

OFFICE OF THE STATE AUDITOR

DIANA DIZOGLIO

Official Audit Report – Issued December 18, 2025

Office of the State Treasurer and Receiver General

For the period July 1, 2022 through June 30, 2024



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December 18, 2025

Deborah B. Goldberg, Treasurer and Receiver General
Office of the State Treasurer and Receiver General
State House, Room 227
Boston, MA 02133

Dear Treasurer Goldberg:

I am pleased to provide to you the results of the enclosed performance audit of the Office of the State Treasurer and Receiver General. As is typically the case, this report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2022 through June 30, 2024. As you know, my audit team discussed the contents of this report with agency managers. This report reflects those comments.

I appreciate you and all your efforts at the Office of the State Treasurer and Receiver General. The cooperation and assistance provided to my staff during the audit went a long way toward a smooth process. Thank you for encouraging and making available your team. I am available to discuss this audit if you or your team has any questions.

Best regards,



Diana DiZoglio
Auditor of the Commonwealth

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LIST OF ABBREVIATIONS

MMARS	Massachusetts Management Accounting and Reporting System
OST	Office of the State Treasurer and Receiver General
UCP	Unclaimed Property Division
VB	Veterans' bonus

EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Office of the State Treasurer and Receiver General (OST) for the period July 1, 2022 through June 30, 2024.

The purpose of our audit was to determine the following:

- Did OST process unclaimed property claims for intangible property in accordance with Sections 4.04(2), 4.04(3), and 4.04(4) of Title 960 of the Code of Massachusetts Regulations and with the Unclaimed Property Division's (UCP's) "Claims Processing Policy"?
- Did OST process veterans' bonus (VB) claims in accordance with Sections 7.03, 7.04, and 7.07 of Title 960 of the Code of Massachusetts Regulations and with the VB Division's "Determination of Eligibility Policy" and "Application Review Policy"?

Below is a summary of our finding, the effect of that finding, and our recommendation, with hyperlinks to each page listed.

Finding 1 Page 10	OST's VB Division did not pay all approved VB claims correctly.
Effect	If OST's VB Division does not ensure that all eligible VB claims are processed correctly, then eligible veterans may experience delays in receiving their payments or may not receive them at all. Such delays could reduce confidence in the Commonwealth's ability to effectively administer programs established for veterans.
Recommendation Page 11	OST's VB Division should implement adequate monitoring controls to ensure that claims voided by the Massachusetts Management Accounting and Reporting System are reviewed for accuracy and reprocessed, if necessary.

OVERVIEW OF AUDITED ENTITY

The State Treasurer and Receiver General is an independently elected constitutional officer of the Commonwealth. The Office of the State Treasurer and Receiver General (OST) is responsible for a variety of important financial functions, as established by Chapter 10 of the Massachusetts General Laws, including receiving, managing, and investing all funds paid to the Commonwealth.

According to OST's website,

[The Massachusetts State Treasurer and Receiver General] is responsible for the state's cash and debt management, unclaimed property, and chairs state boards and commissions, including the Massachusetts School Building Authority, the Pension Reserves Investment Management Board, the State Board of Retirement, Massachusetts State Lottery Commission, and the Massachusetts Clean Water Trust.

OST is located at 1 Ashburton Place in Boston. Its operating budget was \$2,641,963,555 for fiscal year 2023 and \$2,548,065,230 for fiscal year 2024.

OST consists of the following state agencies and departments: the Alcoholic Beverages Control Commission, Cash Management, Debt Management, Defined Contribution Plans, Economic Empowerment, the Massachusetts State Retirement Board, the Massachusetts Clean Water Trust, Unclaimed Property Division (UCP), and Veterans' Bonus (VB) Division.

In addition, OST is affiliated with the following quasi-governmental agencies: the Massachusetts State Lottery, the Pension Reserves Investment Management Board, and the Massachusetts School Building Authority.

UCP

Chapter 200A of the General Laws and Section 4.00 of Title 960 of the Code of Massachusetts Regulations provides requirements and procedures for the administration of unclaimed property, also known as abandoned property. OST's UCP is responsible for the administration and protection of unclaimed property belonging to the state's citizens.

