

**STATE OF FLORIDA DIVISION OF
UNCLAIMED PROPERTY AUDIT MANUAL**

DFS-UP-220
Effective date 04-27-09
Incorporated into Rule 69I-20.050, F.A.C.

SUBJECT: SCHEDULING EXAMINATIONS

PURPOSE: To describe the procedures used to schedule an examination.

DISCUSSION: In order to maximize productivity and to minimize the inconvenience to the holder, examinations are to be performed upon written notice to the holder and upon holder confirmation of an examination date.

PROCEDURES:

I. SCHEDULING EXAMINATIONS

- A. Select candidates for an audit.
- B. Telephone selected candidates announcing audit intentions and select a mutually agreeable date NOTE: All phone conversations should be recorded in the audit program work papers.
- C. An entrance letter confirming the examination starting date and requesting records is sent to each candidate. NOTE: A copy of all correspondences should be included in the audit program work papers.
- D. Make arrangements for accommodations and transportation if needed.

II. CONFIRM EXAMINATION

- A. Approximately one week prior to audit contact holder to confirm audit date and time.
- B. Inquire as to any questions the holder may have.

III. RE-SCHEDULING EXAMINATIONS

- A. After entrance letter is sent, holder may desire to reschedule the audit.
 - 1. Encourage holder to keep original date scheduled
 - 2. Reschedule audit as soon as possible. Interest will begin accruing on any demandable property found on audits that are rescheduled more than 120 days from original audit date (See Procedure "Interest Calculation")
 - 3. Send letter confirming both the new audit date and that interest will be accruing if applicable.
- B. Holder may request to re-schedule audit a second time.
 - 1. Advise holder that interest will begin accruing from the first rescheduled examination date for any demandable property found (See Procedure "Interest Calculation")
 - 2. Select rescheduled audit date.
 - 3. Send letter confirming both new audit date and that interest begins accruing.

SUBJECT: PRE-ENTRANCE REQUEST

PURPOSE: To describe the procedures used to confirm an examination and request information.

DISCUSSION: Prior to examination, the Auditor-In-Charge notifies holder of date of examination by phone and follows-up with a letter confirming date and requesting information.

PROCEDURES:

I. CONTACT PERSON VIA TELEPHONE TO:

- A. Explain briefly the audit program and areas that will be examined.
- B. Obtain general information about the Holder
 - 1. Nature of business
 - 2. Number of employees
 - 3. Number and types of disbursement accounts
 - 4. Location of records
 - 5. Inquiry about subsidiaries and parent company (expand Audit Program as necessary)
- C. Confirm date for examination to begin.
- D. Establish arrival time.
- E. Ask for directions to exam site.
- F. Request working hours.
- G. Ask if parking is available.
- H. Inquire as to nearby hotels.
- I. Inquire regarding work space availability.

II. SEND ENTRANCE LETTER

- A. Context of letter should confirm the following:
 - 1. Date examination begins.
 - 2. Arrival time.
 - 3. Number of auditors
- B. Request the following general records:
 - 1. Prior unclaimed property reports including supporting work papers.
 - 2. Internal memos or legal opinions relating to unclaimed property.
 - 3. Accounting and operational policies and procedures pertaining to unclaimed property.
 - 4. Records retention schedule.
 - 5. Copy of the latest financial report including notes.
 - 6. Descriptive Chart of Accounts.
 - 7. Bank reconciliations and outstanding check listings for all active and closed disbursement accounts for the past Ten (10) years along with their respective bank statements. The outstanding check lists should include check issue dates.
 - 8. Written documentation of check voiding policy and how outstanding checks are cleared.
 - 9. Detailed general ledger for the last month of the last fiscal year which includes closing and adjusting entries.
 - 10. Detail of any general ledger accounts containing unclaimed property.
 - 11. General journal entries for the past Ten (10) years, including closing and

- adjusting entries.
12. Accounting procedures concerning unidentified remittances and detail of any account(s) containing unidentified remittances.
 13. If applicable, aged accounts receivable credit balance reports
 14. If applicable, listing of institutions acting as dividend or bond paying agents and/or stock transfer agents for the holder and its subsidiaries, if a publicly held company, note if more than one agent.

SUBJECT: NO DATE PROPERTY

PURPOSE: To describe the procedures used to evaluate and schedule no date property.

DISCUSSION: During the course of the examination unclaimed property may be identified which cannot be adequately aged or dated due to insufficient record keeping by the holder. In these instances, an auditor must make a reasonable and supportable determination as to whether the property should be classified as demandable, reportable, or reinstatable.

PROCEDURES:

I. EVALUATING PROPERTY

- A. Attempt to date property based on available records by:
1. Examining sequence of check numbers, certificates, patient or customer numbers, any other property identification numbers.
 2. Determining length of time present chart of accounts or selected accounts have been in use.
 3. Establishing conversion date.
 4. Reviewing operational characteristics of holder including stock offerings, new product offerings, the opening of new stores, plants, etc.
 5. Analyzing holder's reporting history.

II. SCHEDULING PROPERTY

- A. Provided that the preceding evaluations were performed and given that current records are generally more accurate than historical records, any property which cannot be reasonably dated will be treated as demandable subject to the requested research of the holder. Interest will be charged from May 1 of the current year. Property which can be reasonably aged will be scheduled in accordance with Procedure "Demandable, Reportable, and Reinstatable Property".

SUBJECT: LOCATING AND EVALUATING HISTORICAL RECORDS

PURPOSE: To describe the procedures used in determining the oldest records required for the examination, and in locating and evaluating said records.

DISCUSSION: Due to the long-term nature of unclaimed property dormancy periods complications are continually encountered in relation to the availability of records or the lack of certain types of records.

PROCEDURES:

I. EXAMINATION SCOPE

- A. Normally research the last five years.
- B. If noncompliance is evident, research as far back as needed or allowed by law.
- C. If holder is in compliance, it is not necessary to extend the scope of the audit.
- D. If the first report filed covers the entire reach back period permissible under the law, further research is not required.

II. LOCATING RECORDS

- A. Determine that the records exist.
 - 1. Examine record retention manuals.
 - 2. Interview key employees.
 - 3. Review oldest available written procedures, memos, and files.
 - 4. Establish record keeping practices from audit trail.
- B. Verify the location of the records
 - 1. Determine who has control of the records.
 - 2. Examine records storage areas.
 - 3. Inspect the records.
- C. If records are not available, request the holder to state in writing that the records do not exist.

