

COMPLIANCE AND CONTROL AUDIT REPORT

**GOVERNOR'S OFFICE
LIEUTENANT GOVERNOR'S OFFICE
SECRETARY OF STATE'S OFFICE
FINANCE COUNCIL
INTERSTATE COOPERATION COMMISSION
PUBLIC DISCLOSURE COMMISSION
BOARD OF TAX APPEALS**

OBTAINING AUDIT INFORMATION

This audit was conducted by Randy Tongier, Financial-Compliance Audit Manager, and Roy Fitzpatrick, Auditor, of the Division's staff. If you need any additional information about the audit's findings, please contact Mr. Tongier at the Division's offices.

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**GOVERNOR'S OFFICE
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Summary of Legislative Post Audit's Findings

The Legislative Division of Post Audit conducted compliance and control audit work at the Governor's Office, the Lieutenant Governor's Office, the Secretary of State's Office, the Finance Council, the Interstate Cooperation Commission, the Public Disclosure Commission, and the Board of Tax Appeals in partial fulfillment of the Legislative Post Audit Act's requirement that audit work be conducted at each State agency at least once every three years. This compliance and control audit addressed the areas of receipts, locally administered funds, and expenditures. In addition, the audit followed up on prior audit findings and recommendations. The period covered by this audit work was the fiscal year ended June 30, 1989.

Did the Governor's Office, the Lieutenant Governor's Office, the Secretary of State's Office, and Finance Council, the Public Disclosure Commission, and the Board of Tax Appeals comply with legal and procedural requirements applicable to their receipts, and provide adequate internal control over receipts? The agencies' procedures for handling receipts were in accordance with legal and procedural requirements and provided adequate controls over receipts, with one exception. That exception was that the Secretary of State's Office's procedures for handling prepaid services did not ensure that individual user prepaid service accounts were updated to record charges for services actually used.

Did the Governor's Office and the Secretary of State's Office comply with legal and procedural requirements applicable to their locally administered funds, and provide adequate internal control over those funds? The agencies' procedures for handling locally administered funds were in accordance with legal and procedural requirements and provided adequate controls over locally administered funds, with one exception. That exception was that the Governor's Office's imprest fund procedures did not ensure that advances from the fund were reimbursed on a timely basis or that reimbursements received could be identified with advances originally made.

Did the Interstate Cooperation Commission comply with legal and procedural requirements applicable to its expenditures? The Commission's procedures for making expenditures were in accordance with legal and procedural requirements.

Prior audits had addressed one recommendation to the Secretary of State's Office and one recommendation to the Board of Tax Appeals. Those agencies have implemented the prior audit recommendations.

The report recommends that the Secretary of State's Office improve recordkeeping for prepaid services, and that the Governor's Office improve controls over reimbursements to its imprest fund. We would be happy to discuss these recommendations or any other items in the report with legislative committees, individual legislators, or other State officials.



Meredith Williams
Legislative Post Auditor

**GOVERNOR'S OFFICE
LIEUTENANT GOVERNOR'S OFFICE
SECRETARY OF STATE'S OFFICE
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INTERSTATE COOPERATION COMMISSION
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The Legislative Post Audit Act requires that an annual financial statement audit be conducted of the State's general purpose financial statements. The Act also requires that audit work be conducted at each State agency at least once every three years. Audit work conducted as part of the annual financial statement audit partially fulfills the latter requirement. Also in partial fulfillment of that requirement, the Legislative Division of Post Audit has conducted compliance and control audit work at the Governor's Office, the Lieutenant Governor's Office, the Secretary of State's Office, the Finance Council, the Interstate Cooperation Commission, the Public Disclosure Commission, and the Board of Tax Appeals covering the fiscal year ended June 30, 1989.

