# 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**

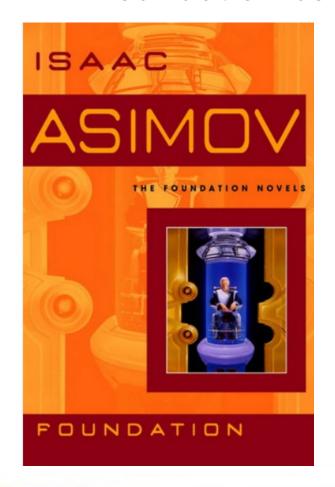
The presentation is being recorded. The video and slide deck will be sent to all registrants.

All audience members are muted.

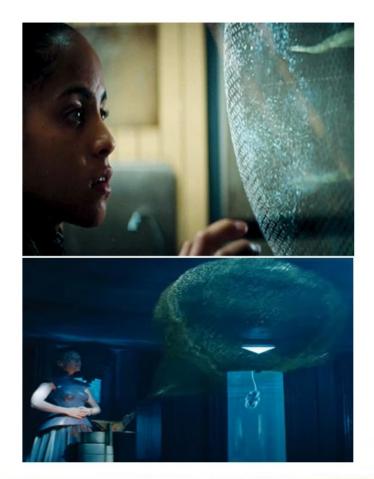
Use "Q & A" to ask questions of the panelists and organizers at any time.

#### **Data Visualization**

Foundation based on Isaac Asimov novel: "Prime Radiant"





