



Susan Montee, CPA
Missouri State Auditor

PUBLIC SAFETY

Missouri State Highway Patrol's Use of Highway Funds

Year Ended June 30, 2008

December 2008
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Office of
Missouri State Auditor
Susan Montee, CPA

December 2008

The following report is our audit of the Department of Public Safety, Missouri State Highway Patrol's Use of Highway Funds.

Approximately \$343,000 of the \$167,000,000 appropriated to the Missouri State Highway Patrol (MSHP) from the State Highways and Transportation Department Fund (State Highway Fund) was not spent for highway-related activities during fiscal year 2008 and therefore was not spent in compliance with state law.

In its budget requests for fiscal year 2006, 2007, and 2008, the MSHP included reallocations of funding from highway funds to other funds for the Crime Laboratory Division, Training Division, Technical Services Bureau and Administrative Services Bureau. While a reallocation of approximately \$2 million was received in fiscal year 2008 for ongoing non-highway activities and internal funding changes have been made, additional reallocations of funding are needed for the MSHP to comply with state law. Although the MSHP requested funding be reallocated from highway funds to other funds in its fiscal year 2009 budget, no reallocation was approved.

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YELLOW SHEET

DEPARTMENT OF PUBLIC SAFETY
MISSOURI STATE HIGHWAY PATROL'S USE OF HIGHWAY FUNDS

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDING.....	4-8
HISTORY AND ORGANIZATION	9-10

STATE AUDITOR'S REPORT



SUSAN MONTEE, CPA
Missouri State Auditor

Honorable Matt Blunt, Governor
and
Members of the General Assembly
and
Mark S. James, Director
Department of Public Safety
and
Colonel James F. Keathley, Superintendent
Missouri State Highway Patrol
Jefferson City, Missouri

We have audited the Department of Public Safety, Missouri State Highway Patrol's Use of Highway Funds, as required by Section 226.200.3, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2008. The objective of our audit was to determine whether the agency is in compliance with legal provisions related to the use of Highway Funds.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the agency; and testing selected transactions.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and

circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying History and Organization is presented for informational purposes. This information was obtained from the agency's management and was not subjected to the procedures applied in our audit of the agency.

The accompanying Management Advisory Report presents our finding arising from our audit of the Department of Public Safety, Missouri State Highway Patrol's Use of Highway Funds.



Susan Montee, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits: John Luetkemeyer, CPA
Audit Manager: Jeannette Eaves, CPA
In-Charge Auditor: Christina Davis

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

DEPARTMENT OF PUBLIC SAFETY
MISSOURI STATE HIGHWAY PATROL'S USE OF HIGHWAY FUNDS
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

Use of Highway Funds

Approximately \$343,000 of the \$167,000,000 appropriated to the Missouri State Highway Patrol (MSHP) from the State Highways and Transportation Department Fund (State Highway Fund) was not spent for highway-related activities during fiscal year 2008 and therefore was not spent in compliance with state law. During fiscal year 2008, the MSHP spent approximately \$2,796,000 appropriated from the State Highway Fund that was not related to highway activities. This amount included non-highway personal service and fringe benefit expenditures made from the State Highway Fund for the Crime Laboratory Division, Training Division, Technical Services Bureau, and Administrative Services Bureau; and some gasoline and expense and equipment expenditures from the Administrative Services Bureau. However, the Crime Laboratory Division, Training Division, and Technical Services Bureau incurred expense and equipment expenditures of approximately \$2,453,000 that were related to highway activities but were not paid from the State Highway Fund.

In its budget requests for fiscal year 2006, 2007, and 2008, the MSHP included reallocations of funding from highway funds to other funds totaling \$2.1 million, \$2.2 million, and \$3.4 million, respectively, for the Crime Laboratory Division, Training Division, Technical Services Bureau and Administrative Services Bureau. While a reallocation of approximately \$2 million was received in fiscal year 2008 for ongoing non-highway activities and internal funding changes have been made, additional reallocations of funding are needed for the MSHP to fully comply with state law. Although the MSHP requested funding be reallocated from highway funds to other funds in its fiscal year 2009 budget, no reallocation was approved.

To ensure compliance with Section 226.200.3, RSMo, the MSHP should continue to perform reviews of funding sources and uses for the agency's activities and pursue appropriate reallocations of funding in future budgets.

Background information – Funding Sources and Statutory Requirement

The MSHP receives appropriated funding from the State Highway Fund, the General Revenue Fund, and various other funds. While appropriations from all funds totaled over \$232 million, appropriations from the State Highway Fund totaled approximately \$167 million in fiscal year 2008. The following table shows the agency's appropriation activity from the State Highway Fund for the fiscal year ended June 30, 2008:

	Appropriation		Lapsed
	Authority	Expenditures	Balances*
Technical services personal service	\$ 12,089,897	10,705,273	1,384,624
Administration personal service	5,412,656	5,218,641	194,015
Administration expense and equipment	436,415	435,718	697
Enforcement program personal service	57,877,431	56,629,665	1,247,766
Law Enforcement Academy personal service	1,367,051	1,308,951	58,100
Law Enforcement Academy expense and equipment	136,872	136,687	185
Vehicle and driver safety personal service	9,607,329	9,257,186	350,143
Vehicle and driver safety expense and equipment	977,432	977,429	3
Enforcement program expense and equipment	6,032,738	5,906,495	126,243
Technical services expense and equipment	9,370,681	9,370,040	641
Highway Patrol state owned building	123,951	123,898	53
Real property leases, related services, utilities, systems furniture, and structural modifications expense and equipment	839,773	813,630	26,143
Refund unused motor vehicle inspection stickers	40,000	29,175	10,825
Fringe benefits personal service	45,313,207	44,287,004	1,026,203
Fringe benefits expense and equipment	5,531,281	5,396,663	134,618
Vehicle replacement expense and equipment	5,089,546	4,936,316	153,230
Gasoline expenses	2,996,930	2,996,930	0
Crime labs personal service	3,490,133	2,880,907	609,226
Crime labs expense and equipment	676,636	676,633	3
Total	\$ 167,409,959	162,087,241	5,322,718

*The lapsed balances include withholdings made at the Governor's request totaling \$1,896,622.