To avoid duplication of audit work conducted as part of the annual, Statewide audit, our audit work focused on areas not covered by the Statewide audit. For the seven agencies covered by this report, those areas were receipts, locally administered funds, and follow up of prior audit recommendations. All of the audited agencies except for the Interstate Cooperation Commission had receipts during the audit period. Only the Governor's Office and the Secretary of State's Office had locally administered funds. Because the Interstate Cooperation Commission had neither receipts nor locally administered funds during the audit period, we tested the Commission's non-payroll expenditures for compliance with applicable legal and procedural requirements. The audit addresses the following specific questions:

- 1. Did the Governor's Office, the Lieutenant Governor's Office, the Secretary of State's Office, the Finance Council, the Public Disclosure Commission, and the Board of Tax Appeals comply with legal and procedural requirements applicable to their receipts, and provide adequate internal control over receipts?**
- 2. Did the Governor's Office and the Secretary of State's Office comply with legal and procedural requirements applicable to their locally administered funds, and provide adequate internal control over those funds?**
- 3. Did the Interstate Cooperation Commission comply with legal and procedural requirements applicable to its expenditures?**

To answer the first question, we identified the legal and procedural requirements applicable to the audited agencies' receipts by reviewing relevant statutes, administrative regulations, and sections of the Division of Accounts and Reports Policy and Pro-

cedure Manual. We also interviewed agency personnel, reviewed written procedures, and examined related supporting documents to identify the agencies' procedures for handling receipts and we compared those procedures with the applicable legal and procedural requirements. In addition, we identified the potential for loss or misuse of receipts at the agencies and we evaluated the level of control provided by the agencies' procedures in preventing and detecting loss or misuse of receipts. Finally, we performed analytical tests of each agency's receipts and tested a sample of receipt transactions and deposits at each agency.

To answer the second question, we identified all locally administered funds at each agency. We reviewed relevant statutes, administrative regulations, and applicable sections of the Division of Accounts and Reports Policy and Procedure Manual. We interviewed agency personnel, reviewed written procedures, and examined related supporting documents to identify the agencies' procedures for handling receipts and we compared those procedures with the applicable legal and procedural requirements. In addition, we identified the potential for loss or misuse of locally administered funds at each agency, and we evaluated the level of control provided by the agency's procedures in preventing and detecting loss or misuse of those funds. Finally, we reviewed accounting records and reports and tested a sample of transactions at each agency.

In addressing the third question, we identified the legal and procedural requirements applicable to the Interstate Cooperation Commission's expenditures by reviewing relevant statutes, administrative regulations, and sections of the Division of Accounts and Reports Policy and Procedure Manual. We examined all non-payroll expenditure vouchers together with their supporting documentation and determined whether the expenditures were made in accordance with the applicable requirements.

This audit work also included following up on prior financial-compliance audit findings and recommendations not addressed by the annual financial statement audit. To accomplish this, we interviewed appropriate agency personnel and examined related supporting documentation to determine the actions taken to address those findings and recommendations. Then, we evaluated the actions taken to determine their adequacy.

In conducting this audit work, we followed all applicable generally accepted government auditing standards set forth by the U.S. General Accounting Office.

Background

This audit report covers seven State agencies — the Governor's Office, the Lieutenant Governor's Office, the Secretary of State's Office, the Finance Council, the Interstate Cooperation Commission, the Public Disclosure Commission, and the Board of Tax Appeals. The operations of each of these agencies are briefly described below.

The Governor's Office

The Kansas Constitution provides that the Governor is the Chief Executive Officer of the State of Kansas. The Governor is elected to a four-year term of office on a ticket which includes the Lieutenant Governor. Among the constitutional powers and duties of the Governor are signing or vetoing acts of the Legislature, presenting an annual message to the Legislature on the condition of the State, submitting to the Legislature an annual State budget, and considering pardon of those convicted of criminal acts. The Governor also appoints members of various boards, commissions, and authorities as well as executive heads of specific State agencies.

The operations of the Governor's Office, including amounts for the Governor's residence, are funded almost exclusively by State General Fund appropriations. Sources and uses of funds for fiscal year 1989 are presented below.