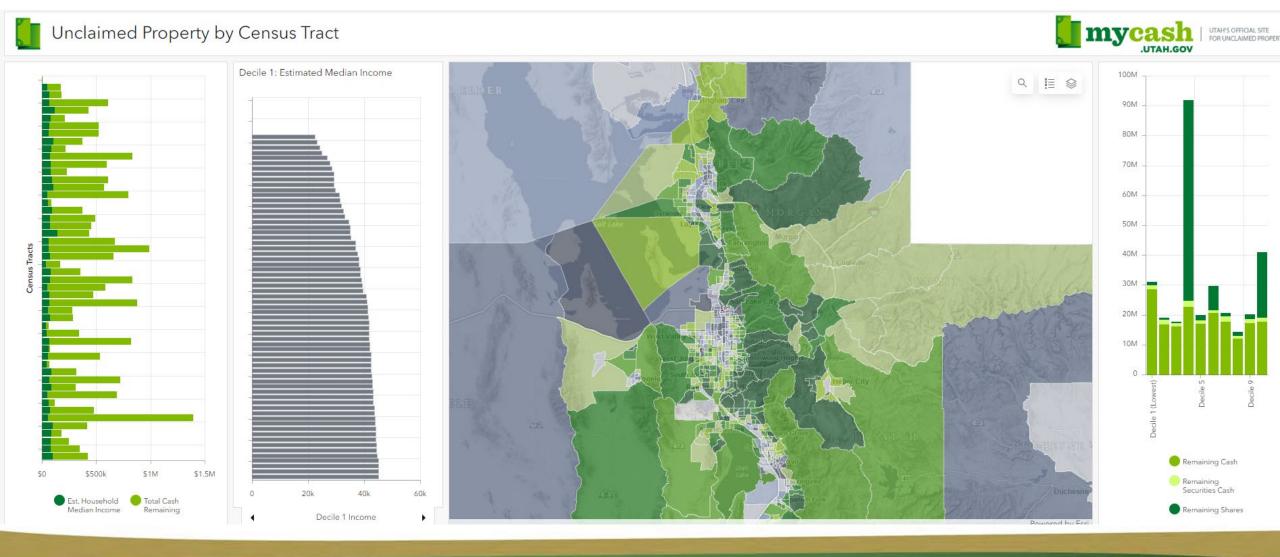


#### **Data Visualization**

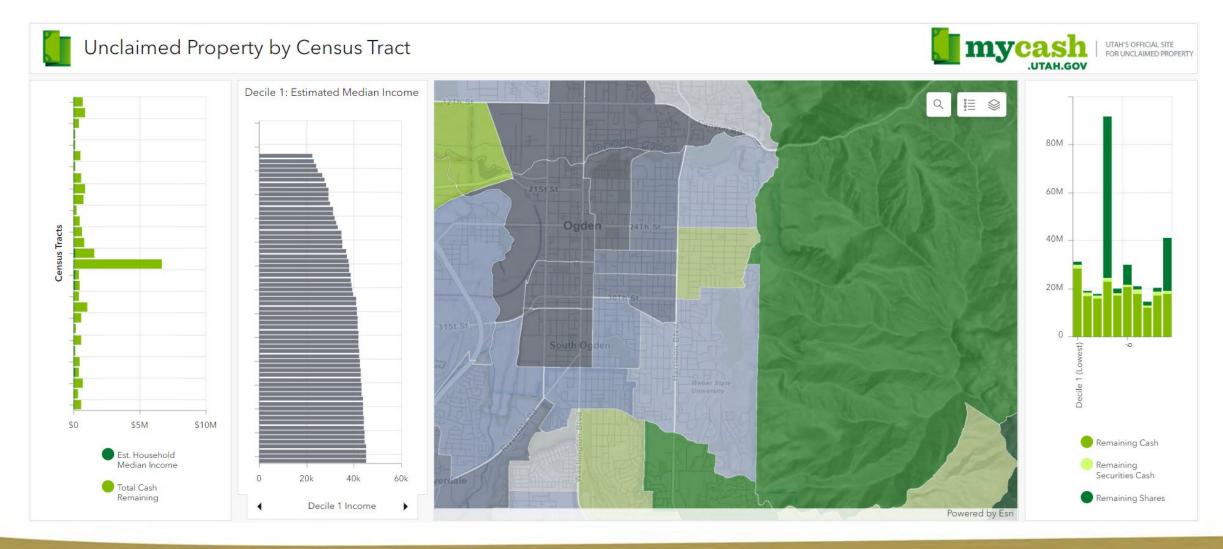
- Larger data sets can be understood better via data visualization tools
  - Tableau
  - Jamovi
  - Power BI
- Geo-mapping
- Statistical analysis tools
  - Jamovi
  - Excel
- Line graphs
- Bar graphs
- Box Plots
- Scatter Plots
- Word maps



