

Digest of Division of Unclaimed Property

September 16, 1991

Dear Legislator:

We have completed our report, Division of Unclaimed Property (Report #91-08). The purpose of this letter is to provide you with a brief digest of that report.

In response to a request from the Audit Subcommittee, we conducted an audit of the Division of Unclaimed Property in the State Treasurer's Office. We were asked to determine whether the division is paying claims properly and to evaluate whether it operates efficiently and economically. While the division appears to be paying claims properly, we believe better documentation of property ownership is needed. Also, management can improve operating efficiency. The division should improve written procedures to reduce the potential for incorrect payments. The division should also implement its automated claims processing module. Further, the holder relations section can make time for projects needing attention by increased automation of reporting functions. In addition, controls need to be improved over the management of securities and tangible property. Finally, audit efficiency issues need to be addressed to determine if more holder audits can be done.

The Potential for Making Incorrect Payments Exists. Claims processing practices have the potential for incorrect payment. We did not find that the division has paid claims to the wrong people, but we have concerns about the adequacy of documentation of some claims. As a result, the division should improve written procedures to provide more specific guidance for processing and approval. High staff turnover and possible training problems also increase the risk of an incorrect payment being made.

Claims Processing Efficiency Can Improve Through Automation. The division should implement its automated claims processing software as quickly as possible. Greater efficiency and significant time savings should result. An additional benefit would be the standardization of what proofs of ownership to require.

The Holder Relations Section Should Expand Plans to Automate. The holder relations section can increase efficiency and effectiveness by increasing automation of its function. Staff time thus saved could then be directed toward other necessary projects which until now have had to be neglected.

Controls Should Be Improved Over the Management of Stocks and Tangible Property. Sales of tangible property should occur annually as required by the Utah Code; sales of securities, though optional, should also occur to maximize return to the Unclaimed Property Trust Fund. The division should improve inventory and control practices for these types of property. We found inaccuracies in the stock master list and inconsistent record keeping of changes in stock status. There is no tangible property inventory and the storage vault was not organized so that property could be located easily. Finally, the vault may not be as secure as the Treasurer's vault at the Capitol.

Management Should Assess the Audit Section's Efficiency. Finally, division management should review the audit section's performance since they have conducted comparatively few audits of holders. Compiling information on hours spent in various duties and putting audit procedures into writing would allow management to assess the section's efficiency. These steps should be taken before staff is increased as proposed in the division's five year plan.

We hope this summary provides you with the information you need. If you have additional questions, please let us know. If you would like a copy of the full report, please contact our office.

Sincerely,

Wayne L. Welsh
Auditor General

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