

COMPLIANCE AND CONTROL AUDIT REPORT

**KANSAS, INC.
KANSAS TECHNOLOGY ENTERPRISE CORPORATION
KANSAS DEVELOPMENT FINANCE AUTHORITY
WHEAT COMMISSION
STATE FAIR BOARD**

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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KANSAS TECHNOLOGY ENTERPRISE CORPORATION
KANSAS DEVELOPMENT FINANCE AUTHORITY
WHEAT COMMISSION
STATE FAIR BOARD**

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**KANSAS, INC.
KANSAS TECHNOLOGY ENTERPRISE CORPORATION
KANSAS DEVELOPMENT FINANCE AUTHORITY
WHEAT COMMISSION
STATE FAIR BOARD**

Summary of Legislative Post Audit's Findings

The Legislative Division of Post Audit conducted compliance and control audit work at Kansas, Inc., the Kansas Technology Enterprise Corporation, Kansas Development Finance Authority, Wheat Commission, and State Fair Board 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 a specific funding requirement for Kansas, Inc. There were no prior audit findings and recommendations. The period covered by this audit was the fiscal year ended June 30, 1989.

Did Kansas, Inc., the Kansas Technology Enterprise Corporation, Kansas Development Finance Authority, Wheat Commission, and State Fair Board comply with legal and procedural requirement 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 generally provided adequate controls over receipts, with one exception. The Wheat Commission did not transfer receipts from its local fee bank account to the State Treasury on a timely basis.

Did the Wheat Commission and the State Fair Board comply with legal and procedural requirements applicable to their locally administered funds, and provide adequate internal control over those funds? These agencies' procedures for handling locally administered funds were in accordance with legal and procedural requirements, and provided adequate internal control.

Did Kansas, Inc., comply with the statutory requirement that a certain portion of the funding for its activities be provided by non-State sources? For fiscal year 1989, Kansas, Inc., complied with the statutory requirement that, for every \$2 it spends from State sources, it must spend \$1 from non-State sources.

The report recommends that the Wheat Commission comply with the requirement for weekly transfers from its local fee bank account to the State Treasury. 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

**KANSAS, INC.
KANSAS TECHNOLOGY ENTERPRISE CORPORATION
KANSAS DEVELOPMENT FINANCE AUTHORITY
WHEAT COMMISSION
STATE FAIR BOARD**

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 Kansas, Inc., the Kansas Technology Enterprise Corporation, the Kansas Development Finance Authority, the Wheat Commission, and the State Fair Board 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 five agencies covered by this report, those areas were receipts, locally administered funds, compliance with certain financial-related statutory requirements, and follow up of prior audit recommendations. All of the audited agencies had receipts during the audit period, but only the Wheat Commission and the State Fair Board had locally administered funds. In addition, Kansas, Inc., was subject to a statutory requirement that its State funding be matched to a certain extent by non-State funding. The audit addresses the following specific questions:

1. **Did Kansas, Inc., the Kansas Technology Enterprise Corporation, the Kansas Development Finance Authority, the Wheat Commission, and the State Fair Board comply with legal and procedural requirements applicable to their receipts, and provide adequate internal control over receipts?**
2. **Did the Wheat Commission and the State Fair Board comply with legal and procedural requirements applicable to their locally administered funds, and provide adequate internal control over those funds?**
3. **Did Kansas, Inc. comply with the statutory requirement that a certain portion of the funding for its activities be provided by non-State sources?**

We identified the legal and procedural requirements applicable to the audited agencies' receipts and locally administered funds by reviewing relevant statutes, administrative regulations, and sections of the Division of Accounts and Reports Policy and Procedure Manual. We also interviewed agency personnel, reviewed written procedures, and examined related supporting documents to identify the agencies' procedures for handling receipts. We then 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 pro-

vided by the agencies' procedures in preventing and detecting loss or misuse of those receipts and funds. Finally, we performed analytical tests of receipts, reviewed accounting records, and tested a sample of transactions at each agency.