#### Data Visualization UP addresses

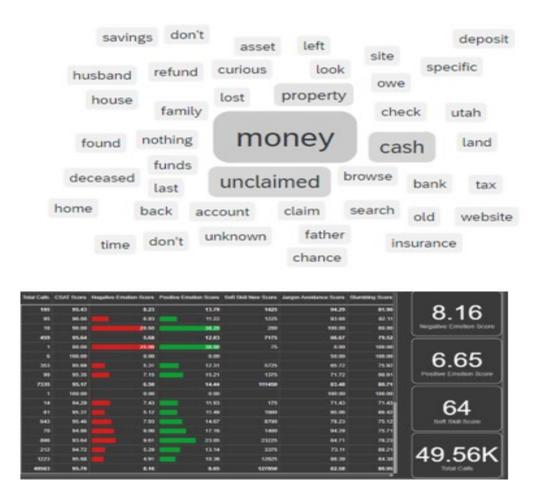


#### Data Visualization of UP addresses

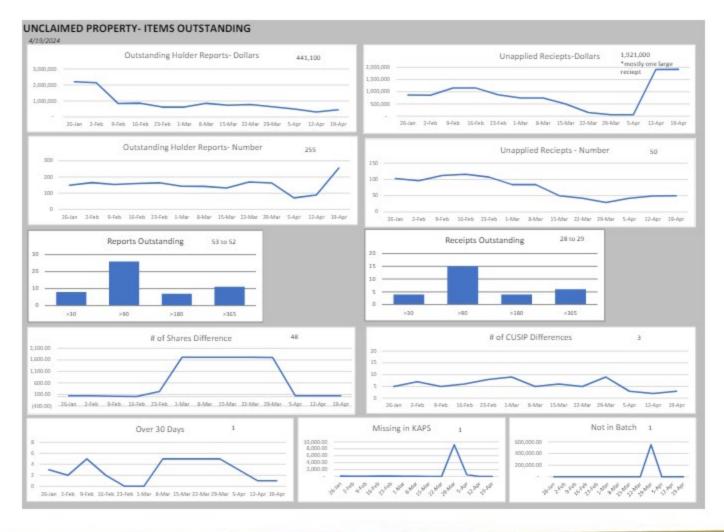


#### Data Visualization of claim calls/chats





## Data Visualization of holder reports



## Third\_Party\_Audit\_Aging\_by\_Workflow

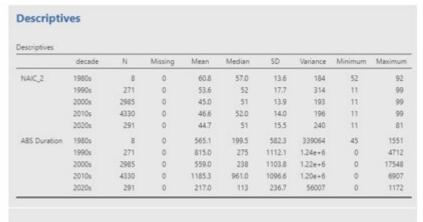
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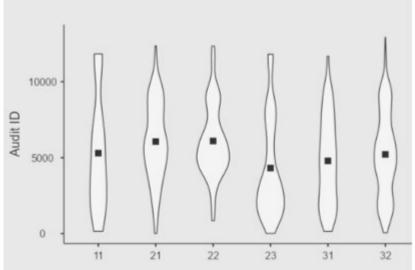
## Third\_Party\_Audit\_Aging\_by\_Workflow

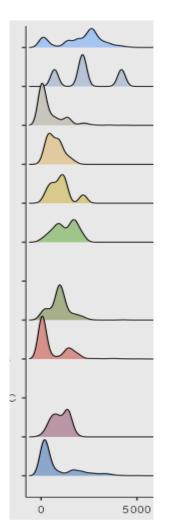
Audit ID	Opening Conference - NDA Signed	Audit Open Date
Holder ID	NDA Signed - Initial Records Delivered	Audit Closed Date
Holder Name	Initial Records Delivered - Most Recent Records Delivered	Process to Date
NAICS Code	Most Recent Records Delivered - Preliminary Findings/Remediation	Process to Close
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		

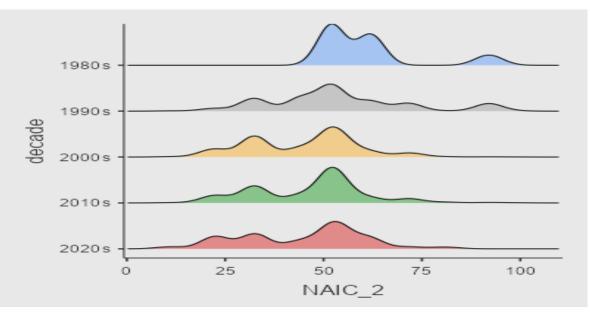


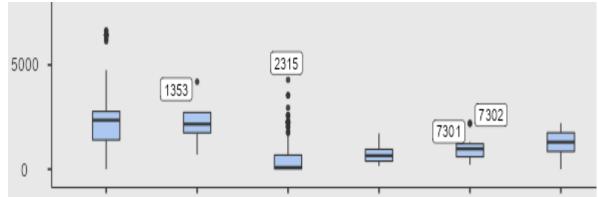
#### Data Visualization of audits?



