



PERFORMANCE AUDIT REPORT

**Reviewing the Operations of the
State Treasurer's Office**

**A Report to the Legislative Post Audit Committee
By Allen Gibbs & Houlik and Berberich Trahan & Co.
Under Contract with the
Legislative Division of Post Audit
State of Kansas
December 2002**

Legislative Post Audit Committee

Legislative Division of Post Audit

THE LEGISLATIVE POST Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$9 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by Legislative Post Audit helps provide that information.

We conduct our audit work in accordance with applicable government auditing standards set forth by the U.S. General Accounting Office. These standards pertain to the auditor's professional qualifications, the quality of the audit work, and the characteristics of professional and meaningful reports. The standards also have been endorsed by the American Institute of Certified Public Accountants and adopted by the Legislative Post Audit Committee.

The Legislative Post Audit Committee is a bipartisan committee comprising five senators and five representatives. Of the Senate members, three are appointed by the President of the Senate and two are appointed by the Senate Minority Leader. Of the Representatives, three are appointed by the Speaker of the House and two are appointed by the Minority Leader.

Audits are performed at the direction of the Legislative Post Audit Committee. Legisla-

tors or committees should make their requests for performance audits through the Chairman or any other member of the Committee. Copies of all completed performance audits are available from the Division's office.

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Senator Anthony Hensley
Senator Dave Kerr
Senator Derek Schmidt
Senator Chris Steineger

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Barbara J. Hinton, Legislative Post Auditor

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LEGISLATURE OF KANSAS
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December 10, 2002

To: Members, Legislative Post Audit Committee

Senator Lynn Jenkins, Chair
Senator Anthony Hensley
Senator Dave Kerr
Senator Derek Schmidt
Senator Chris Steineger

Representative Lisa Benlon, Vice-Chair
Representative John Ballou
Representative Jim Garner
Representative Dean Newton
Representative Dan Themisch

This report contains the findings, conclusions, and recommendations from the completed performance audit, *Reviewing the Operations of the State Treasurer's Office*. This audit was conducted by the joint venture of Allen Gibbs & Houlik and Berberich Trahan & Co., audit firms under contract with the Legislative Division of Post Audit.

The report includes recommendations for improving the financial management practices of the Treasurer's Office. We would be happy to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other State officials.

A large, elegant handwritten signature in black ink that reads "Barbara J. Hinton".

Barbara J. Hinton
Legislative Post Auditor

EXECUTIVE SUMMARY

LEGISLATIVE DIVISION OF POST AUDIT

Reviewing the Operations of the State Treasurer's Office

As part of its responsibilities, the State Treasurer's Office does the following:

- *deposits receipts it collects in State bank accounts as applicable*
- *ensures that moneys in those bank accounts are collateralized as required by State law*
- *ensures that cash flow needs of State agencies for moneys in the State Treasury are met*
- *redeems State warrants presented for redemption*
- *maintains adequate custodial accountability for moneys in the State Treasury*
- *administers the State's unclaimed property program*
- *serves as fiscal agent for certain public bonds*
- *distributes local taxes and State aid moneys to cities and counties as required by State law*
- *administers the Agricultural Production Loan Deposit Program and other linked deposit programs*
- *administers the Kansas Postsecondary Education Savings Program*

The audit reviewed each of the above areas of responsibility, and found no major deficiencies. The audit also made recommendations to improve security, recordkeeping, and documentation.

Recommendations page 12

Agency Response page 13

This audit was conducted by the joint venture of Allen Gibbs & Houlik and Berberich Trahan & Co., audit firms under contract with the Legislative Division of Post Audit. If you need any additional information about the audit's findings, please contact Rand Tongier at the Division's offices. Our address is: Legislative Division of Post Audit, 800 SW Jackson Street, Suite 1200, Topeka, Kansas 66612. You also may call us at (785) 296-3792, or contact us via the Internet at LPA@lpa.state.ks.us.

