
Department of Revenue (DOR)

Agency: 140

Audit Report: 1003255

Finding Number: 001

Finding: The Department's internal controls are inadequate to ensure accurate compilation, reporting and safeguarding of unclaimed property to prevent errors and misappropriation.

Resolution: When the auditor called attention to control conditions related to the unclaimed property report process, the Department immediately initiated efforts to enhance its computer system and improve and monitor the work processes in order to eliminate or mitigate the risks identified. It bears noting there is no evidence of improprieties resulting from the conditions cited in the current finding.

Critical system and process improvements necessary to address the identified conditions were prioritized and implemented before the most recent unclaimed property reporting due date of November 1, 2010. System-generated reports to enhance monitoring activities are under development and will be available by April 2011.

Specific actions taken or planned by the Department include:

- Formed a work group, including staff from the Information Services Division and the Unclaimed Property Program, to monitor the progress of enhancements to the unclaimed property system.
- Continued to market and encourage use of the electronic filing option which is more efficient and eliminates many of the manual processing internal control concerns.
- Improved physical security and made changes in retaining reported owner information:
 - Built a secure (locking) storage room and limited access to authorized staff.
 - Changed record retention period to six years, in accordance with the general records retention schedule.
- Took steps, through process improvements and technology solutions, to ensure owner information reported in paper form, compact disc (CD) or diskette is adequately protected against unauthorized changes prior to and during data entry into the unclaimed property computer system:
 - Equipment was installed and workflow processes changed to scan original owner reports as submitted. A batch process is used to ensure reports are scanned. The reports are then scanned a second time where they are prepared for entry into the system.
 - Holder reports (CDs or diskettes) are received directly by a work unit that has no access to modify data. The CDs and diskettes are inventoried and verified as uploaded to a secure read-only network location, then placed in the secure room for storage.
 - A review process occurs when adjustments are made to stock values and dividend amounts.
 - Once owner or refund data is entered into the system, any and all changes to the system will be tracked by logon ID and appropriately monitored on an ongoing basis.

Status of Resolution of Audit Findings

December 2010

- System reports for monitoring modifications made to owner report data will be completed by April 2011.
- The Department will initiate a sampling process of verifying refund warrants against source documents by April 2011.

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