III. EVALUATING RECORDS

- A. Determine the existence of required records.
- B. Age available documentation and recorded activities.
- C. Decide if available documentation is adequate to calculate and support examination findings as needed.
- D. Prepare an estimate from available records if holder's record retention is inadequate and there is evidence of noncompliance and the holder is incorporated in Florida (See Procedure - "Estimates").

SUBJECT: ESTIMATES

PURPOSE: To review the conditions and circumstances requiring the performance of estimates and to recommend procedures to be used in computing estimates.

DISCUSSION: Per Statute, the availability of the holder's records and cost benefit determinations may compel the audit staff or the holder's personnel to estimate the value of demandable and reportable property. For amounts in excess of \$50.00, every reasonable effort should be undertaken to ensure that the reporting of all available last known names and addresses will not be jeopardized by performing an estimate.

PROCEDURE:

I. DETERMINE IF ESTIMATE IS APPLICABLE

- A. Justification to perform an estimate is based on the state of incorporation of the holder, the location of the payees and the holder's accounting methods. Based on records and other information available, an estimate may not need to be performed for all allowable years if it appears that the current pattern of unclaimed property did not exist in prior periods. Also, if an estimate is allowable, but the average amount of unclaimed property identified per year is less than \$100.00, an estimate will not need to be performed for prior years.

II. REACH BACK PERIOD

- A. If the holder has never filed a report, positive or negative, review records and/or estimate back 10 years or to the date the holder began doing business, whichever the more recent.
- B. If the holder has filed reports, positive or negative, review records and/or estimate as allowed by law back 10 years or to the date the holder began doing business, whichever the more recent.

III. RECORDS UNAVAILABLE

- A. If the holder is incorporated in Florida, or 100% of the holder's account represents FL payees and the holder is incorporated outside of FL, and the holder's record retention policy limits the scope of the examination, a review of the available records should be used to estimate areas of noncompliance for the periods in which the record keeping was inadequate.
- B. If records are not available, request the holder to state in writing that the records do not exist.
- C. Method of Estimation.

IV. RECORDS AVAILABLE

- A. The Auditor-in-Charge should determine whether an estimate performed by the audit staff or by the holder's personnel would generate the most accurate and cost effective assessment.
- B. If records are not available, request the holder to state in writing that the records do not exist.

C. Method of Estimation.

V. VALIDITY OF FINDINGS

- A. When holder research is not feasible or past records are not available for 100% of the findings, a sampling may be performed to determine accounting errors. The result will be applied to the total population.
- B. Inform the holder that the result of the sample will be applied to the total population.

VI. APPORTIONMENT FOR OTHER STATES

- A. In the event that property is due other states, apportionment may be performed.
- B. Have holder sign mutually agreed upon method of estimation

SUBJECT: DEMANDABLE, REPORTABLE, AND REINSTATABLE PROPERTY

PURPOSE: To describe the property classifications used in the "Statement of Examination Findings" which serve to inform the holder of the status of the various items of unclaimed property.

DISCUSSION: In order to assist the holder in complying with the audit findings, unclaimed property identified during the audit is divided into the following three classifications: Demandable, Reportable, and Reinstatable. By placing the property into these classifications, the holder is better able to account for the property and report it when due.

PROCEDURE:

I. DEMANDABLE PROPERTY:

Property included in this category should have been paid or delivered in prior years. The holder may deduct from this amount any property that is returned to the rightful owner or deemed accounting errors.

II. REPORTABLE PROPERTY:

Property included in this category is still on the books of the holder (credit balances, outstanding checks, etc.) which should now be reported but is not yet late. The holder may deduct from the audit findings any amounts that are returned to the rightful owner or deemed accounting errors.

III. REINSTATABLE PROPERTY:

Property included in this category is due in future years that the holder has taken into income. This amount less any items returned to the rightful owner or deemed accounting errors will be reportable in the future based on the applicable statutory holding period.

SUBJECT: INTEREST CALCULATION

PURPOSE: To outline the procedures used to calculate interest due on demandable property.

DISCUSSION: Interest is charged at the rate prescribed in Florida Statute.

PROCEDURE:

1. Separate demandable property into groups according to the year the property was due.
2. Calculate the number of full years each group of unclaimed property is overdue based on the April 30 due dates
3. For each group, multiply the total property amount by the number of full years times current rate.
4. To determine the interest due on the partial year, calculate the number of days from the last April 30 due date to the audit date. Divide this figure by 365 days. Multiply this fraction by the total of all demandable property. This figure should then be multiplied by current rate.
5. Add the total demandable property plus interest to arrive at the total now due.
6. Inform the holder on the "Statement of Examination Findings" of the daily rate at which interest is accruing on the demandable property. This rate is calculated as follows: $(\text{Total demandable property} \times \text{current rate}) / 365 \text{ days}$.
7. If holder does not respond by due date given in the audit report, interest will begin accruing from audit due date. If holder requests more time, an extension may be granted up to six months, but interest will begin accruing at the original due date. Use 12% per annum.

SUBJECT: PROBLEMS WITH HOLDERS

PURPOSE: To develop guidelines for auditing holders who view an Unclaimed Property audit as an inconvenience and are not cooperative.

DISCUSSION: An occasion may arise where the holder does not agree with:

1. the need to file a report;
2. the scope of the audit;
3. the records requested;
4. the property identified.

When this occurs the auditor should document all discussions with the holder that take place before, during, and after the audit.