We reviewed relevant statutes to identify applicable matching requirements. We interviewed agency personnel, reviewed written procedures, and examined related supporting documents to identify the agency's procedures for achieving and ensuring compliance with those requirements. We also evaluated those procedures for adequacy. Finally, we tested the agency's compliance with the requirements for fiscal year 1989.

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 five State agencies — Kansas, Inc., the Kansas Technology Enterprise Corporation, the Kansas Development Finance Authority, the Wheat Commission, and the State Fair Board. The operations of each agency are briefly described below.

Kansas, Inc.

Kansas, Inc., was created to analyze, coordinate, and direct the State's economic development activities. The corporation comprises 15 members serving four-year terms. The following eight members are designated by statute: the Governor, the Secretary of Commerce, the Commanding General of the Kansas Cavalry, an appointee of the Board of Regents, the President of the Senate, the Senate minority leader, the Speaker of the House, and the House minority leader. Each of the legislative members may designate another legislator to represent them. The remaining seven members are appointed by the Governor and represent various areas within the private sector of the Kansas economy.

The fiscal year 1989 operations of Kansas, Inc. were funded mainly by appropriations from the State General Fund, donations, a transfer from the Department of Commerce, and in-kind matching contributions from businesses. Funds were used for operations of the Corporation.

Kansas, Inc. Sources and Uses of Funds Fiscal Year 1989

BEGINNING CASH BALANCES		\$ 105,006
SOURCES OF FUNDS:		
Appropriations from the State General Fund	\$ 276,620	
Transfer from the Department of Commerce	75,000	
Cash Donations	111,078	
Donated Property and Services	53,026	
Other Receipts	<u>1,928</u>	
Total Sources of Funds		517,652
USES OF FUNDS:		
Salaries and Wages	\$ 167,849	
Contractual Services	282,953	
Commodities	2,713	
Capital Outlay	2,236	
Non-Operating Uses of Funds	<u>14,069</u>	
Total Uses of Funds		<u>469,820</u>
ENDING CASH BALANCES		<u>\$ 152,838</u>

Kansas Technology Enterprise Corporation

Kansas Technology Enterprise Corporations was created to foster innovation in existing and developing businesses by:

- ◇ financing basic research, applied research and development, and technology transfer at Kansas educational institutions
- ◇ awarding applied research matching grants to Kansas educational institutions and Kansas private enterprises
- ◇ engaging in seed-capital financing for the development and implementation of innovations or new technologies
- ◇ providing technical referral services and encouraging Kansas educational institutions to establish technical information data bases and industrial liaison offices

The Corporation is governed by a Board of Directors comprising of the Governor, the Speaker of the House, the House Minority Leader, the President of the Senate, the Senate Minority Leader, and ten persons appointed by the Governor who are recognized for outstanding knowledge and leadership in their fields. These 10 people are appointed to four-year terms, subject to Senate confirmation. Each of the legislative members may designate another legislator to represent them. The Board appoints a President who is responsible for the administrative affairs and general management of the Corporation.

The operations of the Kansas Technology Enterprise Corporation are funded mainly by transfers from the Department of Commerce. Funds were used mainly for grants and for operations of the Corporation. Sources and uses of funds for fiscal year 1989 are presented below.

Kansas Technology Enterprise Corporation Sources and Uses of Funds Fiscal Year 1989

BEGINNING CASH BALANCES		\$ 17,125
SOURCES OF FUNDS:		
Transfers from the Department of Commerce	\$5,523,982	
Appropriations from the State General Fund	<u>157,048</u>	
Total Sources of Funds		5,681,030
USES OF FUNDS:		
Salaries and Wages	\$ 241,866	
Contractual Services	404,272	
Commodities	15,868	
Capital Outlay	102,106	
Grants	<u>4,164,754</u>	

Total Uses of Funds	4,928,684
SPENDING AUTHORITY LAPSED	<u>15,825</u>
ENDING CASH BALANCE	<u>\$ 2,888,591</u>

Kansas Development Finance Authority

The Kansas Development Finance Authority was created to enhance the ability of the State to finance capital improvements and to improve access to long-term capital financing for State agencies, political subdivisions, public and private non-profit organizations, and businesses. The Authority is governed by a five-member Board of Directors, comprising the Secretary of Commerce and four members appointed by the Governor subject to confirmation by the Senate. The Governor also appoints a president who is responsible for the general management of the Authority.

