



OFFICE OF THE STATE AUDITOR



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DIVISION OF UNCLAIMED PROPERTY FAILING TO MEET ITS CORE RESPONSIBILITY

DENVER—the Office of the State Auditor has released its performance audit of the Division of Unclaimed Property (Division) at Colorado’s Department of the Treasury and has found significant issues which undermine its very function as an agency tasked with reuniting citizens with lost or forgotten property.

The Division was created in 1987 and handles unclaimed property that ranges from cash and checks, to the contents of safe deposit boxes, including items such as precious metals, gift cards, and baseball cards. Since its creation, the Division states that it has returned \$452 million in unclaimed property to its rightful owners.

When auditors looked in detail at 5 years of the Division’s claims records, they found that of the 429,526 claims records they received, 391,938 claims were either duplicate, incomplete, inaccurate, or questionable. Those problematic claims represented 713,637 properties with more than 650,000 being cash and cash equivalents totaling \$271.5 million. Examples of the problems included 101,751 properties converted from the old system in 2017 that did not have any owner name listed in the new system, and 5,550 of the properties that had

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owners with incomplete or inaccurate names, including names listed as symbols or numbers. Auditors also found that the Division accepts unclaimed property with owners' names of "unknown" or "unidentified", making it difficult to match property with owner.

The Division did not act within the statutorily required 90-day timeframe on 8,170 claims of the 17,128 claims auditors sampled for a 2 year period, taking up to 1.8 years to process. Additionally, the Division had not mailed notifications of their unclaimed property, as required by statute, to 1.6 million owners in 14 years. Further, staff were recording claims and interest incorrectly and had not determined the amounts of these errors, or adjusted the records accordingly.

The audit makes 4 recommendations.

The full report is available @ www.colorado.gov/auditor.

Under the direction of the state auditor, the OSA is the state's nonpartisan, independent external auditor with broad authority to audit state agencies, departments, institutions of higher education, and the Judicial and Legislative Branches. The OSA's professional staff serve the people of Colorado by addressing relevant public issues through high-quality, objective audits and reviews that promote accountability and positive change in government. Performance audits address whether programs operate in compliance with laws and regulations and in a manner that accomplishes intended program goals. Financial audits include annual audits of the state's basic financial statements and federal grants on a statewide level. IT audits review procedures and technology to ensure the confidentiality, integrity and availability of the state's critical computer systems and taxpayer data. The OSA also tracks about 4,000 Colorado local governments for compliance with the Local Government Audit Law.