PROCEDURES:

I. HOLDER'S ATTITUDE BEFORE THE AUDIT

- A. If holder attempts to delay audit
 1. Be polite
 2. Offer a choice of two dates
 3. Select a date and set an arrival time (See Procedure "Scheduling Examination")
- B. If holder objects to records requested
 1. Submit a records request
 2. Adhere to normal audit routine
 3. Expand as necessary to obtain information
- C. If holder protests examination and/or types of property to be reviewed, refer to applicable sections of the Florida Statutes

II. HOLDER CONDUCT DURING THE AUDIT

- A. Working conditions intolerable
 1. Request more appropriate conditions
 2. Consider general conditions available
- B. Holder delays in obtaining requested information
 1. Access to record areas speeds audit process
 2. Remain on site to see if records arrive
 3. Leave record request
 4. Set a time to return to review records
- C. Holder denies access to employees who prepare records and/or record storage areas
 1. Remind holder that the audit will proceed faster
 2. Refer to the section of Florida Statutes that authorizes the examination of records

III. HOLDER CONDUCT AFTER THE AUDIT

- A. Protest audit (See Procedure "Audit Protest")
- B. Disagree with findings
 1. Review each area with holder

- 2. Negotiate compromise (with administration's approval)
- C. Review with holder penalty for failure to file

IV. COMMUNICATION WITH HOLDER DURING AUDIT

- A. Adhere to the Statutes
- B. Be consistent-refer to conclusions reached on prior audits
- C. Keep holder informed during the audit
- D. If there are difficult issues, research and follow up with the holder later
- E. Record in auditors notes discussions taking place during the audit
- F. Give holder schedules of property identified (if possible, Statement of Examination Findings) at conclusion of field work
- G. Request records needed to complete audit

V. AUDITOR INVOLVEMENT

- A. Keep Audit Manager informed of any problems encountered during the audit
- B. Make Audit Contact aware of inappropriate conduct of holder employees

VI. HOSTILE HOLDER

- A. Under no circumstances does the audit staff tolerate abusive language from the holder.
- B. Explain that if abuse does not stop, the audit staff will vacate immediately and report back to management.
- C. Document the nature of abuse and the employee administering the abuse.

SUBJECT: AUDIT EPORT

PURPOSE: To describe the procedures used in preparing a standardized audit report of unclaimed property.

DISCUSSION: After audit field work is completed, a closing conference is held with the holder's personnel. At this time, a rough draft of the Statement of Examination Findings and/or potential audit findings are furnished to the holder and explained in detail. Upon completion of research by the holder, a final audit report is prepared and mailed to the holder.

PROCEDURES:

I. TITLE PAGE

- A. Holder's name, city and state
- B. Audit Cut-Off Date

II. CONTENTS PAGE

- A. Letter to holder
- B. Statement of Examination Findings
- C. Management Advisory Comments
- D. Schedules of Examination Findings
- E. Other Supporting Schedules i.e. Estimates

III. LETTER TO HOLDER

- A. Non-Compliance Letter, if holder is not in compliance with the Escheat and Unclaimed Property Law.
- B. Compliance Letter, if holder is in compliance with the Escheat and Unclaimed Property Law.

IV. STATEMENT OF EXAMINATION FINDINGS

- A. Property should be listed by type and due date and is categorized as demandable, reportable, and/or reinstatable.
- B. Definitions for amounts demandable, reportable, and reinstatable are at the bottom of the page.

V. MANAGEMENT ADVISORY COMMENTS

- A. Includes any reporting or internal control weaknesses noted during the audit, and refers to the appropriate paragraph of statute.
- B. Condition is stated and followed by a recommendation.
- C. Holder response to recommendation, if necessary.

VI. SCHEDULES THAT SUPPORT THE STATEMENT OF EXAMINATION FINDINGS

- A. Include the Schedules of Examination Findings if not bulky

- B. Include any estimate calculations used to arrive at the figures on the Statement of Examination Findings

SUBJECT: AMENDED FINDINGS

PURPOSE: To describe the procedures employed if in receipt of amended figures to audit findings.

DISCUSSION: After audit field work is completed the holder furnishes the audit staff additional documentation which may result in an amended audit report.

PROCEDURE:

I. MINIMUM ADJUSTMENTS VOLUMINOUS SCHEDULE

- A. Strike through changes with diagonal line.
- B. Strike through page totals with diagonal line and record new total.
- C. Alter or strike through all schedules and audit report.
- D. Use sufficient tick marks and notations.

I. AFTER FIELD WORK AND BEFORE AUDIT REPORT IS ISSUED:

- A. Verify and reconcile amended documentation to the original workpapers.
- B. Place amended work papers and documentation in front of original workpapers using the same workpaper numbers with a prefix "A" denoting amended.
- C. Change Schedule of Examination Findings by striking through original findings and replace with amended figures. (NOTE sections accordingly)
- D. If on computer worksheet, amend figures.
- E. Prepare audit report and audit remittance control using amended figures.

II. AFTER AUDIT REPORT IS ISSUED:

- A. Verify and reconcile amended documentation to the original workpapers.
- B. Place amended workpapers and documentation in front of original workpapers using the same workpaper numbers with a prefix "A".
- C. Place amended Schedule of Examination Findings in front of original schedule using the same workpaper number with an "TA" prefix. Strike through original schedule with a Diagonal line and Note accordingly.
- D. Place amended section in front of original schedule using the same workpaper number with an "A" prefix. Strike through original schedule with a diagonal line and Note accordingly.
- E. Place amended Audit remittance control in front of original schedule using the same workpaper number with an "A" prefix. Strike through original schedule with a diagonal line and Note accordingly.

SUBJECT: REMINDER NOTICES

PURPOSE: To send reminder notice and reporting forms to holders that have been audited, reminding them of their obligation to comply with audit findings.

DISCUSSION: Reports are due on April 30. Reports should include audit findings and give explanation for any reductions of audit findings.

SUBJECT: FOLLOW-UP AUDIT FINDINGS

PURPOSE: To describe procedures used to ensure that the holder properly responds to an audit report and annual filings.

DISCUSSION: The date for a holder to respond to or comply with an audit is stated in the audit report. Frequently, the holder is delinquent or does not remit the proper amount.

PROCEDURE:

I. AUDIT REPORT

- A. The agreed upon date of compliance is to be included in the audit report that is mailed to the holder. (Maximum period granted for compliance is 120 days). If the holder requests more time, extensions may be granted up to six months, but interest will be accruing after 120 days. (See Procedure "Interest Calculated").
- B. The Manager records all audit findings and the agreed date of compliance on the Monthly Activity Report.

II. REPORT WITH REMITTANCE

- A. When the report with remittance is received, the report with remittance is delivered to the Manager to review.
- B. The Manager will compare the report to the "Statement of Examination Findings".
- C. If satisfied with the report, the Manager will update the Audit file. The Manager will then complete the Monthly Activity Report.
- D. If not satisfied with the report, the Manager will consult with the Auditor in Charge and the holder to reconcile any differences. The audit file will remain open until all areas are resolved.
- E. If, after demandable amounts are received, reportable and/or reinstatable amounts remain due in future years, the audit file is placed in the open files.
- F. When all findings have been reconciled, the Manager will close the audit file.