Governor's Office Sources and Uses of Funds Fiscal Year 1989		
BEGINNING CASH BALANCES		\$ 117,780
SOURCES OF FUNDS:		
Appropriations from the State General Fund	\$1,295,326	
Non-Operating Revenues	<u>966</u>	
Total Sources of Funds		1,296,292
USES OF FUNDS:		
Salaries and Wages	\$ 882,029	
Contractual Services	409,300	
Commodities	28,723	
Capital Outlay	23,474	
Grants and Shared Revenue	<u>40</u>	
Total Uses of Funds		1,343,566
SPENDING AUTHORITY LAPSED		<u>649</u>
ENDING CASH BALANCES		<u>\$ 69,857</u>

Lieutenant Governor's Office

The Kansas Constitution provides for the popular election of a Lieutenant Governor. Since the 1974 election, the Governor and Lieutenant Governor have been elected jointly to four-year terms. All duties of the Lieutenant Governor are assigned by the Governor. The Lieutenant Governor succeeds to the office of Governor in the event that office becomes vacant. The Lieutenant Governor is, by statute, a member of the State Election Board and may concurrently serve as a cabinet officer or department head under provisions of a 1982 legislative act.

The operations of the Lieutenant Governor's Office are funded entirely by State General Fund appropriations. Sources and uses of funds for fiscal year 1989 are presented below.

Lieutenant Governor's Office Sources and Uses of Funds Fiscal Year 1989

BEGINNING CASH BALANCE		\$ 17,125
SOURCES OF FUNDS:		
Appropriations from the State General Fund	\$ 105,971	
Total Sources of Funds		105,971
USES OF FUNDS:		
Salaries and Wages	\$ 89,792	
Contractual Services	14,266	
Commodities	655	
Capital Outlay	78	
Total Uses of Funds		<u>104,791</u>
ENDING CASH BALANCE		<u>\$ 18,305</u>

Secretary of State's Office

The Kansas Constitution provides for a Secretary of State to be elected to a four-year term. The Secretary of State serves on the State Board of Canvassers, the State Elections Contest Board, and the State Rules and Regulations Board. Major duties of the Secretary of State include registration of corporations doing business in the State of Kansas, supervision of and assistance to local election officers in all elections, and administration of the State Uniform Commercial Code. The Secretary of State is also responsible for distributing the Kansas Statutes Annotated and its supplements, Kansas Session Laws, and Kansas Administrative Regulations. The Secretary of State's Office also publishes the Kansas Register, which is the official publication regarding State government.

The operations of the Secretary of State's Office are funded by both State General Fund appropriations and by agency receipts. Major agency receipts result from the sale of publications and from charges for clerical services. Sources and uses of

funds for fiscal year 1989 are presented below. Tax receipts shown in the table represent the portion of the corporate franchise taxes collected that is eventually refunded. The major portion of corporate franchise tax receipts is deposited in the State General Fund rather than in a Secretary of State's Office fund.

**Secretary of State's Office
Sources and Uses of Funds
Fiscal Year 1989**

BEGINNING CASH BALANCES		\$ 786,436
SOURCES OF FUNDS:		
Appropriations from the State General Fund	\$1,460,477	
Taxes	226,905	
Agency Earnings	808,824	
Other Sources	<u>48,788</u>	
Total Sources of Funds		2,544,994
USES OF FUNDS:		
Salaries and Wages	\$1,801,484	
Contractual Services	802,692	
Commodities	130,886	
Capital Outlay	80,842	
Non-Operating Expenditures	<u>266,636</u>	
Total Uses of Funds		<u>3,082,540</u>
SPENDING AUTHORITY LAPSED		1,464
ENDING CASH BALANCES		<u>\$ 247,426</u>

Finance Council

The Finance Council comprises the Governor, the President of the Senate, the Speaker of the House, the Senate and House majority and minority leaders, the Chairman of the Senate Ways and Means Committee, and the Chairman of the House Appropriations Committee. The Governor serves as Council Chairman, and the Secretary of Administration, while not a member of the Council, is ex officio Secretary of the Council. The Finance Council has the authority to make decisions on certain items delegated to it by substantive law and other items that are characterized as matters of legislative delegation. The Council also allocates funds from the State Emergency Fund to various agencies. Except for approving the issuance of certificates of indebtedness and settlement of tort claims, the Finance Council can meet only when the Legislature is not in session.

Operations of the Finance Council are funded by State General Fund appropriations. Sources and uses of funds for fiscal year 1989 are presented on the next page. As the table shows, no expenditures were made in fiscal year 1989.