The Kansas Development Finance Authority can acquire and dispose of real and personal property, borrow money and issue notes, bonds, or other obligations, make loans, offer technical assistance and advice to the State or political subdivisions of the State, and assist minority businesses in obtaining loans or other means of financial assistance.

The administrative operations of the Kansas Development Finance Authority are funded primarily by administration fees and reimbursements. The Authority has also issued bonds which are being repaid using proceeds from lease agreements on facilities constructed using the proceeds from issuing those bonds. Almost none of the Authority's financial transactions are processed through the State Treasury. Those that are processed through the State Treasury are summarized below. The Authority publishes an annual report on a calendar-year basis, which includes the results of a financial audit by an independent certified public accountant. Because the activity in the Authority's local bank account was audited by the accounting firm, we did not include that activity in our audit work.

**Kansas Development Finance Authority
Sources and Uses of Funds — State Treasury
Fiscal Year 1989**

BEGINNING CASH BALANCE		\$	0
SOURCES OF FUNDS:			
Transfers from Local Bank Account			151,159
USES OF FUNDS:			
Salaries and Wages	\$118,947		
Contractual Services	29,470		
Commodities	830		
Capital Outlay	<u>1,449</u>		

Total Uses of Funds	<u>150,696</u>
ENDING CASH BALANCE	<u>\$ 463</u>

Wheat Commission

The Wheat Commission was established to encourage the sale of wheat through market development, consumer relations, research, and educational efforts. The Commission comprises seven members appointed by the Governor. The Secretary of the Board of Agriculture and the Dean of the Kansas State University School of Agriculture serve as ex-officio members of the Commission. The Commission designates an administrator to manage the agency's daily functions.

Operations of the Wheat Commission are funded primarily by collection of a seven mills per bushel tax on the initial sale of wheat. Sources and uses of funds for fiscal year 1989 are presented below.

Wheat Commission Sources and Uses of Funds Fiscal Year 1989

BEGINNING CASH BALANCE		\$ 285,354
SOURCES OF FUNDS:		
Wheat Taxes	\$1,977,059	
Other Receipts	<u>6,436</u>	
Total Sources of Funds		1,983,495
USES OF FUNDS:		
Salaries and Wages	\$ 211,638	
Fees for Professional Services	979,373	
Other Contractual Services	200,802	
Commodities	20,700	
Capital Outlay	779	
Refunds of Wheat Taxes	<u>109,690</u>	
Total Uses of Funds		<u>1,522,982</u>
ENDING CASH BALANCE		<u>\$ 745,867</u>

State Fair Board

In 1913, the Legislature designated the Central Kansas State Fair in Hutchinson as the official State Fair. Since then, the State Fair Board has been a State agency with the primary function of holding the annual State Fair. The 16-member Board consists of the members of the Board of Agriculture, the Secretary of Agriculture, and three members representing commerce and industry, travel, and technology. The activities of the State Fair Board are administered by a general manager appointed by the Board.

During fiscal year 1989, the operating costs of the Board were funded by receipts from the State Fair and from non-Fair activities held at the fairgrounds. Capital improvement were funded primarily by proceeds from revenue bonds issued through the Kansas Development Finance Authority. Sources and uses of funds for fiscal year 1989 are presented below.

