



Legislative Post Audit Report Highlights

Reviewing Operations of the State Treasurer's Office –
Fiscal Year 2010

Report Highlights

December 2010 • 11PA02

Audit Concern

State law calls for an annual performance audit of the State Treasurer's Office.

Key Facts & Findings

This audit was conducted by Allen Gibbs & Houlik, L.C., under contract with the Legislative Division of Post Audit.

The Treasurer's Office handles several key financial responsibilities for the State. Those include:

- depositing receipts
- collateralizing deposits
- handling unclaimed property
- serving as a fiscal agent
- distributing local taxes and State aid
- administering programs related to agricultural production loans, postsecondary education savings, investments developing scholars, and housing loans

AUDIT QUESTIONS: The audit addresses several key areas of responsibility for the State Treasurer's Office, including:

- Did the Office deposit receipts as required?
- Did the Office collateralize money in State accounts as required?
- Did the Office meet certain procedural requirements for handling unclaimed property?
- Did the Office meet certain fiscal agency requirements?
- Did the Office distribute certain local taxes and State aid moneys in accordance with calculations done by others as required?
- Did the Office distribute certain other taxes and State aid moneys as required?
- Did the Office meet certain requirements for the Agricultural Production Loan Deposit Program?
- Did the Office meet certain requirements for the Kansas Postsecondary Education Savings Program?
- Did the Office meet certain requirements for the Kansas Investments Developing Scholars Program?
- Did the Office meet certain requirements for the Kansas Housing Loan Deposit Program?

AUDIT ANSWERS:

- For the sample of business days tested, the Office prepared and signed the Daily Cash Sheet and delivered a copy to the Director of Accounts and Reports.
- For the sample of custodial banks tested, the Office collateralized the accounts as required.
- For the sample of transactions tested, the Office advertised unclaimed property and deposited all proceeds from the sale of abandoned property. However, some abandoned property had not been sold within the required period. A similar finding was made in fiscal year 2009 and 2008.
- For the sample of bonds tested, the Office met the applicable fiscal agency requirements.
- For the sample of distributions tested, the Office distributed selected local taxes and State aid moneys as required.
- For the sample of distributions tested, the Office distributed certain other taxes and State aid moneys. However, the wrong data sets were used to calculate the Highway Equalization Distribution amounts to the individual counties. Although the Office distributed all of the moneys, individual counties did not receive the proper share.
- For the samples tested, the Office met the applicable requirements for the Agricultural Production Loan Deposit Program, Kansas Postsecondary Education Savings Program, Kansas Investments Developing Scholars Program, and Kansas Housing Loan Deposit Program.

The Auditors Recommended:

The auditors did not make any recommendations. However:

- The auditors noted that the STO implemented a corrective action plan based on their 2008 recommendation and is continuing its efforts in becoming compliant with requirements regarding the sale of abandoned property.
- The auditors acknowledged that the STO implemented a corrective action plan to address the Highway Equalization Distribution issue.

Agency Response: *The State Treasurer generally agreed with the audit findings.*

DO YOU HAVE AN IDEA FOR IMPROVED GOVERNMENT EFFICIENCY OR COST SAVINGS?

If you have an idea to share with us, send it to ideas@lpa.ks.gov, or write to us at the address shown. We will pass along the best ones to the Legislative Post Audit Committee.

LEGISLATIVE DIVISION OF POST AUDIT

800 SW Jackson
Suite 1200
Topeka, Kansas 66612-2212
Telephone (785) 296-3792
FAX (785) 296-4482
E-mail: LPA@lpa.ks.gov
Website:
<http://kslegislature.org/postaudit>

Scott Frank,
Legislative Post Auditor

For more information about this
audit report, please contact
Julie Pennington
(785) 296-3792
julie.pennington@lpa.ks.gov