



State of North Carolina

Office of the State Controller

Michael F. Easley, Governor

Robert L. Powell, State Controller

July 23, 2007

MEMORANDUM NO. PYR2007-004

TO: All Agencies and Universities Served by the Office of the State Controller Central Payroll Section

FROM: Edith Cannady
Central Payroll Section Manager

SUBJECT: Requirements for Processing Escheats

According to G.S. 116B-60, all outstanding checks that were issued prior to July 1, 2006 must be escheated to the North Carolina Department of the State Treasurer by November 1, 2007. A report is available under the Systemware title OSCPX O/S CKS-TO BE ESCHEATED that lists all outstanding checks that are eligible for escheat. Please review this list carefully and perform the following:

- Verify that uncashed checks listed represent valid liabilities.
- Evaluate checks issued in December to determine if any are invalid and should have been cancelled prior to year end.
- Confirm that none of the outstanding checks on the escheat list are payable to another state agency or university.

Invalid Outstanding Checks

All held checks that are invalid should be returned to the Office of the State Controller (OSC) Central Payroll Section for the removal of the outstanding payment from the bank reconciliation file. Invalid payments to a State employee will require that the employing agency or university request the issuance of a W-2C to correct prior year taxable wages (see procedures for requesting Form W-2C on the OSC website.) Qualified checks will be removed from the outstanding check list and the payment amounts reimbursed to the agency or university, as appropriate. All invalid outstanding checks must be returned to Central Payroll prior to August 6, 2007.

Outstanding Payments to a State Agency or University

It is important to confirm that none of the outstanding checks on the escheat list are payable to another state agency or university. Per Memorandum No. SAD 04-12, issued on December 23, 2003, entities within the State of North Carolina cannot escheat checks that have been issued to another state entity. Specific instructions regarding payments to other state entities are covered in the referenced memorandum, which is accessible at the Office of the State Controller's web site, www.ncosc.net.

Central Payroll will issue escheat notifications to payees of all outstanding checks on August 8. While no agency or university is now required to send the escheat notification, a sample letter is attached to assist in answering questions that may arise. Any affidavits received by the employing agency or university

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1410 Mail Service Center
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State Courier: 56-50-10
Website: www.ncosc.net

LOCATION
3512 Bush Street
Raleigh, NC

should be forwarded to and received by Central Payroll no later than the close of business on September 28 in order to meet the escheat process deadline. Questions related to this procedure should be directed to Joyce Blackmon at joyce.blackmon@ncosc.net or the OSC Support Services Section at (919) 875-4357 (HELP).

Attachment

Cc: John Morgan, Business Services Manager
Central Payroll Section Staff