**State Fair Board
Sources and Uses of Funds
Fiscal Year 1989**

BEGINNING CASH BALANCES		\$ 724,449
SOURCES OF FUNDS:		
Agency Earnings	\$1,380,292	
Revenue from Use of Money and Property	946,434	
Revenue Bond Proceeds	840,000	
Other Receipts	<u>36,885</u>	
Total Sources of Funds		3,203,611
USES OF FUNDS:		
Salaries and Wages	\$ 738,171	
Contractual Services	1,469,093	
Commodities	128,105	
Capital Outlay	510,085	
Other Disbursements	<u>99,083</u>	
Total Uses of Funds		<u>2,944,537</u>
ENDING CASH BALANCES		<u>\$ 983,523</u>

Did Kansas, Inc., the Kansas Technology Enterprise Corporation, the Kansas Development Finance Authority, the Wheat Commission, and the State Fair Board Comply With Legal and Procedural Requirements Applicable to Their 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 except that the Wheat Commission did not transfer receipts from its local bank account to the State Treasury on a timely basis. In addition, their procedures provided adequate internal control over receipts. Our conclusions were based on the following.

For These Agencies, the Significant Receipts Were Collected by the Kansas Technology Enterprise Corporation, the Wheat Commission, and the State Fair Board

As the table below shows, the most significant receipts consist primarily of transfers from the Department of Commerce, wheat taxes, receipts arising from the State Fair, and revenue bond proceeds.

Receipts Fiscal Year 1989	
Kansas, Inc.:	
Donations	\$ 111,078
Transfer from the Department of Commerce	75,000
Donated Property or Services	53,026
Other Receipts	1,928
Kansas Technology Enterprise Corporation:	
Transfers from the Department of Commerce	\$5,523,982
Kansas Development Finance Authority: (State Treasury Funds Only)	
Transfers from Local Bank Account	\$ 151,159
Wheat Commission:	
Wheat Taxes	\$1,977,059
Other Receipts	6,436
State Fair Board:	
Agency Earnings	\$1,380,292
Revenue from Use of Money and Property	946,434
Revenue Bond Proceeds	840,000
Other Receipts	36,885

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

The Wheat Commission did not transfer receipts from its local fee bank account to the State Treasury on a timely basis. State agencies with local fee bank accounts, such as the Wheat Commission, are required by State law to transfer receipts deposited in their fee bank accounts to the State Treasury at least monthly, or more often if required by the Pooled Money Investment Board. In September 1988, the Pooled Money Investment Board began requiring weekly transfers by the Wheat Commission.

In testing the Wheat Commission's compliance with this requirement, we found that weekly deposits were not made from March 1989 through the end of the fiscal year. Rather, the Commission made three transfers each month during March and April, and two transfers each month during May and June. Because timely transfers were not made during this time period, the Wheat Commission was not in compliance with statutory requirements. In addition, because moneys that could have been invested by the Pooled Money Investment Board had they been in the State Treasury were not available for investment, the State lost the opportunity to earn interest on these moneys. The amount of interest lost was very small (\$20-\$25), but even this loss could have been avoided. Finally, timely deposit of receipts reduces the risk of loss or misuse because moneys in the State Treasury are more secure than moneys on hand at a State agency's offices.

Recommendation

The Wheat Commission should take steps to ensure that it complies with the requirement for weekly transfers from its local fee bank account to the State Treasury.

Did the Wheat Commission and the State Fair Board 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 Wheat Commission and the State Fair Board complied with legal and procedural requirements applicable to their locally administered funds and provided adequate internal control over those funds. Our conclusions were based on the following.

The Wheat Commission Properly Administered Its Imprest Fund During Fiscal Year 1989

The Wheat Commission has 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.

For fiscal year 1989, the authorized amount of the Wheat Commission's imprest fund was \$5,000. During that year, the Commission made payments from its imprest fund totaling \$1,345, and made reimbursements to the fund totaling that same amount.

In conducting our audit work on the Wheat Commission's imprest fund, we identified the Commission's 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 and records to determine whether the applicable procedures had been followed for those transactions. In particular, we determined that:

- ◇ the Commission's use of the local bank account was proper, and the bank itself was designated by the Pooled Money Investment Board
- ◇ the Commission's procedures provided adequate controls to limit to an acceptable level the risk of loss or misuse of imprest fund moneys and the risk of non-compliance with legal and procedural requirements

The State Fair Board's Petty Cash Fund Procedures Were Adequate During Fiscal Year 1989

The State Fair Board had a petty cash fund during fiscal year 1989. A petty cash fund operates exactly like an imprest fund except that the fund is maintained in the form of cash on hand and the amount of the fund is generally small. For fiscal year 1989, the authorized amount of the State Fair Board's petty cash fund was \$200.

