



**John Watson**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the Office of Governor

Recusal	To avoid any appearance of a conflict of interest, the State Auditor recused himself from participation in this audit and directed the Deputy State Auditor to oversee procedures performed by the State Auditor's professional audit staff.
Payment of Operating Costs by Other State Agencies	As noted in the prior audit, the Governor's office continues to supplement office and mansion operations by using appropriations of other state agencies. This is despite appropriation bill provisions, effective since fiscal year 2012, prohibiting most state agencies from paying staffing and travel costs of the Governor's office. From July 2011 to June 2014, fourteen agencies funded all or part of the salaries and travel costs for six employees of the Governor's office and mansion for a total of approximately \$948,000; the Department of Public Safety paid approximately \$85,000 in costs associated with 49 flights for Governor's office personnel; and several state agencies paid other expenses of the Governor's office and mansion totaling approximately \$732,000. In addition, the Governor's office delayed some payments until the subsequent fiscal year.
Personnel Policies and Procedures	In addition to salary increases provided most state employees, the Governor's office also provided salary increases to six employees. These increases totaled approximately \$42,000 annually, and provided annual increases ranging from 5 to 21 percent. As noted in our prior audit, the Governor's office has not developed a written employee manual, and does not require performance appraisals for employees.
Mansion	The Governor's office does not periodically compare the costs of mansion events sponsored by outside entities to the amounts billed, and the duties related to billing and receipting payments for mansion events have not been segregated. The Governor's office did not document information to support the business purpose and costs of food served at events hosted by the Governor, as required by state policy.
National Guard State Emergency Expenditures	Our review of the National Guard's procedures over expenditures from Governor's office state emergency appropriations noted duty rosters are not signed, soldier payroll duties are not adequately segregated, and supervisory reviews are not documented. Further, the National Guard did not maintain adequate documentation to support various expenditures, and made duplicate payments totaling about \$65,000 for flight costs.

Employee Travel	The Governor's office does not consistently evaluate whether commercial flights would be more economical than state planes for out-of-state trips, or procure commercial airfare in accordance with state policy. Governor's office employees often make lodging reservations without performing price comparisons or other procedures to ensure lodging costs are reasonable. We noted several instances where lodging costs appeared excessive, and Governor's office employees did not document why the higher costs were necessary and reasonable. In addition, the Governor's office held a retreat without obtaining price quotes or considering other locations, and paid costs associated with a float trip that did not appear necessary to the operation of the office or reasonable use of state funds.
Use of State Resources for Political and Personal Purposes	State law is unclear regarding the use of state resources by the Governor's office for political and personal purposes.
Capital Assets	Capital asset records for the office and mansion are incomplete and inaccurate, and annual physical inventories of mansion assets have not been performed.
Governor's Withholdings and Estimated Appropriations	In September 2014, the State Auditor issued Report No. 2014-070 that concluded the Governor's actions to restrict fiscal year 2012 General Revenue Fund expenditures violated constitutional provisions because actual revenues exceeded estimated revenues. The report also concluded (1) the use of estimated appropriations violated state law, (2) formal documentation or calculations is not prepared to support the need for restrictions, and (3) the withholding activities were not recorded in the state's accounting system in a fully transparent manner. In November 2014, state voters approved Constitutional Amendment No. 10 amending Article IV, Sections 24 and 27 of the Constitution. The amendment provides the General Assembly the power to override the Governor's restrictions.
Additional Comments	The Office of Governor provided responses to the audit findings, but those responses are generally non-responsive. For the most part, the Governor's office does not commit to implementing the recommendations.

In the areas audited, the overall performance of this entity was **Fair**.\*

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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