III. NO REPORT RECEIVED

- A. Beginning June 1, the Manager obtains remaining outstanding files that were due on or before April 30.
- B. The Manager reviews the reporting history to ensure that a report has not been received.
 - 1. If a report has been received, return to Procedure II above.
 - 2. If no report has been received, the audit file is given to the Manager to handle.
- C. Manager sends follow-up letter giving the holder 30 days to respond to the audit findings that were due before April 30. A copy of the letter is placed in the file.
- D. If the holder does not respond within 30 days, the Manager sends a second follow-up letter via certified-return receipt requested. A copy of the letter is placed in the file.
- E. Audit Manager receives the green return receipt requested card and attaches the green card to the letter in the file.
- F. If a report is received, return to Procedure II above.
- G. If no report is received within 30 days from the second follow-up letter, the Manager will proceed with procedure "Audit Protest"

SUBJECT: AUDIT PROTEST

PURPOSE: To describe the procedures used in handling a protest from the holder responding to audit findings.

DISCUSSION: Occasionally, the holder will not provide records requested or a legal issue will arise that will hinder the field work until resolved. The following sequential plan of action should be employed in order to reach an understanding with the holder.

PROCEDURES:

I. INSUFFICIENT INFORMATION/RECORDS TO ISSUE REPORT

- A. Discuss with holder at closing the approximate time needed to obtain information such as company research, or records needed to complete the audit (Maximum period granted is 120 days).
- B. Advise holder that interest will begin to accrue if information/records are not received by the agreed upon date.
- C. If information/records are not submitted by due date, a certified return receipt requested letter is sent advising holder that interest will begin accruing in ten business days unless information/records are submitted.
- D. If no response within ten business days, refer to Tallahassee.
- E. If holder is still unwilling to comply, an action may be brought to compel compliance.

II. INFORMATION/RECORDS AVAILABLE

- A. Legal issues raised at the closing conference outside the realm of Florida Statute may indicate to the auditor that the holder is not willing to comply.
- B. Submit all disputed facts to Audit Manager and/or refer to Tallahassee for a legal opinion.
- C. Discuss all disputed facts with administrator, reach a conclusion, release audit report and, as appropriate demand payment.
- D. If holder is unwilling to comply at this point, notify holder that interest will begin accruing as of the due date stated on the audit report for any demandable property deemed escheatable once the issue is resolved. Schedule a meeting as follows:
 - 1. Between holder and Audit Manager
 - 2. Between holder and Administrator
 - 3. If holder is still unwilling to comply, an action may be brought to compel compliance.

AUDIT PROCESS FOR UNCLAIMED PROPERTY

1. PREAUDIT STEPS			
Step	Initial	Date	Reference
1. Set up working paper file.			
2. Obtain and analyze copies of annual unclaimed property reports previously filed.			
3. Obtain and review prior working papers, findings, if any.			
4. Contact the holder by phone to:			
a. Inquire about contacts from service providers or other states' unclaimed property programs.			
b. Schedule a mutually agreeable time for an audit opening conference.			
5. Send an entrance letter to an officer of the holder company.			
6. Hold a preliminary conference to:			
a. Advise the holder of the scope of the audit.			
b. Provide an updated NAUPA brochure and explain the provisions of TX vs. NJ.			
c. Have an officer assigned as an audit liaison and source of company records.			
d. Obtain a general understanding of the accounting system and internal controls relating to unclaimed property.			
e. Advise Holder of All Agreements			
7. Request that specific holder records be made available for the audit:			
a. Copies of prior years' unclaimed property reports and the holder's supporting documents.			
b. Accounting policies and procedures relevant to unclaimed property.			
c. General ledger chart of accounts.			
d. List of subsidiaries and divisions.			
e. Most current general ledger trial balance.			
f. Latest annual report.			
g. Legal opinions relating to unclaimed property.			
h. General ledgers for selected years.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

2. PRELIMINARY FIELD REVIEW STEPS			
Step	Initial	Date	Reference
1. Obtain and review the records requested in opening conference.			
2. Complete the "Unclaimed Property General Questionnaire."			
3. Obtain and review copies of contracts authorizing charges.			
4. Obtain corporate board minutes for financial matters and accounting treatment concerning unclaimed property, as needed.			
5. Obtain any rules, regulations and by-laws of the Holder relating to unclaimed property.			
6. Inquire as to findings of other governmental regulatory agencies such as insurance examinations, etc., if applicable.			
7. Review the Chart of Accounts for selection of accounts to be analyzed and tested.			
8. Review the General Ledger for selection of accounts to be analyzed and tested.			
9. Review General Journal entries for potential write-offs of unclaimed property or other entries disposing of unclaimed items.			

3. UNCLAIMED PROPERTY GENERAL QUESTIONNAIRE

(Holder)

STATES' NATIONAL AUDIT PROGRAM FOR UNCLAIMED PROPERTY

1. State of incorporation: _____
2. Date of incorporation: _____
3. Has the corporation ever changed its state of incorporation? _____ (If yes, obtain details) Ref. _____
4. Name and title of officer responsible for compliance with unclaimed property reporting:

5. Name and title of person assigned to prepare the report:

6. Are reports filed: Consolidated _____ By Division _____
7. Are file copies of reports and related working papers maintained by the holder currently available? _____
If yes, (a) Where are they located? _____
(b) Who has custody? _____
8. Are reporting procedures or policies relating to unclaimed property documented in procedure or policy manuals? _____ (If yes, obtain a copy) Ref. _____
9. Does the holder report to other states? _____ (If yes, obtain a list of states and years reports were filed)
- 10: What source does the holder use to determine its reporting responsibilities under the various states' laws?

11. Does the holder use the criteria established in Texas vs. New Jersey when reporting to the states? _____
(If not, what are the variances and reasons?) Ref. _____
12. Does the holder consider any category or type of property exempt reporting? _____ (If yes, obtain details and legal position) Ref. _____

AUDIT PROCESS FOR UNCLAIMED PROPERTY

13. List the categories of property generated in the Holder's ordinary course of business:*

Holder Reference Reports
(Yes/No)

Holder Reference Reports
(Yes/No)

1) _____

7) _____

2) _____

8) _____

3) _____

9) _____

4) _____

10) _____

5) _____

11) _____

6) _____

12) _____

*NOTE: Complete an "Internal Control Questionnaire Module" for each category of property.