As part of our audit work in this area, we evaluated the State Fair Board's procedures to determine that they were adequate to limit to an acceptable level the risk of loss or misuse of petty cash fund moneys and the risk of noncompliance with legal and procedural requirements. Because of the small amount of the fund and because we found the State Fair Board's procedures to provide adequate controls, we conducted no further audit work in this area.

**The State Fair Board Properly Administered Its
Two Local Fee Funds During Fiscal Year 1989**

The State Fair Board maintains two local fee funds, each in a separate bank account. One fund, the State Fair Fee Fund, is used in promoting and operating the State Fair. The other fund, the Non-Fair Days Activities Fee Fund, is used in promoting and operating events held on the State Fairgrounds on days which have not been designated as official State Fair days.

Both funds are operated in a similar fashion. All receipts collected by the State Fair Board are deposited in the appropriate local bank account and subsequently transferred to the State Treasury. To provide moneys needed to pay expenses, the State Fair Board obtains advances from the State Treasury and deposits these in the appropriate local bank account. Any unexpended advances are returned to the State Treasury. Fiscal year 1989 activity in the two local fee funds is summarized below.

**State Fair Board
LOCAL FEE FUND ACTIVITY
Fiscal Year 1989**

State Fair Fee Fund

Receipts Collected	\$2,356,423
Advances from the State Treasury	1,181,312
Transfers of Receipts to the State Treasury	\$2,356,423
Expenses Paid	1,177,012
Return of Unexpended Advances	4,300

Non-Fair Days Activities Fee Fund

Receipts Collected	\$ 177,844
Advances from the State Treasury	65,000
Transfers of Receipts to the State Treasury	\$ 177,844
Expenses Paid	51,170
Return of Unexpended Advances	13,830

In conducting our audit work on the State Fair Board's local fee funds, we identified the Board's 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 and records to determine

whether the applicable procedures had been followed for those transactions. In particular, we determined that:

- ◇ the Board's use of the local bank account was proper, and the bank itself was designated by the Pooled Money Investment Board
- ◇ the Board's 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
- ◇ the Board remitted receipts collected to the State Treasury as required
- ◇ the Board closed the State Fair Fee Fund bank account on or before December 31, and transferred all unencumbered funds to the State Treasury.
- ◇ the Board made a full accounting of the Non-Fair Days Activities Fee Fund bank account to the Division of Accounts and Reports on or before April 1

The State Fair Board Properly Administered Its Special Cash Fund During Fiscal Year 1989

The State Fair Board needs a very large amount of money for making change during the State Fair. Because the amount needed is too large to be provided by the State's normal procedures, special arrangements have been made. Those arrangements, specified by K.S.A. 2-220, are described below.

- ◇ At least 10 days before the start of the State Fair, the Director of Accounts and Reports transfers up to \$200,000 from the State General Fund to a special cash fund in the State Treasury.
- ◇ No more than 10 days before the start of the State Fair, these moneys may be transferred to a local bank account in Reno County. The bank holding this account must be designated by the Pooled Money Investment Board.
- ◇ No more than five days before the start of the Fair, these moneys may be withdrawn from the local bank account to establish a change fund for use during the Fair. The change fund may be used only for making change.
- ◇ The change fund must be reconciled, redeposited in the local bank account, and returned to the State Treasury by the sixth day after the Fair ends.
- ◇ When the moneys have been returned to the State Treasury, the Director of Accounts and Reports transfers them from the special cash fund back to the General Fund.