According to UCP's website,

Unclaimed property consists of unclaimed financial assets such as checking and savings accounts, unpaid wages, securities, uncashed dividends, life insurance policies, uncashed checks, safe deposit

boxes, etc that are without activity for a certain period of time. It does not include real estate or vehicles. Typically assets become unclaimed when the owner cannot be contacted for a three-year period by the holder of the asset, or for fifteen years in the case of traveler's checks.

Unclaimed property falls into four main categories: cash, mutual funds, stocks (all three of which are considered intangible property¹), and tangible property.

UCP receives unclaimed property from banks and other holding companies (known as holders) after they have been unable to reach property owners for three years. The holder submits a report to UCP. The reports are tracked through the Abandoned Property System, a system UCP uses to track and manage unclaimed property information. UCP staff members then perform a reconciliation process to ensure that reported funds match the amounts received. UCP attempts to find the property owners through various methods, which include sending outreach letters; attending fairs and trade shows; and advertising via television, radio stations, websites, and printed media. UCP makes the unclaimed property information available to the public via its website.

Claims for unclaimed property can occur through online submissions, by telephone calls, through in-person outreach events, and by emails. Claimants² submit a Claim Form and supporting documentation to verify ownership of the unclaimed property. Claim Forms disclose a 180-day window for processing the claim. The claim receives three levels of approval by UCP staff members before payment is issued. A fourth level of approval occurs for claims over \$100,000. Once a claim receives the required approvals, the claims approval data is sent electronically to the Office of the Comptroller of the Commonwealth through the Massachusetts Management Accounting and Reporting System (MMARS). MMARS performs its own verification process and typically disburses payments within 15 days.

VB Division

OST's VB Division provides financial bonuses to eligible Massachusetts veterans and their families in recognition of military service during designated periods of conflict. The VB Division's website states,

Through our program, we serve veterans of the Commonwealth and their families by providing financial assistance when eligible. The Veterans' Bonus Division distributes bonuses for eligible

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1. Intangible property includes items such as money, checks, stocks, dividends, insurance proceeds, unpaid wages, pensions, and other nonphysical financial assets.
 2. According to Section 4.02 of Title 960 of the Code of Massachusetts Regulations, a claimant is "a person(s) or legal entity legally entitled to claim abandoned property held in custody by the [Unclaimed] Property Division. A claimant may be an original owner or the court-appointed representative of an original owner or his/her estate."

active duty, discharged, and deceased Massachusetts veterans who served during various conflicts in single or multiple deployments.

Veterans from Massachusetts that were discharged with an Other Than Honorable discharge due to their sexual orientation or [human immunodeficiency virus] status may be eligible for a bonus if they meet the other bonus requirements (From Massachusetts, served during wartime or participated in combat operation).

The VB Division has promulgated regulations, specifically Section 7.00 of Title 960 of the Code of Massachusetts Regulations, that govern the administration of its bonus program. These regulations establish the procedures for awarding various types of bonuses offered through the division, define eligibility requirements, outline the application process, and specify the documentation needed to support a claim.

The table below summarizes the types of available bonuses, eligible service dates, and the maximum bonus amounts. See the [Appendix](#) for the full list of bonus amounts available for each type of bonus.

Examples of Types of Available VBs*

Type of Bonus	Eligible Services Dates	Maximum Bonus Amount**
World War II	September 16, 1940 to July 25, 1947	\$300
Korean War	June 25, 1950 to January 31, 1955	\$300
Vietnam Conflict	July 1, 1958 to May 17, 1975	\$300
Persian Gulf	August 2, 1990 to April 11, 1991	\$500
Global War on Terrorism Welcome Home	September 11, 2001 to present day	\$1,000
COVID-19 Bonus for Massachusetts National Guard	March 10, 2020 to present day	\$500
Armed Forces Expeditionary Medal	1976 to 1990 and 1992 to 2000	\$300

* The examples in this table include only the maximum bonus amounts per type. The [Appendix](#) includes the full list.

** The actual bonus amount by type varies based on certain criteria (e.g., a veteran can receive a higher amount for overseas service as opposed to domestic service).

During the audit period, the VB Division received 6,796 claims from veterans and their families. Of these, 4,597 claims were approved and paid, resulting in a total bonus disbursement of \$2,806,050.