14. Have any policies relating to unclaimed property or service charges thereon been adopted by a formal resolution of the Board of Directors or a committee thereof? _____ (If yes, obtain a copy) Ref. _____

15. Is the Holder relying on an opinion from legal counsel regarding its reporting responsibilities under the Unclaimed Property Act of this state or any other state? _____ (If yes, obtain a copy) Ref. _____

16. Is the Holder making any deductions or withholdings from any property that is subject to the Unclaimed Property Act? _____ (If yes, obtain copies of the contract(s) authorizing the taking of the charges and review for unauthorized deductions or withholdings) Ref. _____

17. Is it the policy of the holder to refund or reinstate any service charges or other amounts deducted if the owner reactivates or claims the property prior to the statutory reporting period? _____ (If yes, obtain

4. INTERNAL CONTROL QUESTIONNAIRE

(Holder)

STATES' NATIONAL AUDIT PROGRAM FOR UNCLAIMED PROPERTY

Type of Property

1. Explain briefly how this type of property is accounted for and controlled: (Prepare a transaction flowchart, if required.)

2. Is the above property subject to a deduction or withholding of any type? _____

If yes, please answer:

- 1) What is the nature of the deduction? _____
- 2) How often is it assessed? _____
- 3) Is there a contract authorizing the charge? _____

If yes, please answer:

- a) Is it in writing? _____ (If yes, obtain a copy) Ref. _____
- b) Is the deduction ever refunded to the owner under any circumstances? _____
If yes, under what circumstances? _____

3. Is this type of property reported by the Holder? _____ If not, give the reason:

Person Interviewed

Title

Examiner

Date

AUDIT PROCESS FOR UNCLAIMED PROPERTY

5. OUTSTANDING CHECKS AND DRAFTS			
Step	Initial	Date	Reference
1. Obtain a list of all open and closed bank accounts.			
2. Evaluate the system of internal control over all cash disbursements.			
a. Determine if drafts are accounted for on the “issued” or “paid” basis.			
b. Determine if payments of fixed and certain nature can be differentiated from offers of settlement.			
(1) Do drafts have ‘release’ terms on them?			
(2) Are separate release agreements used?			
3. Review the internal control maintained over outstanding checks! Drafts and other reconciling items oil bank reconciliations.			
4. Review all closed commercial checking accounts to determine the amount of outstanding checks/drafts at the time of closing and trace the outstanding checks’ total to the bank statement			
5. Review liability accounts to which outstanding checks/drafts are transferred:			
a. Evaluate aging procedures.			
b. Test debit entries to determine their nature.			
c. Reconstruct any checks/drafts written off to an income or retained earnings account.			
6. Review the contra or related expense accounts to determine if outstanding checks/drafts are reversed to the account for which they were drawn.			
7. Determine if “Returned by Post Office” checks are handled differently from other outstanding checks.			
8. Determine if checks are prepared for payroll, vacation pay, severance pay, retirement and pension plan refunds, etc., belonging to terminated employees for periods			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

subsequent to termination.			
9. Ascertain if sales commissions are always paid by check.			
10. If drafts are/were accounted for on paid basis:			
a. Review past and/or present internal control specifications to determine if reports of unrepresented drafts are generated.			
(1) Are listings of unrepresented drafts prepared?			
(2) Are carbon copies of unrepresented drafts retained?			
(3) If no other information is available, develop a non- presentment rate by comparing data from periods for which information is available. Prepare a proposed method of analysis for approval by the supervising auditor.			
b. For insurance claim payments, analyze claim files to determine if:			
(1) Claim files and unrepresented raft reports agree.			
(2) The unrepresented draft report includes offers of settlement.			
11. Review procedure for contacting payees of uncashed checks and drafts.			
12. Determine if RPO checks are canceled and posted to another account (“ suspense ” in the case of minerals) or accounted for separately.			
13. Prepare a schedule of unreported checks and/or drafts.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

14. Propose changes in the system as appropriate.			
<u>Mineral Interests</u>			
15. Determine if RPO checks generate a transfer of the owner's interest from pay status to suspense.			
16. Determine if original production dates are retained in suspense ledger when interests are transferred as a result of outstanding or RPO checks.			
17. Inspect outstanding checklists for recurring names. Determine if these are being transferred to suspense.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

6. UNIDENTIFIED DEPOSITS, REMITTANCES AND MISCELLANEOUS ITEMS			
Step	Initial	Date	Reference
1. Review the internal control over unidentified deposits and remittances.			
2. Review the accounting procedure on unidentified deposits and remittances.			
3. Analyze suspense and liability accounts utilized for all unidentified payments received.			
4. Analyze aging procedure on the transferral of unidentified payments.			
5. Determine the ultimate disposition of uncleared unidentified items.			
6. Analyze all amounts taken into income or surplus.			
7. Sample suspense accounts and liability accounts used for recording and controlling unidentified items.			
8. Determine if premiums paid on policy applications are refunded.			
9. Prepare a schedule of unreported unidentified remittances.			
10. Propose changes in the system as appropriate.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

7. CREDIT BALANCES			
Step	Initial	Date	Reference
1. Obtain a list of categories of credit balances generated by the holder.			
2. Evaluate and document the systems and procedures for processing credit balances.			
3. Review a listing of credit balances.			
a. Evaluate aging procedures.			
b. Determine if balances of less than \$1.00 are refunded.			
c. Determine amounts that are reportable.			
d. Test debit entries to determine their nature.			
e. Reconstruct any items written off to an income or related expense account.			
4. Analyze income accounts to determine whether credit balances have been taken into income. Also, review related expense accounts to determine whether credit balances are used to offset expenses/bad debts.			
5. If the holder is a retail company, determine if holder entered into a consent decree with FTC. If so, obtain information provided to FTC. Ascertain what periods were included in the consent decree and whether balances unclaimed under the decree have been reported. Examine for predecree balances.			
6. Prepare a schedule of unreported credit balances.			
7. Propose changes in the system as appropriate.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