In conducting our audit work on the State Fair Board's change fund, we determined whether those procedures met applicable legal requirements and evaluated the internal controls provided by those procedures. In particular, we determined that:

- ◇ the local bank account was with a bank designated by the Pooled Money Investment Board
- ◇ the Board did not establish the change fund more than five days prior to the start of the State Fair
- ◇ the Board redeposited the change fund and transferred it back to the State Treasury before the sixth day after the Fair ended

**Did Kansas, Inc., Comply With the Statutory Requirement
That a Certain Portion of the Funding for its Activities
Be Provided by Non-State Sources?**

The provisions of K.S.A. 74-8009, as amended, require that Kansas, Inc., match State funds with funds from non-State sources on a two-thirds State, one-third non-State basis. In other words, for every \$2 Kansas, Inc., spends from State sources, it must spend \$1 from non-State sources. This statute also allows Kansas, Inc., to count the fair-market value of donated property and services as expenditures from non-State sources, but only up to 20 percent of the amount of non-State funding required. For fiscal year 1989, we concluded that Kansas, Inc. complied with this matching requirement. Our conclusion was based on the following.

**Kansas, Inc. Met Its Statutory Matching
Requirement for Fiscal Year 1989**

As the table below shows, Kansas, Inc., spent \$262,770 from State sources for fiscal year 1989. Because the Legislature exempted the moneys transferred from the Department of Commerce to Kansas, Inc., from the matching requirement, \$46,000 of the above total did not need to be matched by expenditures from non-State sources. Thus, to meet the statutory matching requirement, Kansas, Inc., needed to spend at least \$108,385 from non-State funds. As the accompanying table shows, Kansas, Inc., actually exceeded the matching requirement for fiscal year 1989.

**Kansas, Inc.
MATCHING REQUIREMENT FOR NON-STATE FUNDING
Fiscal Year 1989**

Non-State Expenditures Needed to Meet Requirement:	
Total Expenditures from State Sources	\$ 262,770
Less: Amount Exempted by Legislature	<u>(46,000)</u>
Total State Source Expenditures to be Matched	<u>\$ 216,770</u>
Non-State Expenditures Needed	<u>\$ 108,385</u>
(\$1 for every \$2 from State sources)	
Actual Qualified Non-State Expenditures:	
Spent from Funds in the State Treasury	\$ 62,641
Spent from the Local Bank Account	28,929
Donated Property and Services	<u>21,677</u>
(Total amount donated was \$35,993, but only 20 percent of required \$108,385 match qualifies.)	
Total Qualified Non-State Expenditures Made	<u>\$ 113,247</u>

Follow Up of Prior Audit Findings and Recommendations

As part of this audit, we followed up on prior audit findings and related recommendations. The applicable prior audit reports made one audit recommendation to the State Fair Board; our review indicated that the recommendation had been implemented.

State Fair Board

The prior audit recommended that the State Fair Board

- ◇ work with the Division of Accounts and Reports to determine the Board's change fund needs and to ensure that any needed change funds are established in accordance with legal requirements

House Bill No. 2873, passed by the 1990 Legislature and signed by the Governor, amends K.S.A. 2-205 to provide for a \$15,000 change fund for Non-Fair Days activities. This action implements the prior audit recommendation.

APPENDIX A

Agency Responses

On August 6, 1990, we provided a copy of the draft audit report to Kansas, Inc., Kansas Technology Enterprise Corporation, Kansas Development Finance Authority, the Wheat Commission, and the State Fair Board. Their responses are included in this Appendix.

KANSAS inc.

Governor Mike Hayden, Co-Chairman
Eric Thor Jager, Co-Chairman

Charles R. Warren, President

CAPITOL TOWER, SUITE 113 • 400 S.W. 8TH • TOPEKA, KANSAS 66603-3957 • TELEPHONE (913) 296-1460

September 10, 1990

Meredith Williams
Legislative Post Auditor
109 West 9th, Suite 301
Topeka, KS 66612



Dear Mr. Williams:

After reviewing the compliance and control audit report on Kansas Inc. for fiscal year 1989, we concur with the findings, and have determined that no corrections or clarifications are necessary.

