Data Analysis of Audit Aging Reports

Wednesday — May 8, 2024



Presenting

- Dennis Johnston, Administrator, Utah Unclaimed Property Division, Utah Treasurer's Office
- Barbie Proffitt, Unclaimed Property Holder Services and Audit Manager, Washington State Department of Revenue
- Danielle Anthony, Deputy Treasurer, Nevada Treasurer's Office
- Brian Beck, Audit Manager, Utah Unclaimed Property Division, Utah Treasurer's Office
- □ Claudia Ciobanu, Trust Property Director, Oregon Treasury Office





Features of Zoom Webinar

The presentation is being recorded. The video and slide deck will be sent to all registrants.

All audience members are muted.

Use "Q & A" to ask questions of the panelists and organizers at any time.





Data Visualization

Foundation based on Isaac Asimov novel: "Prime Radiant"





Data Visualization

- Larger data sets can be understood better via data visualization tools
 - Tableau
 - Jamovi
 - Power BI
- · Geo-mapping
- Statistical analysis tools
 - Jamovi
 - Excel
- Line graphs
- Bar graphs
- Box Plots
- Scatter Plots
- Word maps





Data Visualization UP addresses

Unclaimed Property by Census Tract





\$1M

Remaining

\$5004

🔵 Est. Household 🛛 🔴 Total Cash Median Income



mycash | UTAH'S OFFICIAL SITE FOR UNCLAIMED PROPER

Data Visualization of UP addresses





Data Visualization of claim calls/chats





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Data Visualization of holder reports





Third_Party_Audit_Aging_by_Workflow

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Third_Party_Audit_Aging_by_Workflow

Audit ID	Opening Conference - NDA Signed	Audit Open Date
Holder ID	NDA Signed - Initial Records Delivered	Audit Closed Date
Holder Name	Initial Records Delivered - Most Recent Records Delivered	Process to Date
NAICS Code	Most Recent Records Delivered - Preliminary Findings/Remediation	Process to Close
Status	Preliminary Findings/Remediation - Final Findings Presented	Percent Audit Complete
Audit Vendor	Final Findings Presented - Report Uploaded	Note
Holder Advocate	Report Uploaded - Funds Delivered	
Holder Advocate Attorney	Funds Delivered - Audit Closed	
Audit Type Code Description		
Audit Scope		
Audit Approved - Opening Conference		



Data Visualization of audits?

Descriptives Descriptives Missing Median SD Variance Minimum Maximum decade N Mean NAIC_2 1980s 57.0 13.6 184 52 92 52 1990s 271 0 53.6 17.7 314 11 99 193 99 2000s 2985 45.0 51 13.9 11 2010s 99 4330 46.6 52.0 14.0 196 11 2020s 44.7 51 15.5 240 11 81 ABS Duration 1980s 565.1 199.5 582.3 339064 45 1551 1990s 815.0 275 1.24e+6 4712 0 2000s 2985 0 559.0 238 1103.8 1.22e+6 17548 2010s 4330 0 1185.3 961.0 1096.6 1.20e+6 6907 2020s 217.0 113 236.7 1172 291 0 56007 0 10000 Audit ID 5000 0 23 32 11 21 22 31





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Audit Duration Through Past Decades



STATE TREASURERS

Box plot basics

BOX PLOT



STATE TREASURERS

Audit Duration Trends Over the Past Decades by Industry Codes



STATE TREASURERS

What to do with outliers?







Audit Challenges

- > Audit selection/approvals
- Holder education VS audit
- Contract compliance





Data Analysis Based on Industry

- Setting your system up for success. Reduce GIGO
- Only allow metrics that are useful to be options for the Holder.
- For example:
- Holder Types: NAICS Codes may be a uniform way for holders to explain their operations
- Useful beyond audit analytics. Could be used to determine a particular industry's reporting compliance, property types reported, values of annual reports, etc.





Data Analysis Based on Industry





Data Analysis Based on Industry

- The outliers can be drilled into to determine the cause of and responses to audit delays
- Is a particular industry more prone to:
- Utilizing stall tactics
- Utilizing any particular 3rd party that more frequently delays audits
- Litigation
- Etc.
- Are each of those reasonable?
- Do they require action by the State?
- Should the Audit Committee discuss the issue to develop best practices?





Where Did This Project Originate From?

- New Audit Manager with a solid financial audit background asking questions
- Audit Vendors who have industry expertise, yet some vendors appear to be quicker completing audits
- Some holders in specific industries utilize advocates and audits stayed open for years
- Advocates lot of "gut feelings" but no solid evidence to suggest help or a hinderance





Data Used

- Decision was made to start with 2017 data, as several audit vendors were brought on board during this time
- Vendors were asked to include more data into monthly WIP reports
- 213 lines of closed audit data was used
- Utilized NAICS codes to aid our analysis
- Project involved a lot of cleanup









We Then Looked At Data Showing All Combinations









Audit Duration for Holders With Both an Advocate Firm and Attorney





Duration by NAICS code

Audit Type & NAICS





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Audit Type

Duration by NAICS code







Duration by NAICS code



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The Audit Landscape Has Changed

2020:

- 96 audit requests 82 approved a 85% approval rate
- 1 audit that required intervention
- · 2023:
- 124 audit requests 115 approved à 93% approval rate
- 2,032 self-audit requests 1,891 approved a 93% approval rate
- 18 interventions: 3 penalties issues for lack of response; 4 meetings with holders and/or advocates to get the audit going; 13 other communication





Lessons and Perspective Gained

- Need dedicated resources to keep audits moving;
- Contract auditors don't always ask for help timely;
- Early and personal intervention can get results;
- Don't be afraid to use your authority and resources;
- Be open to conversation and show some grace; if the goal is compliance, remain focused on it and look forward;
- It's just business, it's not personal.





Can data tools be applied to holder compliance too? Some questions for consideration . . .

- How do States decide about examination requests from audit vendors?
- When do States know they should intervene in delayed exams?
- How burdensome are holder compliance requirements?
- Are States adequately providing holder guidance regarding unique state law/requirements?





Questions?



Links & references

- <u>https://treasurer.utah.gov/updata/</u>
- <u>https://www.jamovi.org/</u>
- https://www.youtube.com/@datalabcc
- https://www.tableau.com/
- <u>https://www.microsoft.com/en-us/power-platform/products/power-bi</u>
- <u>https://www.youtube.com/watch?v=csXmVBw8cdo</u>





Thank You