Article IV, Section 30(b) of the Missouri Constitution, and Constitutional Amendment 3 passed by the voters in November 2004, both limit the MSHP's use of highway funds to activities related to administering and enforcing state motor vehicle laws or traffic regulations. In addition, Section 226.200.3, RSMo, provides, in part:

"Appropriations allocated from the state highways and transportation department fund to the highway patrol shall only be used by the highway patrol to administer and enforce state motor vehicle laws or traffic regulations. Beginning July 1, 2007, any activities or functions conducted by the highway patrol not related to enforcing or administering state motor vehicle laws or traffic regulations shall not be funded by the state highways and transportation department fund, but shall be funded from general revenue or any other applicable source. Any current funding from the highways and transportation department fund used for activities not related to enforcing state motor vehicle laws or traffic regulations shall expire on June 30, 2007. The state auditor shall annually audit and

examine the appropriations made to the highway patrol to determine whether such appropriations are actually being used for administering and enforcing state motor vehicle laws and traffic regulations pursuant to the constitution. The state auditor shall submit its annual findings to the general assembly by January 15th of each year."

Previous Audit Reports

In June 2001, we issued report No. 2001-47, *Use of Highway Funds by Other State Agencies*. That report concluded some state agencies, including the MSHP, had expended highway funds for purposes that were not highway-related. As a result of the report, in February 2002, the MSHP prepared a study of its utilization of state highway funds. The study evaluated activities of the patrol by program area and estimated 98 percent of funding received from the State Highway Fund appeared to be for highway-related activities, leaving 2 percent, or approximately \$2.6 million, that was not expended for highway-related purposes. The study also indicated the analysis was subjective due to difficulty in determining if some activities were truly highway-related and a lack of detailed records to determine the percentage of some activities that were highway-related. Based on the findings of its study, the MSHP began implementing record-keeping changes to better track highway-related expenses.

In February 2005, we issued report No. 2005-05, *Missouri State Highway Patrol*. The report noted that in its fiscal year 2004 budget request, the MSHP requested reallocations of funding from highway funds to the General Revenue Fund totaling approximately \$3.2 million. This request resulted in reallocations by the legislature totaling \$661,000. MSHP officials stated they were instructed by the Office of Administration, Division of Budget and Planning not to include additional reallocations between funds in the fiscal year 2005 budget request. The report recommended the MSHP perform annual studies of funding sources and uses for the agency's activities and pursue appropriate reallocations of funding in future budgets.

WE RECOMMEND:

- A. The MSHP continue to perform annual studies of funding sources and uses for the agency's activities, and pursue appropriate reallocations of funding in future budgets.
- B. The General Assembly authorize the transfer of \$343,000 from the state's General Revenue Fund to the State Highways and Transportation Department Fund and make needed adjustments to MSHP's fiscal year 2009 supplemental budget.

AUDITEE'S RESPONSE

- A. *The Missouri State Highway Patrol will continue to perform annual studies of its activities and funding sources, and will continue to pursue appropriate fund switches, as it has done for the past several years in both regular and supplemental budget requests. As indicated*

in this report, while the Patrol did not receive any additional General Revenue in lieu of Highway funding in fiscal year 2004, the legislature did allow the Patrol to take \$661,000 of existing core appropriations and internally reallocate them between its crime lab and enforcement programs to more accurately fund those activities. Then in fiscal year 2008, the Patrol received \$1,996,126 in new General Revenue funding, with a corresponding cut from Highway funding, in a fund switch designed to further enable the Patrol to more accurately fund enforcement activities.

The Patrol is dedicated to full compliance with Section 226.200 RSMo, and appreciates the auditors' recommendations and assistance in ensuring that appropriate funding is established. The Patrol has been consistently addressing this issue since it was first brought to light in 2001, and will continue to actively pursue a proper resolution.

HISTORY AND ORGANIZATION

DEPARTMENT OF PUBLIC SAFETY
MISSOURI STATE HIGHWAY PATROL'S USE OF HIGHWAY FUNDS
HISTORY AND ORGANIZATION

The Fifty-Sixth General Assembly created the Missouri State Highway Patrol with the approval of the Governor on April 24, 1931. The Patrol operated as an independent agency under the control of the executive branch until the Omnibus State Reorganization Act of 1974 made it a division of the Department of Public Safety. The Patrol carries out its primary purpose of enforcing traffic laws and promoting safety on the highways, and works closely with other law enforcement agencies in crime control activities. The Missouri State Highway Patrol has received additional responsibilities since its inception, including administration of driver's license tests, motor vehicle inspection, weight enforcement, and river boat gambling enforcement.

Colonel James F. Keathley was named Superintendent on September 1, 2006, and currently holds that position. On June 30, 2008, the Highway Patrol employed 2,142 employees.