Please advise if further information is needed.

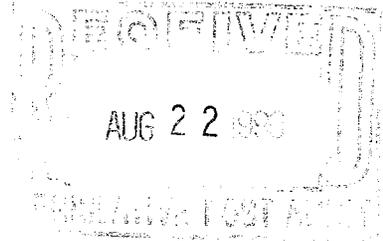
Sincerely,

Charles R. Warren
President



KANSAS
TECHNOLOGY
ENTERPRISE
CORPORATION

August 22, 1990



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

Dear Mr. Williams:

I am writing in response to the draft of the compliance and control audit report regarding Kansas Technology Enterprise Corporation for fiscal year 1989. We would prefer the sentence stating "Funds were used mainly for grants and for operations of the Corporation" to read "Funds were used primarily for grants (economic development invests). Funds were also used for operations." Less than 10% of our budget goes to operations.

Additionally, we would not have reflected the sources of funds and uses of funds at exactly the levels indicated in the draft. I did speak with Randy Tongier of Post Audit regarding how those figures were derived and understand that a unique run from Accounts & Reports is the source of the information. It varies from our sources, which would be (1) our independent audit (which reflects accruals) (2) year end reports (3) monthly expenditure analysis and (4) actuals from our 1991 budget submitted to Division of Budget. The differences are not substantial but I felt I should at least comment. I have enclosed a copy of our 1989 Annual Report prepared by Price Waterhouse, which will show some of the differences. With the sources of data I have available to me, I was not able to reconcile the figures in the draft.

Sincerely,

A handwritten signature in cursive script that reads 'Chris Cooper'.

Chris Cooper
Accountant

BOARD OF DIRECTORS
H. EDWARD FLENTJE, CHAIRMAN
HARLAND E. PRIDDLE
CHRISTOPHER MCKENZIE
DENNIS MCKINNEY
HARRY WIGNER

ALLEN BELL, PRESIDENT



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MARTY BLOOMQUIST, PROGRAM MANAGER

September 13, 1990

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



Re: Compliance and Control Audit on the Kansas Development
Finance Authority

Dear Mr. Williams:

I apologize for failing to respond in time to your previous
request for comments on the above-captioned draft audit report.
I have reviewed the draft report and have no comments to offer.

Thank you very much for your consideration.

Sincerely,

Allen Bell
President

KANSAS WHEAT COMMISSION

2630 CLAFLIN ROAD—MANHATTAN, KANSAS 66502-2743—PHONE 913-539-0255



September 11, 1990



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

Dear Mr. Williams,

In Response to the compliance and control audit report for the Kansas Wheat Commission for the State fiscal year 1989, we have noted that the deposits were not made in a timely manner for March, April, May, and June.

We have taken steps to comply with the requirement for weekly transfers from the local fee bank account to the State Treasury.

Sincerely,

A handwritten signature in cursive script that reads "Dorothy McHugh".

Dorothy McHugh
Accountant

ROBERT A. GOTTSCHALK
General Manager
ELMER K. DENNING
Assistant General Manager

AUG 13 1990

The Kansas State Fair '90 **the fair**

2000 North Poplar • Hutchinson, Kansas 67502 • (316) 662-6611

September 7-16, 1990

THE FAIR BOARD

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Hutchinson 67502

ARTHUR HOWELL, JR.
Lincoln 67455

THAYNE LARSON
Scandia 66966

JAKE ROENBAUGH
Kinsley 67547

August 10, 1990

Meredith Williams
Legislative Post Auditor
109 West 9th, Suite 301
Mills Building
Topeka, KS 66612-1285

Dear Mr. Williams:

Thank you for the draft copy of the compliance and control audit report on the State Fair covering State fiscal year 1989. This agency has reviewed the report and are appreciative of the report. This agency prides itself in the proper compliance with good accounting procedures and with the State Statutes in the administration of the State Fair Fee Fund, the Non-Fair Days Activities Fee Fund and the Special Cash Fund.

Sincerely,


Robert A. Gottschalk
General Manager

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