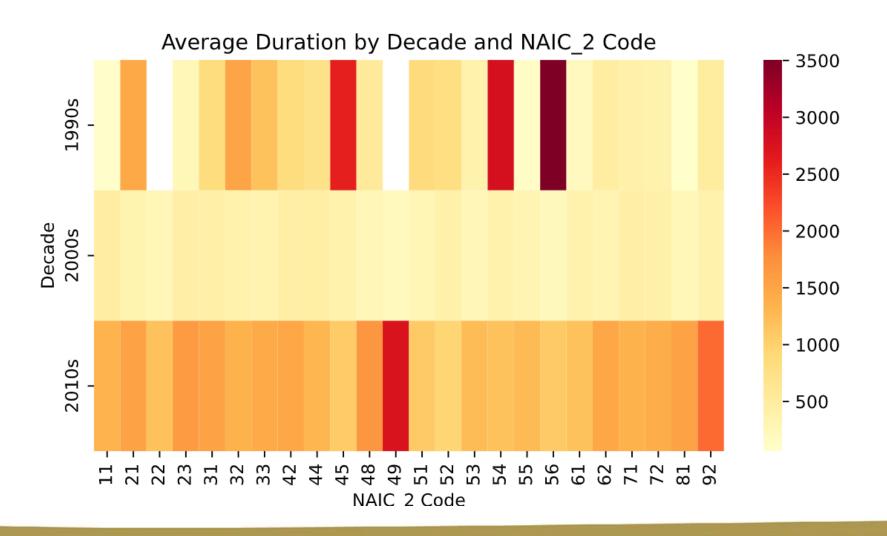






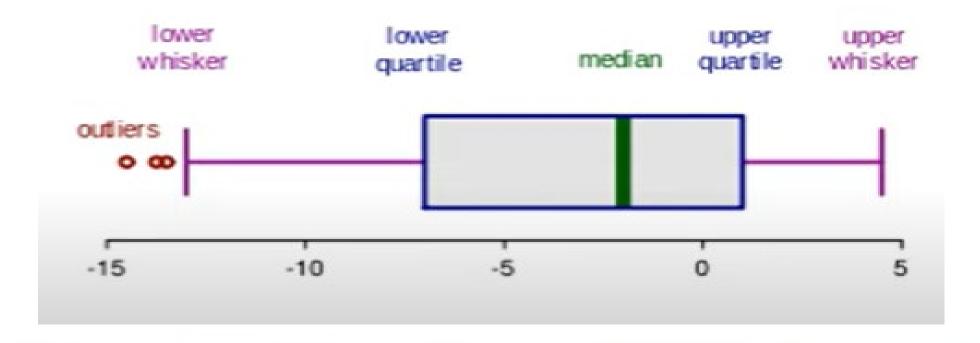


#### **Audit Duration Through Past Decades**

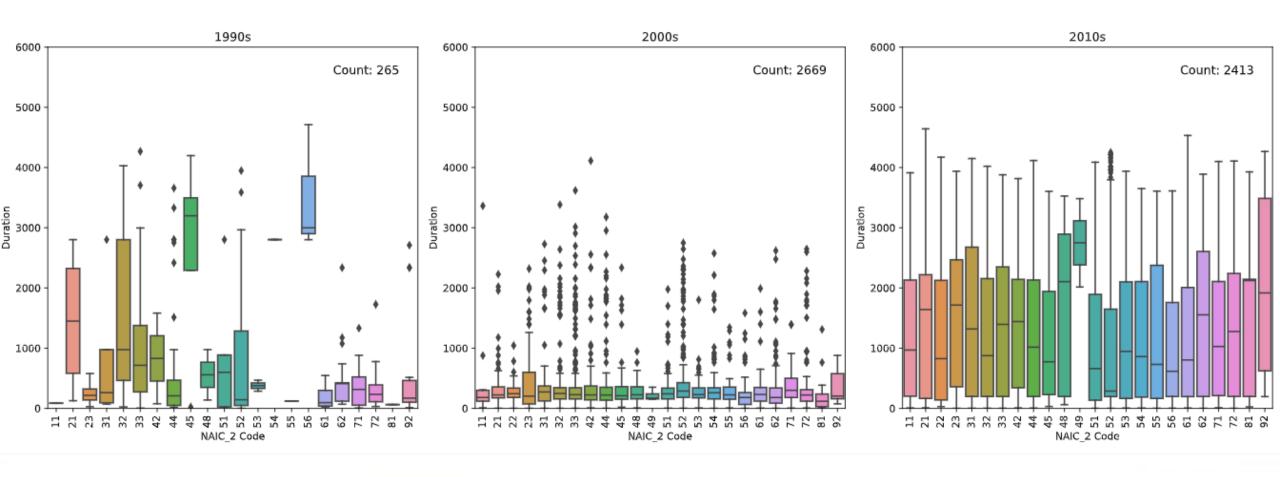


#### **Box plot basics**

#### **BOX PLOT**

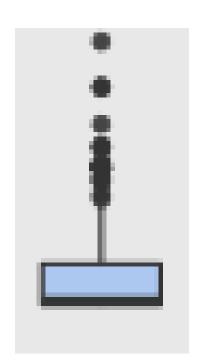


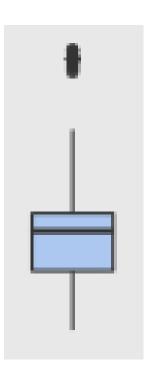
# **Audit Duration Trends Over the Past Decades by Industry Codes**