**Finance Council
Sources and Uses of Funds
Fiscal Year 1989**

BEGINNING CASH BALANCES		\$ 745,000
SOURCES OF FUNDS:		
Appropriations from the State General Fund	\$ 1,600	
Non-Operating Revenue	5,000	
Total Sources of Funds	<u>6,600</u>	6,600
SPENDING AUTHORITY LAPSED		<u>1,600</u>
ENDING CASH BALANCES		<u>\$ 750,000</u>

Interstate Cooperation Commission

The Interstate Cooperation Commission was established to provide State participation as a member in the Council of State Governments and the National Conference on State Legislatures, to assist State officials and employees in maintaining contact with other governmental units, and to promote cooperation between the State and other units of government. The Commission is comprised of the members of the Senate and House Committees on Interstate Cooperation and the members of the Governor's Committee on Interstate Cooperation. The Commission also appoints an Advisory Committee on Uniform State Laws.

Operations of the Interstate Cooperation Commission are funded by State General Fund appropriations. Sources and uses of funds for fiscal year 1989 are presented below.

**Interstate Cooperation Commission
Sources and Uses of Funds
Fiscal Year 1989**

BEGINNING CASH BALANCE		\$ 15,806
SOURCES OF FUNDS:		
Appropriations from the State General Fund	\$ 187,360	
Total Sources of Funds	<u>187,360</u>	187,360
USES OF FUNDS:		
Salaries and Wages	\$ 4,103	
Contractual Services	143,496	
Commodities	41	
Total Uses of Funds	<u>147,640</u>	147,640
ENDING CASH BALANCE		<u>\$ 55,526</u>

Public Disclosure Commission

The Public Disclosure Commission was established to maintain the integrity of the electoral process and governmental decision making by administering laws pertaining to campaign finance, conflicts of interest, and lobbying. The Commission consists of five persons, one appointed by the Governor and four appointed by the legislative leadership. The Commission has a five-person staff.

The operations of the Public Disclosure Commission are funded by State General Fund appropriations. Sources and uses of funds for fiscal year 1989 are summarized below.

Public Disclosure Commission Sources and Uses of Funds Fiscal Year 1989

BEGINNING CASH BALANCE		\$ 14,751
SOURCES OF FUNDS:		
Appropriations from the State General Fund	\$ 190,783	
Total Sources of Funds		190,783
USES OF FUNDS:		
Salaries and Wages	\$ 148,058	
Contractual Services	43,939	
Commodities	2,679	
Capital Outlay	373	
Total Uses of Funds		<u>195,049</u>
ENDING CASH BALANCE		<u>\$ 10,485</u>

Board of Tax Appeals

The Board of Tax Appeals comprises five members appointed by the Governor to four-year terms. The Board members represent each of the five congressional districts. The Board hears appeals arising from property taxes paid under protest, appeals resulting from orders of the Director of Taxation involving sales, income, and compensating use taxes, and appeals resulting from orders of the Director of Property Valuation regarding reappraisal. The Board also has the authority to approve the issuance of no-fund warrants and certain general obligation bonds. In addition, the Board hears requests from school districts to exceed statutory budget limitations. Finally, industrial revenue bond applicants must file certain information with the Board.

Operations of the Board of Tax Appeals are funded by State General Fund appropriations and agency receipts. Sources and uses of funds for fiscal year 1989 are presented on the next page.

**Board of Tax Appeals
Sources and Uses of Funds
Fiscal Year 1989**

BEGINNING CASH BALANCE		\$ 8,826
SOURCES OF FUNDS:		
Appropriations from the State General Fund	\$ 903,053	
Agency Earnings	<u>8,618</u>	
Total Sources of Funds		911,671
USES OF FUNDS:		
Salaries and Wages	\$ 658,228	
Contractual Services	113,313	
Commodities	6,488	
Capital Outlay	<u>115,075</u>	
Total Uses of Funds		893,104
SPENDING AUTHORITY LAPSED		<u>255</u>
ENDING CASH BALANCE		<u>\$ 27,138</u>

Did the Governor's Office, the Lieutenant Governor's Office, the Secretary of State's Office, the Finance Council, the Public Disclosure Commission, and the Board of Tax Appeals Comply With Legal and Procedural Requirements Applicable to Receipts and Provide Adequate Internal Control Over Receipts?

