

# **LBA Financial Audit Report Summary:**

## **Treasury Department, Abandoned Property Division, Audit Report For The Year Ended June 30, 1999**

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**The reporting entity of this audit and audit report is the Abandoned Property Division of the New Hampshire Treasury Department. The Abandoned Property Division is responsible for the administration of the Abandoned Property program, whereby property presumed to be abandoned is forwarded to the State Treasurer and, if not claimed by the owner, is escheated to the State for subsequent disbursement to the counties and the General Fund. The Division is under the direction of a deputy treasurer and is supervised by an administrator who oversees a staff of six.**

**Under RSA 471-C, a holder of unclaimed property presumes that the property is abandoned when the property remains unclaimed for a period of five years. Once the property is presumed abandoned, the holder sends the property and available owner information to the Division. The Division records the owner information on its Unclaimed Property Management System. To assist owners in finding their property, the Division publishes an annual notice of all names and last known addresses of abandoned property owners in a newspaper of general circulation. It also maintains a web site to further assist owners with the recovery of their assets.**

**Escheatment is the process by which the State transfers title of the property to either the counties or itself. Abandoned property is received from in-state holders, which are classified by county, or from out-of-state holders. After the property has been held by the Division for two years, it is escheated to either the State or the counties. Property originally received from out-of-state holders is escheated to the State's General Fund. Property received from in-state holders is escheated to each county based on the net amount of holder remittances from each county.**

**During fiscal year 1999, Treasury recorded revenues of \$6.5 million, primarily from holder remittances, and expenditures of \$4.5 million. The expenditures are comprised primarily of claimant payments, escheatments, and administrative costs. The administration of the Division is funded through transfers from the Abandoned Property**

account in accordance with RSA 471-C:25.

The audit report included auditor's reports on compliance and on internal control over financial reporting and on management issues. The following is a list of the comments in the report.

**Internal Control Comments**

***Material Weaknesses***

- Management Needs To Implement Strong Control Environment
- Custodial Account Needs To Be Better Monitored

***Reportable Conditions***

- Unclaimed Property Management System Should Be Reconciled To State Accounting System
- Written Control Procedures Over Claims Processing Need To Be Implemented And Adhered To
- Complete Financial Information For The Abandoned Property Program Needs To Be Compiled
- Processing And Verification Of Holder Reports Needs To Be Performed In A More Timely Manner

**State Compliance Comments**

- Distribution Of Escheatment Proceeds Needs To Be More Timely
- Calculation Of Counties Share Of Escheat Proceeds Needs To Be Revised
- Allocation Of Treasury Salary And Benefit Costs To Abandoned Property Should Be Substantiated
- Expenditures Allocated To Abandoned Property Division Should Be Limited To Program Related Costs

**Management Issues Comment**

- Holder Compliance Procedures Need Improvement

The auditor's report on the Division's financial statement was unqualified.

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Jeffrey A. Pattison, Legislative Budget Assistant  
Richard J. Mahoney, CPA, Director of Audits

107 North Main Street  
State House, Room 102

**Concord, New Hampshire 03301-4906**

**Phone: (603) 271-2785**

**Fax: (603) 271-6158**

**Please direct questions or comments to:**

**Richard J. Mahoney**

[richard.mahoney@leg.state.nh.us](mailto:richard.mahoney@leg.state.nh.us)