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CITIZENS SUMMARY

Findings in the audit of the Department of Revenue Undeliverable Individual Income Tax Refunds

Background

Undeliverable individual income tax refund checks returned to the Department of Revenue (DOR) by the United States Postal Service are reviewed by DOR personnel to ensure the mailing addresses were accurately entered into the DOR system. The DOR publishes monthly information online of returned undeliverable refund checks. One year after the original issue date, an uncashed check is considered void and can no longer be cashed. The State Treasurer's Office (STO) General Services Division attempts to find payees of voided checks through an online database. If the General Services Division is unable to locate the taxpayer and the taxpayer does not contact the state to claim the refund within 3 years of the initial check date, the STO General Services Division transfers the refund to the STO Unclaimed Property Division, which publishes lists of all unclaimed monies, including undeliverable refunds.

Publication of Undeliverable Refund Checks

Current procedures result in undeliverable individual income tax refund checks being taken off of the DOR's published list 2 years before being placed on the STO unclaimed property system. As a result, the state held an estimated \$3 million in undeliverable income tax refunds at June 30, 2016, not included in a public list. Publicizing the voided undeliverable refund checks until they are turned over to unclaimed property would increase the visibility of checks being held by the state, and would increase the likelihood of taxpayers claiming refunds owed to them.

Because of the limited objectives of this audit, no overall rating is provided.