

Office of the Secretary of State

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Audits Division

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(503) 986-2255

June 9, 2016

Jim Paul, Director
Department of State Lands
775 Summer St. NE Suite 100
Salem, Oregon 97301-1279

Dear Mr. Paul:

As requested by the Department of State Lands (department), we conducted a risk assessment of the unclaimed property unit. The purpose of the risk assessment was to determine whether controls over unclaimed property have been designed properly. In performing the risk assessment, we interviewed employees, reviewed policies and procedures, and examined select documentation. During the risk assessment, we found the controls over the unclaimed property processes are sufficient to safeguard unclaimed property received and ensure only valid claims are paid, if operating as designed.

Over the past two years, the department undertook a special project to re-inventory securities and bonds held in the agency's vault and to ensure unclaimed property records were accurate and listed detailed information. During this special project the department did not adhere to the department's standard for design of controls including the requirement for dual custody of securities and adequate segregation of duties over changes made to unclaimed property records. As controls were not operating as intended, it is not possible to determine if any property is missing.

We recommend the department ensure adequate controls are in place for any future special projects to safeguard unclaimed property.

The purpose of this letter is solely to describe the scope of our review and the results of the procedures performed, and not to provide an opinion on the effectiveness of the department's internal controls.

We appreciate your staff's assistance and cooperation during this review. Should you have any questions, please contact me at (503) 986-2349.

Sincerely,
OREGON AUDITS DIVISION

Kelly L. Olson, CPA
Audit Manager

cc: Cynthia Wickham, Deputy Director

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