#### What to do with outliers?







## **Audit Challenges**

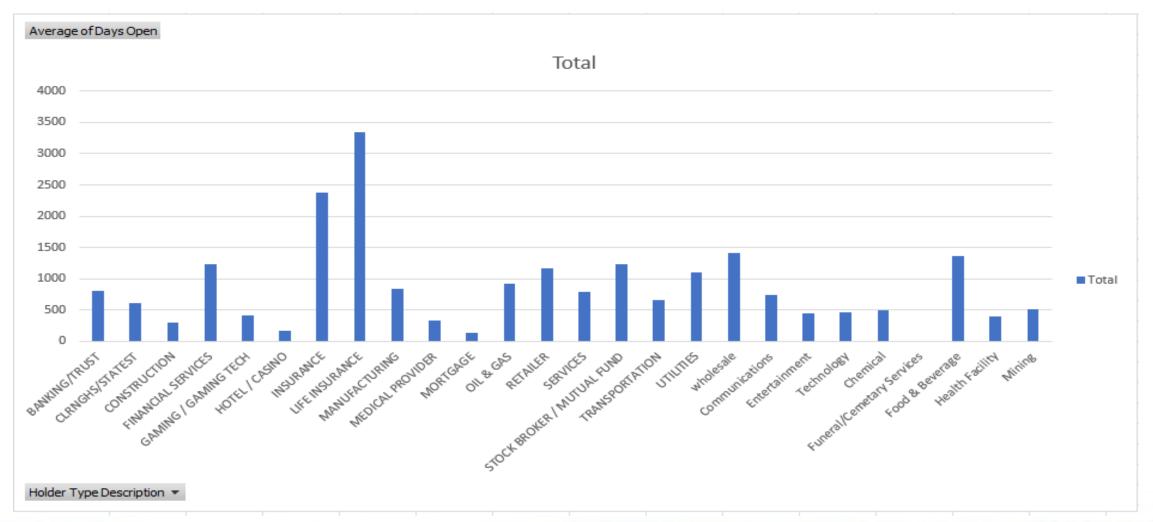
- Audit selection/approvals
- Holder education VS audit
- Contract compliance



## 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 3<sup>rd</sup> 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?

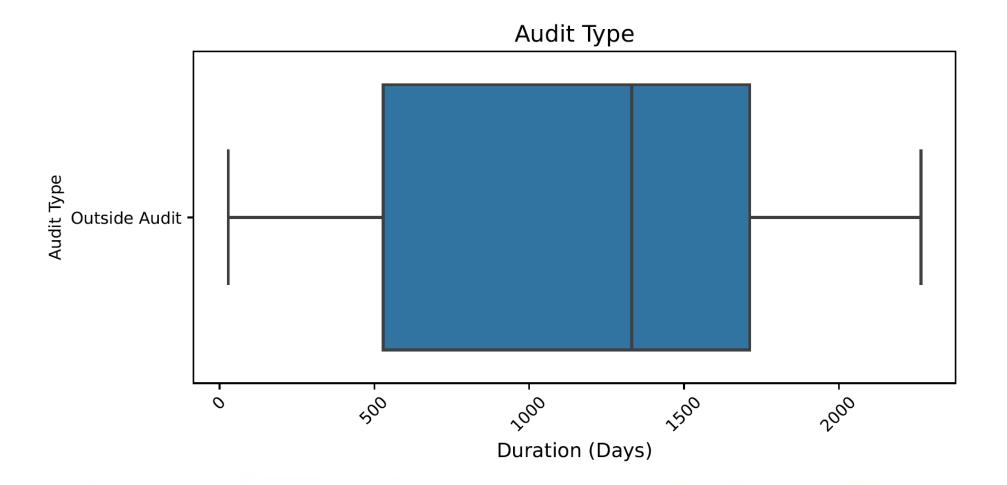
- New Audit Manager with a solid financial audit background asking questions
- Audit Vendors who have industry expertise, yet some vendors appear to be quicker completing audits
- Some holders in specific industries utilize advocates and audits stayed open for years
- Advocates lot of "gut feelings" 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