To be eligible for a bonus, a veteran must complete an application and provide documentation demonstrating that they meet the following three requirements:

- Massachusetts Domicile—According to Section 78(b)(1) of Chapter 10 of the General Laws, “the domicile of a person on account of whose service the application is filed shall have been in the commonwealth for a period of not less than 6 months before the time of the person’s entry into the service”;
- Active Service—the veteran served on active service during a designated wartime period (e.g., World War II, the Korean War, or the Vietnam Conflict) or participated in a qualifying combat operation (active duty for training in the National Guard and Reserves does not qualify as active service); and
- Characterization of Service—According to Section 78(g) of Chapter 10 of the General Laws, “a veteran whose final enlistment is characterized as discharged or released under honorable conditions for such service.”

Applications may be submitted online via the VB Division’s website, by traditional mail, or by email. Once an application is submitted, a VB coordinator is assigned to review the claim. The coordinator reviews the application and supporting documentation to determine whether the veteran meets the eligibility requirements. The director of the VB Division performs the final review of the claim and determines whether the claim is approved or denied. If a claim is approved, then notifications are sent to the veteran informing them of the approval. The claim is then sent to MMARS for payment. If a claim is denied, then the veteran is notified by email, and they have the right to appeal the decision. The veteran notifies the VB Division of their intent to appeal and the VB Appeal Board³ schedules a hearing. The VB Appeal Board issues a final decision, which is posted publicly on the VB Division’s website.

3. According to the Veterans’ Bonus Appeal Board—Standing Order 2017-1, the VB Appeal Board “consists of the Adjutant General or their designee, a Treasury staff member designated by the State Treasurer, and an Assistant Attorney General designed by the Attorney General.”

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Office of the State Treasurer and Receiver General (OST) for the period July 1, 2022 through June 30, 2024.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Did OST process unclaimed property claims for intangible property in accordance with Sections 4.04(2), 4.04(3), and 4.04(4) of Title 960 of the Code of Massachusetts Regulations and with the Unclaimed Property Division's (UCP's) "Claims Processing Policy"?	Yes
2. Did OST process veterans' bonus (VB) claims in accordance with Sections 7.03, 7.04, and 7.07 of Title 960 of the Code of Massachusetts Regulations and with the VB Division's "Determination of Eligibility Policy" and "Application Review Policy"?	Partially; see Finding 1

To accomplish our audit objectives, we gained an understanding of the OST internal control environment relevant to our objectives by reviewing applicable policies and procedures and by interviewing OST officials. We evaluated the design and tested the operating effectiveness of internal controls related to unclaimed property claims and VB claims. Specifically, we determined whether unclaimed property claims were only paid after receiving the required approvals. Also, we determined whether VB claims were reviewed and approved by the VB director before payment. In addition, to obtain sufficient, appropriate evidence to address our audit objectives, we performed the procedures described below.

Unclaimed Property Claims

To determine whether OST processed unclaimed property claims for intangible property in accordance with Sections 4.04(2), 4.04(3), and 4.04(4) of Title 960 of the Code of Massachusetts Regulations and with UCP's "Claims Processing Policy," we selected a statistical⁴ sample of 30 paid claims from the population of 291,642 claims that were paid during the audit period, using a 95% confidence level,⁵ a 0% expected error rate,⁶ and a 10% tolerable error rate.⁷ For our sample, we determined whether (1) the required supporting documentation was on file, (2) all required signatures were present and properly authorized, and (3) the claims were reviewed and approved at all required levels.

Additionally, we selected a statistical sample of 30 denied claims from the population of 2,894 claims that were denied during the audit period, using a 95% confidence level, a 0% expected error rate, and a 10% tolerable error rate. For our sample, we determined whether (1) the reason(s) for denial complied with OST policy and regulatory requirements and (2) the claims were reviewed and approved at all required levels.

For this objective, we found no significant issues during our testing. Therefore, we concluded that, based on our testing, OST met the relevant criteria regarding processing unclaimed property claims for intangible property.