For fiscal year 1989, our review showed that these agencies complied with legal and procedural requirements applicable to receipts. In addition, their procedures provided adequate internal control over receipts except for controls over the Prepaid Services Fund at the Secretary of State's Office, where procedures did not ensure that individual user prepaid service accounts were charged for services actually used. Our conclusions were based on the following.

Of These Agencies, Only the Secretary of State's Office Had a Large Amount of Receipts

As the table below shows, only the Secretary of State's Office has a large amount of receipts. These consist mainly of corporation franchise taxes, service charges, and proceeds from the sale of statute and other books.

Fiscal Year 1989	Receipts
Governor's Office:	
Reimbursements of Expenditures	\$ 966
Lieutenant Governor's Office:	
Reimbursements of Expenditures	\$ 656
Secretary of State's Office:	
Corporation Franchise Taxes	\$ 9,433,533
Sale of State Printed Matter	918,551
Charges for Clerical Services	881,042
Charges for Corporation Services	757,758
Other Service Charges	95,127
Prepayments for Services	54,043
Sale of Sundry Articles	30,673
Licenses for Personal Services	18,624
Reimbursements of Expenditures	7,966
Charges for Supervisions and Examinations	4,156
Licenses for Business	<u>3,016</u>
Total	\$12,204,489
Finance Council:	
Transfer from the State General Fund into the State Emergency Fund	\$ 5,000
Public Disclosure Commission:	
Penalties Collected	\$ 465
Board of Tax Appeals:	
Charges for Clerical Services	\$ 14,744

In the area of receipts, we identified the agencies' procedures for handling receipts, determined whether those procedures met applicable legal requirements, evaluated the internal controls provided by those procedures, and tested a sample of transactions, records, and reports to determine whether the applicable procedures had been followed. In particular, we determined that:

- ◇ amounts due the agencies were properly assessed and collected
- ◇ amounts collected by the agencies were deposited in the State Treasury on a timely basis
- ◇ the agencies' receipts procedures provided adequate controls to limit to an acceptable level the risk of loss or misuse of receipts and the risk of noncompliance with legal and procedural requirements

In conducting our testwork, we did note a need for the Secretary of State's Office to improve its procedures for handling prepaid services.

The Secretary of State's Office's procedures for handling prepaid services did not ensure that individual user prepaid service accounts were updated to record charges for services actually used. Users of Secretary of State's Office services can deposit moneys with that Office to cover future charges for those services. These moneys are deposited in the Office's Prepaid Services Fund and the user's prepaid services account balance is increased. When services are actually used, the Office transfers the appropriate amount of moneys from the Prepaid Services Account to the appropriate fee account and decreases the balance of the user's prepaid services account.

The Secretary of State's Office has not established a procedure to regularly reconcile the amount of moneys in the Prepaid Services Fund to the total of user prepaid services account balances. As a result, the Office cannot ensure that appropriate transfers were made for services used or that proper charges were recorded in individual user prepaid service accounts. In addition, a shortage could occur in the Prepaid Services Fund without the Secretary of State's Office being able to detect that shortage on a timely basis.

When we requested Office personnel to perform a reconciliation as of December 31, 1989, we noted that the total of user prepaid service account balances exceeded the amount of moneys in the Prepaid Services Fund by \$1,190. This situation indicates either that not all charges for services used had been recorded in the user prepaid service accounts or that a shortage existed in the Prepaid Services Fund. Because the Office did not have a way to ensure that proper charges were made to user prepaid service accounts and because other Office procedures (such as regular and timely deposit of receipts and general controls over transfers of moneys) would reduce the risk of a shortage, we concluded that it is much more likely that the difference was due to a recording error than to an actual loss of moneys. However, unless corrective action is taken to address this area, risk of an undetected loss still exists

and the Office would still not have a way to ensure that proper transfers of moneys and charges to user accounts are made.

Recommendation

The Secretary of State's Office should provide for a regular reconciliation of the total moneys in the Prepaid Services Fund with the total of the individual user prepaid services account balances. Any discrepancy found should be promptly investigated.

**Did the Governor's Office and the Secretary of State's Office Comply With
Legal and Procedural Requirements Applicable to
Their Locally Administered Funds and Provide Adequate
Internal Control Over Those Funds?**

For fiscal year 1989, the Governor's Office and the Secretary of State's Office complied with legal and procedural requirements applicable to their locally administered funds. We also concluded that these two agencies' procedures generally provided adequate internal control over locally administered funds. However, we did find that the Governor's Office did not have procedures in place to ensure that travel advances were reimbursed on a timely basis, or that reimbursements received could be identified with a particular advance made. Our conclusions were based on the following.