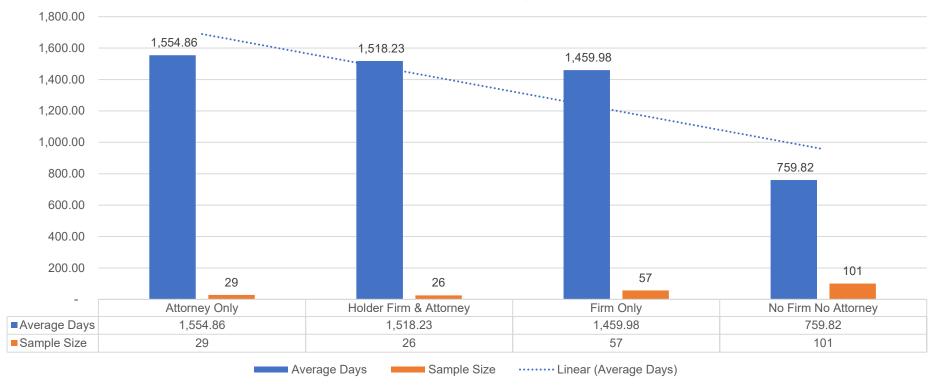


## **Audit Type**



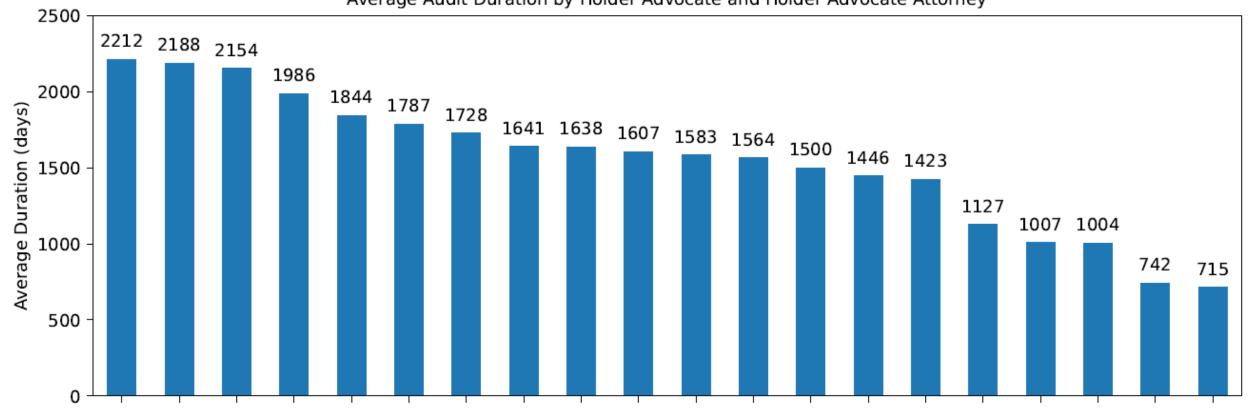
#### We Then Looked At Data Showing All Combinations

