's
 - Conversions
 - Mergers\acquisitions
- ❑ Unclaimed Property Liability account



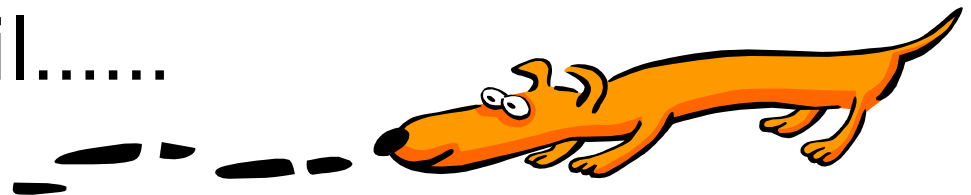
Policies & Procedures

❑ **PREVENTION:**

Steps in procedures to prevent property from becoming unclaimed.

Example: Pre abandonment notices on returned mail

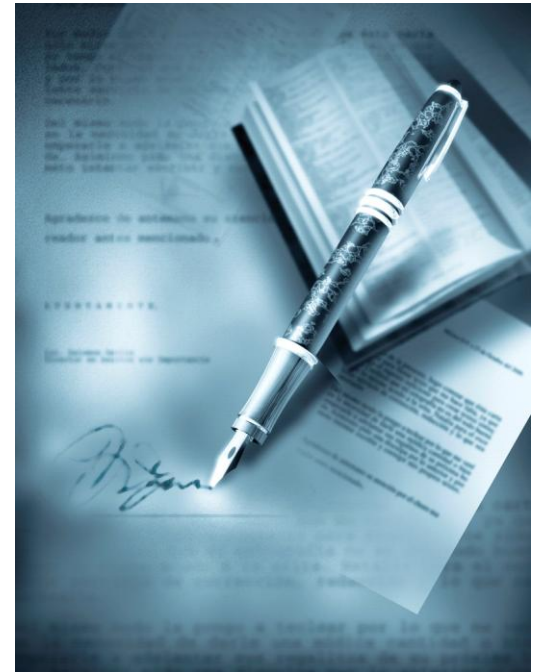
❑ Follow the trail.....



Policies & Procedures

Common Control objectives:

- Data integrity (accurate & complete)
- Clear lines of responsibility & authority
- Timeliness
- Record retention policies
- Strong internal controls



Internal & Operational controls

- ❑ Transactions are properly authorized
- ❑ Assets are safeguarded against unauthorized use
- ❑ Transactions are properly recorded
- ❑ Segregation of duties

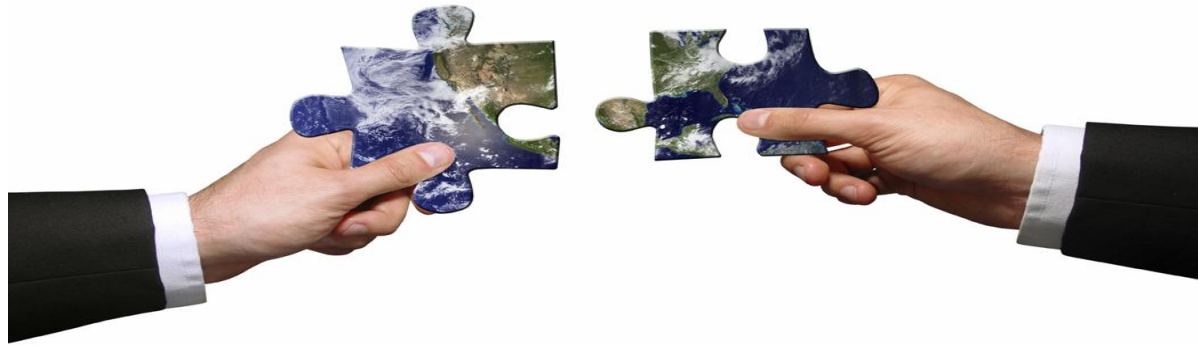


Internal & Operational controls

Internal Controls & Fraud prevention

- Set up Unclaimed Property liability account subject to a **high level** of internal controls.
- Track and monitor activity in and out of UP liability account.
- Require supervisory review and approval for all transactions in and out of the unclaimed property liability account.
- Have internal audit review unclaimed UP account activity.

Elements of Success



EACH PIECE IS AS SIGNIFICANT AS THE OTHER

Summary

- Unclaimed Property Act is the Law
- Unclaimed Property Act is a Consumer Protection Act
- Maintains good customer relations

Resources

- National Association Unclaimed Property Administrators
 - www.unclaimed.org

- Unclaimed Property Professionals Organization
 - www.uppo.org

- Missing Money
 - www.missingmoney.com

*Presented by the Office Of
John D. Perdue
West Virginia State Treasurer*

