Semi-Annual Pledge Review

NC State University Advancement Services Office

Policies and Procedures

March, 2013

<u>Background</u>

In January 2009, the NC State University Office of Advancement Services instituted a formal practice to review the status of past-due outstanding pledges on a regular basis. This is in addition to regular reports of outstanding pledges sent to all the colleges and units, and pledge reminders that are sent to them as well, provided they have not been coded "no reminder." It should be noted here that the historical use of the "no reminder" option should be discouraged. While a unit may choose not to mail a reminder, the document itself is an excellent early warning indicator for pledges that might be falling behind.

<u>Review Rationale/Criteria</u>

In the interest of transparency and accountability, and recognizing that internal and external auditors may select a number of outstanding pledges at random requiring reconfirmation by donors, Advancement Services implemented a process to ensure that all open pledges found on Advance continue to be collectible. The semi-annual review is performed by the Associate Vice Chancellor for Advancement Services. Pledges are selected for review based on the following criteria:

- Active past-due (based on payment schedules) pledges – not fully paid or written-off
  - Open annual giving pledges are automatically written off on 7/1 each year
- Pledges made 5+ years ago
- Three separate reports/reviews:
  - <$5,000 – Automatically written-off if no payment received in 2+ years and balance is past-due, otherwise no further review;
  - $5,000-$24,999.99 with no payment in 2+ years;
  - All pledges of $25,000+, with no payments in 2+ years.
- A separate report of every pledge that is coded to *not* have reminders generated/mailed is reviewed every February 15th and August 15th.

<u>Procedures</u>

1. The AVC is sent an automated e-mail on 5/1 & 11/1 (8/15 & 2/15 for $5,000-$24,999.99 pledges), with a link to a WebI report as a reminder to generate the report that has been created. The pledge date parameter needs to be adjusted before the report is generated.

2. The completed report contains the following data elements:
   a. Donor ID
   b. Preferred Name

      c. School/Unit (to which the pledge was made)
      d. Pledge #
      e. Pledge Date
      f. Pledge Amount
      g. Paid (to date) Amount
      h. Allocation Name
      i. Pledge Balance
      j. Past-due Amount
      k. Last Payment Date
      l. Reviewer Comments (added by hand as further review warrants)

3. The report is quickly scanned to determine whether a pledge is reasonably on track for payment. This normally involves looking at the past-due amount and/or last payment date. Those that pass this reasonableness check are deferred until the next review cycle, and are so noted in the comments area. There is also a quick check to ensure the pledge should have been recorded in the first place, i.e. not a commitment between NC State units or from non-private sources, or an improperly coded bequest expectancy.

4. The pledge is further reviewed to ensure there wasn't a missed third-party payments, such as from a donor-advised fund or family foundation, that would necessitate modifying the pledge balance.

5. Backup documentation for the remaining pledges is reviewed to ensure no data entry errors were made, especially pertaining to payment schedules.

6. Reviewer first determines, based on the documentation, whether the pledge was properly recorded in accordance with best practices/donor desires. If not, the AVC will direct necessary/appropriate pledge adjustments without further research or unit follow-up.

7. Reviewer adds commentary and/or requests for further information in the comment section of the report. Comments may also include alerts that a pledge may be falling behind, but that past payments suggest an additional payment should be forthcoming and that no action should be needed for six months. Comments may also suggest that the pledge is so substantially past-due that a write-off may be appropriate.

8. The report is sorted by college/unit, and only those pledges to each unit are sent to those colleges/units affected by the pledge as both information and, as appropriate, requesting updated information.

9. The AVC will continue to follow-up with each college/unit until updates are received. Updated information is noted on the original report and saved, as subsequent reviews may very well identify the same pledge for review.