The Governor's Office and the Secretary of State's Office Each Have An Imprest Fund

The Governor's Office and the Secretary of State's Office each have one locally administered fund — an imprest fund. An imprest fund is generally used to make payments for transactions that require immediate attention, including certain types of advances, and to provide moneys for petty cash funds and change funds. Except for the petty cash and change fund portions, an imprest fund is maintained as a local bank account. Payments of expenses from the imprest fund are reimbursed periodically from the agency's regular funds in the State Treasury. The receipts and disbursements of each of these funds are presented in the table below.

Receipts and Disbursements of Locally Administered Funds Fiscal Year 1989			
	Amount of Fund	Payments	Reimbursements
Imprest Funds:			
Governor's Office	\$ 3,000	\$ 4,121	\$ 3,903
Secretary of State's Office	4,000	27,724	28,259

In the area of locally administered funds, we identified the agencies' procedures for handling those funds, determined whether those procedures met applicable legal requirements, evaluated the internal controls provided by those procedures, and tested a sample of transactions, records, and reports to determine whether the applicable procedures had been followed for those transactions. In particular, we determined that:

- ◇ the agencies' use of local bank accounts was proper, and the banks themselves were designated by the Pooled Money Investment Board

- ◇ imprest fund recordkeeping and reporting was performed as required by the Division of Accounts and Reports
- ◇ the agencies' procedures provided adequate controls to limit to an acceptable level the risk of loss or misuse of imprest fund moneys and the risk of noncompliance with legal and procedural requirements

In conducting our testwork, we did note a need for the Governor's Office to improve its procedures for handling reimbursement of travel advances.

The Governor's Office's imprest fund procedures do not ensure that advances from the fund are reimbursed on a timely basis or that reimbursements received can be identified with advances originally made. The Governor's Office imprest fund is used primarily for travel advances. In testing payments from and reimbursements to the fund during fiscal year 1989, we noted an \$82 unreimbursed travel advance outstanding as of April 30, 1989. No subsequent reimbursements were made to the fund until October 2, 1989, at least five months after the original advance was made. In addition, we found that the October reimbursements were not identified with any particular advances. As a result, even at that time the Governor's Office could not be sure that the outstanding advance had been reimbursed. Unless procedures are established to address this situation, the Governor's Office cannot ensure that travel advances are reimbursed on a timely basis, if at all.

Division of Accounts and Reports Policy and Procedure Manual Filing No. 10,802 provides an optional method for helping ensure that imprest fund travel advances are reimbursed on a timely basis and that reimbursements can be identified with advances made. That method calls for the traveler to complete the regular State travel voucher form with the imprest fund itself as the payee. In that way, the fund is reimbursed as part of the normal expense reimbursement process. In addition, because the reimbursement document is keyed to an individual travel voucher showing the particulars of the travel, the reimbursement and the advance can easily be matched. If there is a difference between the amount of the travel voucher and the amount of the advance, that difference can be taken care of as part of the reimbursement transaction.

Recommendation

The Governor's Office should establish procedures to ensure that advances from the imprest fund are reimbursed on a timely basis and that reimbursements can be identified with the original advances made from the fund.

**Did the Interstate Cooperation Commission
Comply With Legal and Procedural Requirements
Applicable to Its Expenditures?**

For fiscal year 1989, we concluded that the Interstate Cooperation Commission complied with legal and procedural requirements applicable to its expenditures. Our conclusion was based on the following.

**Most of the Commission's Expenditures
Were For Dues and Memberships**

As the table below shows, 86 percent of the Commission's expenditures were for agency dues and memberships. The two major memberships, the National Conference of State Legislators and the Council of State Governments, are held on behalf of the State.