8. DEPOSITS HELD BY DEPOSITORY INSTITUTIONS			
Step	Initial	Date	Reference
1. Obtain a list of the categories of deposits offered by the institution.			
2. Evaluate the system of internal control over the deposit accounting system.			
3. Evaluate the controls placed over inactive accounts.			
4. Test system as documented above: a. Trace accounts from active files to dormant control.			
b. Trace accounts from dormant control to active files.			
c. Trace accounts reported to state;			
(1) Add back all unlawful service and ATM charges taken.			
(2) Compute interest not accrued and credited to the account.			
d. Review automatically renewable CDs for customer generated activity.			
5. Reconstruct accounts service charged of t prior to becoming reportable:			
a. Add back all service charges taken.			
b. Compute interest from date interest no longer accrued to nearest preceding month at the examination.			
6. Propose changes in the system as appropriate.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

9. BANK CHECKS - - COMMERCIAL BANKS			
Step	Initial	Date	Reference
1. Obtain a list of all instruments issued by the bank.			
2. Evaluate and document the system of internal control over outstanding bank checks.			
3. Review aging process.			
4. Test system as documented above as follows:			
a. Trace items from issuance register to outstanding control.			
b. Trace items from outstanding control to issuance register.			
c. Trace items reported to state.			
(1) Agree issue dates, issue amounts and names.			
(2) Add back all service charges taken.			
5. Reconstruct bank checks charged off prior to becoming reportable:			
a. Add back all charges to determine the original issuance amount.			
(1) From actual records.			
(2) Projections			
6. Test for acceptance of stale-dated checks by the holder after the Statute of Limitations has run.			
7. Propose changes in the system as appropriate.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

10. SAFE DEPOSIT AND SAFEKEEPING			
Step	Initial	Date	Reference
1. Evaluate the system of internal control over safe deposit boxes on which rent is due and unpaid.			
a. Document system.			
b. Review controls over signature cards and entry cards.			
c. Examine contents of forced boxes.			
d. Trace items reported to inventories of forced safe deposit boxes.			
2. Evaluate the system of handling safekeeping items.			
(a) Document system.			
(b) Examine safekeeping register. Note items appearing on register not accounted for in Safekeeping.			
3. Prepare a schedule of unreported items.			
4. Propose changes in the system as appropriate.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

11. COLLATERAL			
Step	Initial	Date	Reference
1. Review and document the system of internal control over collateral held.			
2. Examine collateral register for aged items			
a. Trace collateral to loan files.			
b. Review central information tiles-			
3. Inspect all collateral held.			
a. Trace aged items to collateral register for activity.			
b. Determine the status of collateral being held on fully paid loans.			
4. Prepare a schedule of unreported items.			
5. Propose changes in the system as appropriate.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

12. EMPLOYEE BENEFIT TRUST DISTRIBUTIONS			
Step	Initial	Date	Reference
1. Review the internal control over EBT distributions.			
2. Review the accounting procedure on EBT distributions.			
3. Determine the legal nature of EBT plans for the treatment of unpaid benefits.			
4. Age all outstanding or unpaid EBT distributions subject to reporting.			
5. Analyze liability accounts related to EBT distributions or payments.			
6. Trace reported EBT distributions through the system to determine their origin and disposition.			
7. Review trust accounts and related declarations of trust.			
8. Analyze accounts used in connection with revocable or irrevocable trust deposits. Review trust agreements as deemed necessary.			
9. Prepare a schedule of EBT Distributions and other trust items not reported as unclaimed property.			
10. Propose changes in the system as appropriate.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

13. PERSONAL TRUST PROPERTY			
Step	Initial	Date	Reference
1. Evaluate and document the system of internal control over unclaimed items-			
2. Examine dividend and interest clearing accounts:			
(a) Analyze aging procedure.			
(b) Trace items from active accounts to special control accounts.			
(c) Trace items reported to the state.			
(1) Reconcile dates and amounts.			
(2) Add back all charges taken and amounts offset improperly.			
3. Undeliverable fiduciary checks:			
a. Analyze controls for outstanding checks and the disposition of same.			
(1) Prepare a schedule of unreported outstanding checks.			
(2) Test for write-offs of outstanding checks.			
4. Suspense accounts:			
a. Obtain a list of general ledger suspense accounts.			
(1) Select accounts for further testing.			
2) Evaluate the internal controls over these accounts.			
b. Test claims:			
(1) Trace items reactivated from suspense accounts.			
(2) Test for write-offs of suspense account items.			
(3) Trace items reported to the state.			
(a) Add back all charges taken.			
(b) Reconstruct amounts offset to unrelated debit items.			
c. Reconstruct amounts improperly charged off or taken into fees prior to becoming reportable.			
5. Analyze controls for uncleared unallocatable dividends and the disposition of same.			
6. Analyze suspense stock and bond positions for unclaimed stock, dividends, and interest that cannot be allocated to individual trust accounts.			
7. Test for the sale of suspense stock certificates and the ultimate disposition of the proceeds.			
8. Propose changes in the system as appropriate.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

14. CORPORATE TRUST PROPERTY			
Step	Initial	Date	Reference
<u>Coupon-Bond Paving Agent</u>			
1. Evaluate and document the procedures for processing undeliverable and outstanding interest payments.			
2. Review document files for debt accounts and obtain copies of pertinent sections of the indenture agreements instructing the trustee.			
3. Evaluate the internal control over undeliverable property.			
4. Test currently open and closed principal and interest control accounts for:			
a. Unreported property.			
b. Property service charged or charged off.			
5. Test transaction journals for questionable entries: (Redemption accounts, debt maturity accounts for both principal and interest.)			
a. Service charging.			
b. Charge-offs.			
c. Fees being charged.			
d. Offsetting to recoveries accounts.			
e. Return of funds to principal.			
f. Accounting offset of unrelated property.			
<u>Dividend Disbursing Agent</u>			
6. Document the system of internal control over the issuance of cash dividends.			
a. Obtain a listing of cash dividend bank accounts.			
b. Obtain oral evidence as necessary to supplement the working papers.			
7. Evaluate and document the system used for the processing of undeliverable or uncashed cash dividends.			
8. Test transaction journals for questionable entries.			
9. Determine if underlying shares are subject to reporting.			
<u>Stock Transfer Agent/Exchange Agent</u>			
10. Document the system of internal control over the issuance of stock dividends and fractional-share payments.			
11. Document the internal control over undeliverable stock dividends and fractional - share payments.			
12. Evaluate and document the system used for the processing of undeliverable stock dividends.			
13. Test transaction journals for questionable entries.			
14. Age undelivered stock dividend records and determine if unreported dividends and fractional share payments exist.			
15. Determine if underlying shares are subject to reporting.			
16. Evaluate the internal control over unexchanged stock and fractional-share payments.			
17. Evaluate and document the system used in			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

accounting for un exchanged stock.			
18. Test transaction journals for questionable entries.			
19. Age unexchanged stock records and determine if unreported stock and fractional-share payments exist.			
20. Determine if underlying shares are subject to reporting.			
Receiverships			
21. Obtain a list of liquidated corporations for which the holder has been appointed a receiver.			
22. Evaluate the internal control over unclaimed distributions.			
23. Test transaction journals for questionable entries.			
24. Age liquidation distribution records and determine if any unclaimed distributions exist.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