VB Claims

To determine whether OST processed VB claims in accordance with Sections 7.03, 7.04, and 7.07 of Title 960 of the Code of Massachusetts Regulations and with the VB Division's "Determination of Eligibility Policy" and "Application Review Policy," we selected a statistical sample of 30 paid claims from the population of 4,597 claims that were paid during the audit period, using a 95% confidence level, a 0% expected error rate, and a 10% tolerable error rate. For our sample, we determined whether (1) the

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4. Auditors use statistical sampling to select items for audit testing when a population is large (usually over 1,000) and contains similar items. Auditors generally use a statistics software program to choose a random sample when statistical sampling is used. The results of testing using statistical sampling, unlike those from judgmental sampling, can usually be used to make conclusions or projections about entire populations.
 5. Confidence level is a mathematically based measure of the auditor's assurance that the sample results (statistic) are representative of the population (parameter), expressed as a percentage.
 6. Expected error rate is the number of errors that are expected in the population, expressed as a percentage. It is based on the auditor's knowledge of factors such as prior year results, the understanding of controls gained in planning, or a probe sample.
 7. The tolerable error rate (which is expressed as a percentage) is the maximum error in the population that is acceptable while still using the sample to conclude that the results from the sample have achieved the objective.

recipient met all eligibility requirements, (2) all required documentation supporting eligibility was on file, and (3) the bonus amount was calculated and paid accurately.

Additionally, we selected a statistical sample of 30 denied claims from the population of 2,175 claims that were denied during the audit period, using a 95% confidence level, a 0% expected error rate, and a 10% tolerable error rate. For our sample, we determined whether (1) the reason for denial aligned with program regulations and policies; (2) the denial decision was clearly documented, properly reviewed, and supported by documentation; and (3) the applicant was promptly notified of the decision.

Finally, we selected the population of 24 claims that were amended⁸ during the audit period and determined whether the adjustments corrected the prior inaccuracies and resulted in accurate final determinations.

For this objective, we found certain issues during our testing regarding how OST processed VB claims. See [Finding 1](#) for more information.

Data Reliability Assessment

Abandoned Property System

To assess the reliability of the unclaimed property claim data from the Abandoned Property System, we interviewed the OST information technology employees who utilize the system. We also reviewed the vendor-provided System and Organization Control II report⁹ for the information system controls that were in place over the security, access, configuration, and contingency planning of the Abandoned Property System. In addition, we tested the data to ensure that it did not contain certain dataset issues (i.e., invalid records, duplicate records, and data corresponding to dates outside the audit period). Further, we observed the data extract process and verified that the record count shown during the demonstration agreed with the count of records received in the data file provided to us by OST.

8. An amended claim is defined as a claim that remains in an uncategorized status (i.e., it never gets either approved or denied), even after an attempted adjustment.

9. A System and Organization Control report, issued by an independent contractor, is a report on controls about a service organization's systems relevant to security, availability, processing integrity, confidentiality, or privacy.

VB Claim Processing System

The VB Division uses a claim processing system to approve and/or deny VB claims. To assess the reliability of the VB claim data from the claim processing system, we interviewed OST information technology employees who oversaw the system. In addition, we selected a random sample of 20 VB claims from the claim processing system and traced the claim information (i.e., application date, bonus identification, applicant name, bonus type, and bonus amount) to electronic copies of the veteran applications for agreement.

We selected a random sample of 20 electronic copies of veteran applications and traced information from these applications (i.e., application date, bonus identification, applicant name, bonus type, and bonus amount) to the list of VB claims from the claim processing system for agreement.

Based on the results of the data reliability assessment procedures described above, we determined that the information we obtained during the course of our audit was sufficiently reliable for the purposes of our audit.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. The Office of the State Treasurer and Receiver General's Veterans' Bonus Division did not pay all approved veterans' bonus claims correctly.

During the audit period, the Office of the State Treasurer and Receiver General's (OST's) Veterans' Bonus (VB) Division did not pay certain approved VB claims correctly. Specifically, we found that 5 (21%) of the 24 amended claims that we tested were inaccurately voided, resulting in eligible veterans not receiving their bonus payments. The bonus payments were delayed by an average of approximately 540 days between the date of the claim approval and the date of the bonus payment issuance. These bonus payments totaled \$3,800 in VBs. These payments were not issued until after we brought this finding to OST's attention, at which time the claims were corrected and the veterans subsequently received their due payments.

All other claims that we reviewed were processed correctly, indicating that the processing errors may have been limited to these specific amended claims.

If OST's VB Division does not ensure that all eligible VB claims are processed correctly, then eligible veterans may experience delays in receiving their payments or may not receive them at all. Such delays could reduce confidence in the Commonwealth's ability to effectively administer programs established for veterans.