**Interstate Cooperation Commission
Expenditures
Fiscal Year 1989**

Memberships and Dues:	
National Conference of State Legislatures	\$ 60,395
Council of State Governments	52,400
National Conference of Commissioners on Uniform Laws	7,500
Advisory Commission on Intergovernmental Relations	6,000
Out-of-State Travel	17,201
Employee and Legislator Compensation	4,104
Other	<u>41</u>
Total	<u>\$ 147,641</u>

In the area of expenditures, we identified the legal and procedural requirements applicable to the audited agency's expenditures by reviewing relevant statutes, administrative regulations, and sections of the Division of Accounts and Reports Policy and Procedure Manual. We examined all non-payroll expenditure vouchers together with their supporting documentation and determined whether the expenditures were made in accordance with the applicable requirements. In particular, we determined that:

- ◇ amounts paid for travel expenses were in accordance with applicable legal requirements
- ◇ out-of-State travel was authorized in accordance with K.S.A. 75-3208
- ◇ payments were made in accordance with the guidelines of the Division of Purchases

Follow-Up of Prior Audit Findings and Recommendations

As part of this audit, we followed up on prior audit findings and related recommendations. The prior audit reports made two audit recommendations — one at the Secretary of State's Office and one at the Board of Tax Appeals. Our review indicated that both prior audit recommendations had been implemented.

Secretary of State's Office

The prior audit recommended that the Secretary of State's Office

- ◇ restrictively endorse and deposit all receipts when received

We found that all receipts were restrictively endorsed when received and that most of the receipts were deposited when received. While a portion of receipts are still sent to the various departments for processing before deposit, we concluded that the remaining risk of loss or misuse was not significant enough to warrant repeating the portion of this recommendation that had not been implemented.

Board of Tax Appeals

The prior audit recommended that the Board of Tax Appeals

- ◇ adhere to the schedule for depositing receipts that was approved by the Pooled Money Investment Board

We found that this recommendations had been implemented.

Governor's Office

Lieutenant Governor's Office

Finance Council

Interstate Cooperation Commission

Public Disclosure Commission

The above agencies had no prior audit findings and recommendations.

APPENDIX A

Agency Responses

On June 1, 1990, we provided a copy of the draft audit report to the Governor's Office, the Lieutenant Governor's Office, the Secretary of State's Office, the Finance Council, the Interstate Cooperation Commission, the Public Disclosure Commission, and the Board of Tax Appeals. Their responses are included in this Appendix.

STATE OF KANSAS



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Mike Hayden Governor

June 19, 1990

Meredith Williams
Legislative Post Auditor
Legislative Division of Post Audit
109 West 9th, Suite 301
Mills Building
Topeka, Kansas 66612-1285



Dear Meredith:

This letter is written in response to the recent draft audit report prepared by your office. It should be noted that the Governor's imprest fund procedures referred to on page 13 of the draft audit report have been addressed. As soon as the matter was brought to our attention the situation was immediately addressed and the appropriate changes have been implemented.

Thank you for your continued cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Richard D. Kready".

Richard D. Kready
Chief of Staff

RDK:dh



Legislative Division of Post Audit

109 WEST 9TH, SUITE 301
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(913) 296-3792

June 1, 1990

The Honorable Jack D. Walker
Lieutenant Governor
Statehouse, 2nd Floor
Topeka, Kansas 66612

Dear Dr. Walker:

Enclosed is a draft copy of our compliance and control audit report on the Lieutenant Governor's Office covering State fiscal year 1989. I would appreciate receiving any comments, corrections, or clarifications you may have on the draft report, in writing, by Friday, June 22, 1990. If you will unable to respond by that date, please let me know.

The enclosed report is a draft that is not for outside review. Committee rules prohibit our staff from publicly commenting on an audit report until the final report has been issued. The Committee would expect that officials receiving draft reports would not publicly comment on or release the contents of preliminary drafts.

Thank you for your cooperation and the assistance provided by your staff during the audit. If you have any questions, please call our office.

Sincerely,

Meredith Williams
Legislative Post Auditor

Enclosure

*5/16/90
Meredith
for distribution
with Lt Governor's office
Jaw*

Bill Graves
Secretary of State



2nd Floor, State Capitol
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(913) 296-2236

STATE OF KANSAS

July 20, 1990

Meredith Williams
Legislative Post Auditor
Legislative Division of Post Auditor
109 W.9th, Suite 301
Mills Building
Topeka, KS 66612



Dear Mr. Williams;

Thank you for sending a draft copy of the Compliance and Control Audit Report to our office for review. Our examination does not reveal any inaccuracies.