15. EQUITY AND DEBT			
Step	Initial	Date	Reference
1. Research outside sources such as Capital Clearinghouse (CCH) Changes Reports prior to commencing the examination. Analyze the history of the holder, i.e., classes of stock outstanding, stock splits, stock dividends, mergers, acquisitions, spin-offs, etc.			
2. Prepare a list of all merged or acquired companies where acquisition was made in a "stock for stock" deal.			
Determine:			
a. The date of merger or acquisition.			
b. The exchange ratio.			
c. If there was cash in lieu of fractional shares or liquidating distribution rates.			
d. If the merged company was a public company.			
e. The merged company's predecessor transfer agent.			
f. The merged company's dividend history.			
g. The disposition of unclaimed dividends subsequent to merger.			
3. Obtain a list of matured or called debt (bonds, debentures, or notes) for the holder and/or merged companies.			
(3) Test transaction journals relating to principal redemption or interest payments for questionable entries; (Redemption accounts and debt maturity accounts for both principal and interest.)			
(a) Service charging.			
(b) Charge offs.			
(c) Fees being charged.			
(d) Offsetting to unrelated accounts.			
(e) Return of funds to principal. Requires a separate follow-up.			
4. Determine if the merged company filed reports with the state. Obtain and review copies of these reports for any previously reported property.			
5. Request an introductory phone call or letter from the holder to review the accounting records of the outside agent, if necessary.			
6. Evaluate and document the procedures used to report unclaimed equity and debt.			
a. Request a copy of written procedures used to handle and account for unclaimed items, if available.			
(1) Evaluate and document the adequacy and utilization of the above procedures.			
(2) Evaluate the internal control over reportable property.			
7. Determine if the aging of items is proper.			
8. Reconstruct charges on any items or items charged off completely.			
9. Trace items previously reported to the state to source records and note any exceptions.			
10. Obtain oral evidence as considered necessary to			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

supplement the working papers.			
11. Determine if authorizations have been given by the holder to the agent to report unclaimed property to selected states.			
<u>Shareholder Equity</u>			
12. Obtain any legal opinions relating to the reporting of stock, dividends, underlying shares, etc.			
13. Evaluate and document the system of internal control over records of inactive/lost shareholders.			
14. Analyze the procedures used to identify and report underlying shares and/or lost shareholders.			
15. Obtain agency contracts relating to applicable mergers, acquisitions and liquidations.			
16. Evaluate and document the carrying forward of potential unclaimed property from prior transfer or paying agents and the ultimate disposition of same.			
17. Determine the disposition of potential unclaimed property held for or by subsidiaries of the holder by prior agents.			
<u>Cash and Stock Dividends</u>			
18. Document the system of internal control over the issuance of cash and stock dividends.			
a. Obtain a listing of cash dividend bank accounts.			
b. Age check register and determine if unreported dividends exist.			
19. Evaluate procedures used to report outstanding dividend checks.			
a. Reconstruct any dividends charged off.			
b. Obtain oral evidence as necessary to supplement the working papers.			
20. Evaluate and document the system used for the processing of undeliverable cash and stock dividends.			
21. Evaluate the internal control over undeliverable cash and stock dividends.			
22. Test transaction journals for questionable entries.			
23. Determine if underlying shares are subject to reporting.			
<u>Unexchanged Stock</u>			
24. Evaluate and document the system used in accounting for unexchanged stock.			
25. Evaluate the internal control over unexchanged stock and fractional share, payments.			
26. Age unexchanged stock records and determine if unreported stock and fractional-share payments exist.			
27. Test transaction journals for questionable entries.			
28. Determine if underlying shares are subject to reporting.			
<u>Principal and Interest on Debt Issues</u>			
29. Account for debt redemptions, maturities, and the disbursement of interest payments for registered and bearer debt instruments. (Until the early 1990s most debt securities were issued in bearer form.)			
a. Evaluate and document the system of internal control and procedures for the processing of undeliverable and outstanding interest payments.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

b. Review pertinent sections of the bond indenture agreements requiring the trustee to return outstanding and undeliverable interest checks or proceeds from un-presented coupons or un-cashed checks to the holder after a stipulated period of time.			
c. Registration requirements of the security by the issuer of the owner.			
d. Review currently open and closed principal and interest control accounts for:			
(1) Unreported property.			
(2) Property service charged or charged off.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

16. MINERAL INTEREST SUSPENSE			
Step	Initial	Date	Reference
1. Review the internal control maintained over the mineral interest suspense account.			
2. Request a detailed printout of the suspense ledger used in preparing unclaimed property reports.			
a. Review the suspense ledger for accounts reported and those not reported.			
b. Schedule the significant accounts not reported and obtain documentation as to why they were not reported.			
c. Review owners previously reported and test to determine if all money owed to those owners has been remitted to the state.			
d. Review owners not reported and test the dates of production for reliability.			
3. Obtain reports filed with other states and determine if:			
a. Property, with associated owner addresses, is reported to the state of last known address or state of production.			
b. Property, without associated owner addresses, is reported to the state of incorporation or state of production.			
4. Determine if the production cutoff dates conform with reporting requirements			
5. Determine if the holder has removed owners from suspense for reasons other than payment to the owners.			
a. Inactive accounts purged from the system.			
b. Old dates of production transferred out of the system.			
c. Wells plugged and abandoned.			
d. Sale of leases.			
e. Change in the EDP system.			
f. Write-offs to income, other revenue, etc., for any other reason.			
6. Determine if leases that have been sold have documentation to provide the terms of the contracts as they apply to the liability suspense.			
7. Determine if any mergers, acquisitions with other producers have taken place.			
a. Obtain information as to the disposition of the previous company's suspense system.			
b. Were there any suspense funds not converted into the surviving suspense system? (If so, obtain details.)			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

