

LBA Financial Audit Report Summary:

State Treasury Audit Report For the Year Ended June 30, 1995

The State Treasury (Treasury) operates under the executive direction of the State Treasurer, a constitutional officer elected biennially by a joint ballot of the Senate and House of Representatives. Assisting, and appointed by the Treasurer, are two deputy treasurers and an assistant treasurer. Within the State Treasury is the Office of Investment and Debt Management which operates under the direction of a deputy treasurer. The primary responsibility of Treasury is the management of the State's cash, investments and debt, trust funds, and abandoned property.

The State Treasury is funded by appropriations in the General and Capital Projects Funds.

Our report included five observations regarding weaknesses in the internal control structure and one each regarding noncompliance with state and federal laws and regulations.

Major observations included:

- weaknesses in the bank reconciliation process; and
- outstanding checks not voided in accordance with Treasury's general policy.

We recommended that Treasury:

- work with banks to clear unresolved reconciling items between its records and the banks' records and determine whether any procedures could be revised to minimize or eliminate the reconciliation differences; and
- set a formal policy for voiding and crediting outstanding checks and apply this policy consistently.