Authoritative Guidance

The "Procedures for Implementation" section of the VB Division's "Application Review Policy" states that "the bonus applications are processed for payment in a timely manner." Additionally, the VB Division's "Determination of Eligibility Policy" states that "the purpose of this policy is to provide a uniform eligibility determination process for Veterans' Bonus applications to ensure that eligible applicants are paid in a timely manner."

According to the VB Division's website, "payments take approximately 4–6 weeks to process and deliver, via mailed check."

Reasons for Issue

VB claims are submitted to the Massachusetts Management Accounting and Reporting System (MMARS) in batches. If MMARS detects errors, such as batch processing¹⁰ errors or invalid vendor codes, then it voids all claims within the affected batch. The claims in question and referenced in this finding were part of batches voided for such reasons. These claims should have been promptly recreated or reprocessed by the VB Division; however, it did not do so. OST's VB Division did not have adequate monitoring controls in place to ensure that claims voided by MMARS were reviewed for accuracy and reprocessed, if necessary.

Recommendation

OST's VB Division should implement adequate monitoring controls to ensure that claims voided by MMARS are reviewed for accuracy and reprocessed, if necessary.

Auditee's Response

The OST's VB Division agrees with this finding and understands the importance of having adequate controls in place to ensure that all claims are completed accurately and timely. We are currently in the final phase of transitioning to a new system to process claims. The system is designed to flag claims that have been rejected by MMARS and will ensure that those claims are recreated in a timely manner. In addition, we are in the process of reviewing and updating our policies and procedures for processing claims.

Auditor's Reply

Based on its response, OST is taking measures to address our concerns regarding this matter. As part of our post-audit review process, we will follow up on this matter in approximately six months.

10. Batch processing is a method of processing large sets of data at one time to improve efficiency.

APPENDIX

Types of Available Veteran Bonuses

World War II Bonuses

Eligibility Requirement	Bonus Amount*
Overseas active service	\$300
At least six months of active service statewide	\$200
Fewer than six months of active service statewide	\$100
Died while on active service	\$300

* Each veteran is only eligible for one of the bonuses in this table. The time the bonus is awarded is based on a variety of factors.

Korean War Bonuses

Eligibility Requirement	Bonus Amount*
Overseas active service	\$300
At least six months of active service statewide	\$200
Fewer than six months of active service statewide	\$100
Died while on active service	\$300

* Each veteran is only eligible for one of the bonuses in this table. The time the bonus is awarded is based on a variety of factors.

Vietnam Conflict Bonuses

Eligibility Requirement	Bonus Amount*
Active service in Vietnam	\$300
At least six months of active service other than service in Vietnam	\$200
Died while on active service	\$300

* Each veteran is only eligible for one of the bonuses in this table. The time the bonus is awarded is based on a variety of factors.

Persian Gulf Bonuses

Eligibility Requirement	Bonus Amount*
Active service in the Persian Gulf area and awarded the Southwest Asia Service Medal	\$500
At least 30 days of active service other than service in the Persian Gulf area	\$300

* Each veteran is only eligible for one of the bonuses in this table. The time the bonus is awarded is based on a variety of factors.

Global War on Terrorism Welcome Home Bonuses

Eligibility Requirement	Bonus Amount
Active service in Iraq, Afghanistan, or another imminent danger location	\$1,000*
At least six months of active service other than service in an imminent danger location	\$500*
Died while on active service	\$1,000*
Subsequent deployment in Iraq, Afghanistan, or another imminent danger location	\$500
Subsequent six months of active service deployment in support of the Global War on Terrorism operation	\$250

* This bonus is only awarded once, after the first time the eligibility requirement is met.

COVID-19 Bonuses for Massachusetts National Guard

Eligibility Requirement	Bonus Amount
Active service in the Massachusetts National Guard during the COVID-19 pandemic state of emergency	\$500*
Subsequent deployment during the COVID-19 pandemic state of emergency	\$250

* This bonus is only awarded once, after the first time the eligibility requirement is met.

Armed Forces Expeditionary Medal Bonus

Eligibility Requirement	Bonus Amount
Awarded the Armed Forces Expeditionary Medal for combat operations that are, according to Section 7.03(7)(a)4 of Title 960 of the Code of Massachusetts Regulations, “during a period when no other state wartime bonus is available”	\$300*

* This bonus is only awarded once, after the first time the eligibility requirement is met.