#### Comparison of All Types

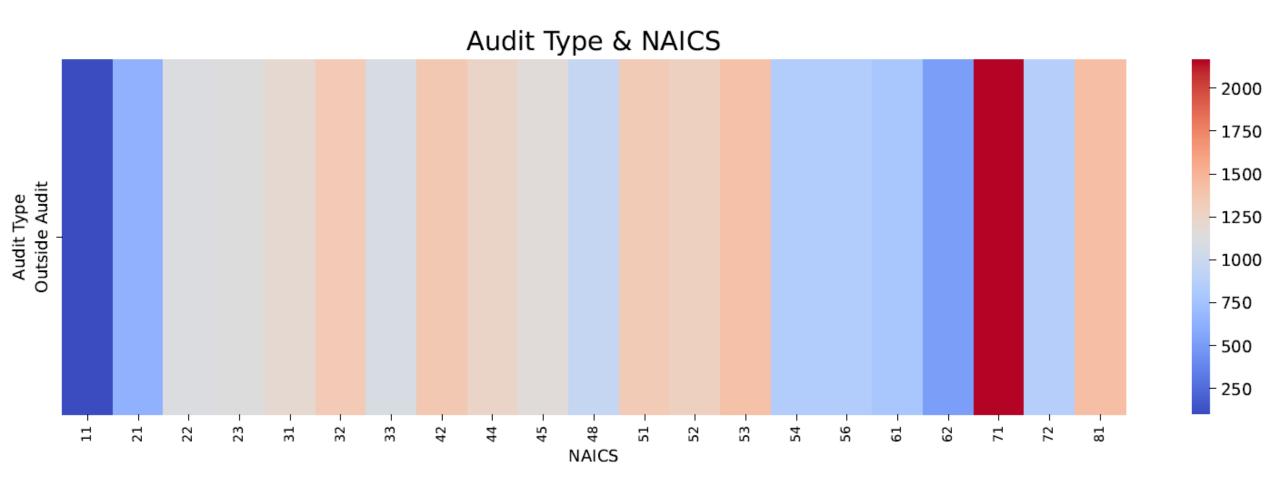


#### **Audit Duration for Holders With Both an Advocate Firm and Attorney**



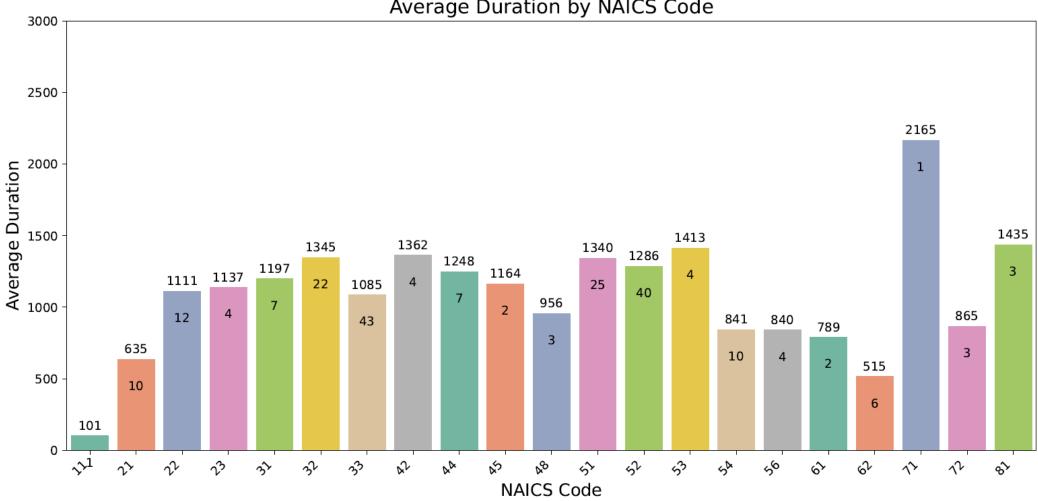


#### **Duration by NAICS code**



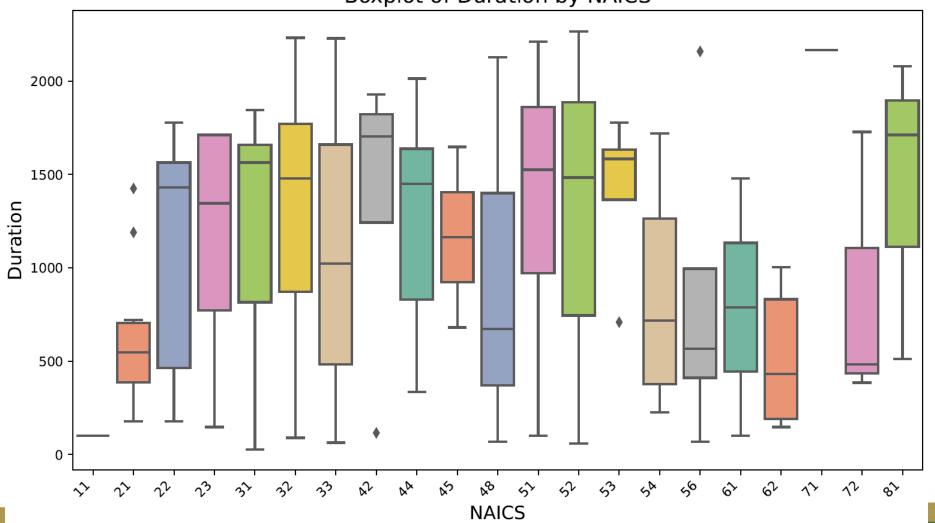
#### **Duration by NAICS code**

Average Duration by NAICS Code



#### **Duration by NAICS code**

**Boxplot of Duration by NAICS** 



#### 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

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



#### Thank You