The report recommends establishment of a procedure to regularly reconcile prepaid account holders balances' with the Prepaid Services Fund. A monthly balance procedure was implemented as soon as this problem was brought to our attention.

If you have any questions, please do not hesitate to contact our office.

BILL GRAVES
Secretary of State

A handwritten signature in cursive script that reads "John Wine".

John Wine
Assistant Secretary of State

JW/km

STATE OF KANSAS



DEPARTMENT OF ADMINISTRATION

State Capitol
Topeka 66612-1572
(913) 296-3011

Shelby Smith, *Secretary*

June 20, 1990

DEPARTMENT OF ADMINISTRATION
JUN 21 1990

Mr. Meredith Williams
Legislative Post Auditor
109 West 9th, Suite 301
Topeka, Kansas 66612-1285

Dear Meredith:

In response to your letter of June 1, 1990, I would like to express to you my appreciation for the opportunity to review the draft audit report on the State Finance Council. We are in agreement with your financial compliance audit report. Thank you.

Sincerely,

Arthur H. Grigg

for

Shelby Smith
Secretary of Administration

SS:mkr
8189A

NORMAN J. FURSE, ATTORNEY

REVISOR OF STATUTES

ARDEN K. ENSLEY, ATTORNEY
FIRST ASSISTANT REVISOR

JAMES A. WILSON III, ATTORNEY
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LEGAL CONSULTATION—LEGISLATIVE
COMMITTEES AND LEGISLATORS
LEGISLATIVE BILL DRAFTING
SECRETARY—LEGISLATIVE
COORDINATING COUNCIL
SECRETARY—KANSAS COMMISSION
ON INTERSTATE COOPERATION
KANSAS STATUTES ANNOTATED
EDITING AND PUBLICATION
LEGISLATIVE INFORMATION SYSTEM

June 22, 1990

Mr. Meredith Williams
Legislative Post Audit
109 West 9th, Suite 301
Mills Building
Topeka, KS 66612



Dear Meredith,

I appreciate the opportunity to review and respond to the draft audit report on the Interstate Cooperation Commission for state fiscal year 1989. Based on my review, I have no corrections, additions or clarifications to the material dealing with the Interstate Cooperation Commission.

Sincerely,

A handwritten signature in black ink that reads 'Norman J. Furse'.

Norman J. Furse
Secretary

NJF/sma

STATE OF KANSAS



KANSAS PUBLIC DISCLOSURE COMMISSION

109 W. NINTH
TOPEKA, KANSAS 66612
PHONE: (913) 296-4219

July 9, 1990

DECEMBER
JUL 10 1990

Meredith Williams
Legislative Post Auditor
Legislative Division of Post Audit
109 West 9th, Suite 301
Topeka, Kansas 66612

Dear Mr. Williams:

I have reviewed the draft copy of your compliance and control audit report on the Kansas Public Disclosure Commission covering fiscal year 1989. Having reviewed the report, we concur with its findings and believe the report to be fair and factual.

Once again this year, we appreciate the courteous and expeditious manner in which the audit was conducted.

Sincerely,

A handwritten signature in cursive script, appearing to read "Carol E. Williams".

Carol E. Williams
Executive Director

CEW:dlw

Mike Hayden

Governor

THE STATE



OF KANSAS

BOARD OF TAX APPEALS

Victor M. Elliott, Chairman

*Docking State Office Building, 10th Floor
Topeka, Kansas 66612-1582
AC-913 296-2388*

*Conrad Miller, Jr., Member
Charles F. Laird, Member
Maybelle Mertz, Member
Jayne Aylward, Member*

July 9, 1990

Mr. Meredith Williams
Legislative Post Auditor
Legislative Post Audit Division
109 W. 9th, Suite 301
Topeka, Kansas 66612

Dear Mr. Williams:

We have reviewed the Audit Report on the Board of Tax Appeals for the State fiscal year 1989 and find that we have no problem with the audit.

Sincerely,

BOARD OF TAX APPEALS

A handwritten signature in cursive script, appearing to read "Victor M. Elliott".

Victor M. Elliott
Chairman

VME:rw