8. Prepare a schedule of all unreported suspense items.			
9. Propose changes in the system as appropriate.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

17. SCRIP OR INSTRUMENTS REPRESENTING CASH			
Step	Initial	Date	Reference
1. Determine whether terms of the instrument require presentation within a specified time <i>period</i> .			
2. Determine if accounting system permits aging of unrepresented instruments. If not, use estimating procedures.			
3. Analyze selected accounts to determine whether any outstanding instruments have been taken directly into income or credited to an expense account.			
4. Prepare a schedule of all unreported instruments representing cash.			
5. Propose changes in the system as appropriate.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

18. MATURED ENDOWMENTS, POLICIES REACHING LIMITING AGE AND OTHER MATURITIES DUE OR PAYABLE			
Step	Initial	Date	Reference
1. Review the internal control over matured items.			
2. Review the accounting procedures utilized in handling maturities.			
3. Review reserve tabulations for matured items.			
4. Analyze all maturities reserved at face value.			
5. Analyze unpaid matured endowments and annuity payments.			
6. Analyze terminated policies with cash value. Determine options available.			
7. Analyze all policies having reached the limiting age. Obtain a reserve listing. Interview actuary and obtain any reports prepared by actuary.			
8. Analyze any maturities taken into income or surplus or otherwise disposed of.			
9. Review company follow-up procedures on maturities.			
10. Trace on a test basis items reported as unclaimed property through the system to determine their origin, accounting treatment and disposition.			
11. Sample the master policy file to determine that no maturities are unrecorded.			
12. Review policy files relating to questionable maturities.			
13. Trace on a test basis purported payments of dormant maturities to a cancelled check or other documentation.			
a. Determine if interest and/or supplemental benefits have been paid.			
b. If so, examine reports of unclaimed property and verify such amounts included in report.			
14. Obtain specimen policies on appropriate policies as deemed necessary.			
15. Test dates of last contact on a sample basis.			
16. Test the ratios of escheatable maturities from year to year. Analyze variances.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

17. Determine if annuity payments are terminated when checks are returned as undelivered.			
18. Prepare a schedule of unreported maturities by type of maturity.			
19. Propose changes in the system as appropriate.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

19. DEATH CLAIMS			
Step	Initial	Date	Reference
1. Review the internal control over the death claim payment procedure.			
2. Review the accounting procedures utilized to handle death claims.			
3. Review the company's follow-up procedure on paying death claims.			
4. Review the death claims register or listing for any aged items.			
5. Sample trace dormant claim payments to policy files.			
6. Analyze all death claims held in suspense or unpaid after a specified cutoff. Interview company attorney regarding disputed death claims.			
7. Trace claims reported as unclaimed property through the system to determine their origin and disposition.			
8. Analyze all claims taken into income or surplus.			
9. Sample paid and outstanding claims by use of a master status.			
10. Prepare a schedule of all unreported death claims.			
11. Propose changes in the system as appropriate.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

20. AGENT CREDIT BALANCES			
Step	Initial	Date	Reference
1. Review the internal control over agent credit balances.			
2. Determine vesting provisions for agents. Obtain agency contracts.			
3. Review the accounting procedures for agents' credit balances to determine if checks are automatically written for credit balances.			
4. Determine aging process on credit balances and follow-up attempts.			
5. Analyze miscellaneous income and expense accounts for charge-offs of agents' credit balances.			
6. Determine if agents' credit balances •have been netted against other agents' debit balances.			
7. Review suspense or liability accounts used for aged agent credit balances.			
8. Trace balances reported as unclaimed property through records on a test basis to determine actual procedures.			
9. Prepare a schedule Of nonreported credit balances and any related charges or offsets.			
10: Propose changes in the system as appropriate.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

21 - POLICYHOLDER DIVIDENDS			
Step	Initial	Date	Reference
1. Review the internal control over dividend payments on participating policies.			
2. Review the accounting control and procedures on dividend payment options.			
3. Review participating policy contracts to determine options available to the policyholder.			
4. Trace all insufficient address participating policies to the policy file and original application to determine original option elected.			
5. Determine if the company changes the policy dividend options without policyholders' authorization.			
6. Analyze policies with a dividend accumulations option that were changed by the company unilaterally from a cash dividend option. Determine that accumulation is credited to policy. Verify that accumulations on policies no longer in force are reported as abandoned.			
7. Trace reported dividends through the system to determine their origin and disposition.			
8. Ascertain whether premium overpayments are returned to policyholder or credited to policy.			
9. Prepare a schedule of all unreported policyholder dividends.			
10. Propose changes in the system as appropriate.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

22. ACCIDENT AND HEALTH BENEFIT PAYMENTS			
Step	Initial	Date	Reference
1. Review the internal control over unpaid A & H benefit payments.			
2. Review the accounting procedures used to disburse A & H benefit payments and to handle un presented benefit checks or drafts.			
3. Analyze any suspense or liability accounts used to control unpaid A & H benefit payments.			
4. When A & H benefit payments have been reduced to check or draft form, follow the procedures outlined for outstanding checks and drafts.			
5. Analyze income or surplus accounts to determine if any write-offs of A & H payments have been made.			
6. Review policy provisions relating to the payment of A & H claim benefits.			
7. Prepare a schedule of all unreported A & H benefits.			
8. Propose changes in the system as appropriate.			

AUDIT PROCESS FOR UNCLAIMED PROPERTY

23. ESCROW FUNDS			
Step	Initial	Date	Reference
1. Examine the internal control over escrow funds.			
2. Examine the accounting procedures used to maintain escrow funds. Include depositor policies, procedures, and agreements.			
3. Identify what efforts are made to determine ownership and locate owners of escrow funds after contract closing dates.			
4. Analyze the escrow fund trial balances. Determine the accuracy of dates used in aging.			
5. Verify that fund disbursements are in accordance with agreements and contracts. Note, in particular, if service charges are made without authorization.			
6. Analyze selected funds to determine whether any outstanding amounts have been taken directly into income or credited to expense accounts.			
7. Prepare a schedule of all unreported escrow funds.			
8. Propose changes in the system as appropriate.			