



## Executive Summary Agreed Upon Procedure Engagement Unclaimed Property (IMR22-03)

**Background:** On February 22, 2022, the Alexandria Police Department (APD) requested that the Office of Internal Audit (OIA) review the procedures used for tracking and disposing of unclaimed property. In addition to our review of APD procedures we surveyed other City departments and interviewed personnel from the Finance Department and other organizations with involvement with the unclaimed property process. Unclaimed property means property for which the owner has ceased, failed, or neglected within the allotted time period to take possession of their property. Virginia State code requires businesses as well as government entities to submit a report and remit the unclaimed property to the Virginia Department of Taxation. Funds are deposited into the Literary Fund of the Commonwealth.

OIA determined that APD is subject to two (2) main compliance concerns regarding unclaimed property. The first concern is the Commonwealth's requirement that the final report of any unclaimed funds and valuable jewelry be made by November 1st of each calendar year. The second concern is the City's requirement that any found property and money and all unclaimed property coming into the APD's possession shall be deposited with the Director of Finance after a period of 60 days unless claimed or returned to the rightful owner. We also identified that a listing of uncashed checks was not published in a newspaper as required by Finance Department regulations in 2021.

**Conclusions:** The APD identified through an internal review of their procedures that funds which should have been returned to the property owner were incorrectly uploaded to the Virginia Department of the Treasury's UPEXchange system. The funds were deposited into the City's bank account in preparation for submission to the state as unclaimed property and were always under positive control. The APD has since corrected the records in the UPEXchange system and is in the process of notifying the affected individuals. We also identified that reports and forms utilized by the APD could be modified to ensure easier interpretation by the officers. Finally, we identified that the Finance Department's accounting manual contained an advertising requirement which was not required by the Code of Virginia.

**Recommendations:** Based on our review of APD procedures we recommended that the following actions be undertaken:

1. Notify the property owners in writing that they can request payment for their property by contacting the APD;
2. Notify the Finance Director that checks may need to be issued to the individuals;
3. Provide training to officers explaining flow of evidence from collection to return to subject or forfeiture;
4. Change APD reports and forms to clearly indicate that funds will be returned to the subject unless directed to by the Commonwealth's Attorney Office;
5. For Finance Department update policies and procedures to comply with the Code of Virginia.

All audit recommendations were substantially implemented or are underway as of June 9, 2022

**Relevant Regulations:**

- Virginia Unclaimed Property Act and City of Alexandria Code Art. B. Unclaimed Money and Property
- APD Directive 10.28 Property and Evidence and APD SOP 8 State Unclaimed Property