



Susan Montee, JD, CPA  
Missouri State Auditor

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## PUBLIC SAFETY

# Missouri State Highway Patrol's Use of Highway Funds

## Year Ended June 30, 2009

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January 2010  
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**Susan Montee, JD, CPA**  
Missouri State Auditor

## YELLOW SHEET

### Findings in the audit of the Missouri State Highway Patrol's Use of Highway Funds

#### Use of Highway Funds

Approximately \$1,081,000 of the \$178,650,000 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 2009, and therefore, was not spent in compliance with state law. In addition, the General Assembly did not authorize a \$343,000 transfer from the state's General Revenue Fund to the State Highway and Transportation Fund as recommended in the prior audit report to correct a similar condition noted for the year ended June 30, 2008.

In its budget requests for fiscal years 2008, 2009 and 2010, the MSHP included reallocations of funding from highway funds to other funds for various divisions/bureaus within that agency. 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.

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Department of Public Safety  
Missouri State Highway Patrol's Use of Highway Funds  
Table of Contents

---

State Auditor's Report 2

---

Management Advisory  
Report - State Auditor's  
Findings 4

---

Organization and Statistical  
Information 7

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**SUSAN MONTEE, JD, CPA**  
**Missouri State Auditor**

Honorable Jeremiah W. (Jay) Nixon, Governor  
and  
Members of the General Assembly  
and  
John M. Britt, 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, 2009. The objective of our audit was to determine whether the agency is in compliance with statutory 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 objective 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 objective, 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 objective. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information 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, JD, CPA  
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	John Luetkemeyer, CPA
Audit Manager:	Gregory A. Slinkard, CPA, CIA
In-Charge Auditor:	Tania Williams, MBA

# Department of Public Safety

## Missouri State Highway Patrol's Use of Highway Funds

### Management Advisory Report-State Auditor's Findings

#### Use of Highways Funds

Approximately \$1,081,000 of the \$178,650,000 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 2009, and therefore, was not spent in compliance with state law.

#### Funding sources

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 \$251 million, appropriations from the State Highway Fund totaled approximately \$178 million in fiscal year 2009. The following table shows the agency's appropriation activity from the State Highway Fund for the fiscal year ended June 30, 2009:

	Appropriation Authority	Expenditures	Lapsed Balances*
Technical services personal service	\$ 12,504,707	11,077,199	1,427,508
Administration personal service	5,391,472	5,077,085	314,387
Administration expense and equipment	430,812	375,023	55,789
Enforcement program personal service	62,382,654	56,677,296	5,705,358
Law Enforcement Academy personal service	1,403,375	1,360,203	43,172
Law Enforcement Academy expense and equipment	76,872	69,286	7,586
Vehicle and driver safety personal service	10,240,307	9,822,914	417,393
Vehicle and driver safety expense and equipment	960,609	867,629	92,980
Enforcement program expense and equipment	7,764,229	7,417,764	346,465
Technical services expense and equipment	10,664,013	10,338,660	325,353
Refund unused motor vehicle inspection stickers	40,000	39,993	7
Fringe benefits personal service	48,315,070	44,194,576	4,120,494
Fringe benefits expense and equipment	5,807,981	5,524,273	283,708
Vehicle replacement expense and equipment	5,121,046	4,951,853	169,193
Gasoline expenses	3,092,282	3,086,472	5,810
Crime labs personal service	3,669,594	3,201,100	468,494
Crime labs expense and equipment	789,136	765,460	23,676
<b>Total</b>	<b>\$ 178,654,159</b>	<b>164,846,786</b>	<b>13,807,373</b>

\* The lapsed balances include withholdings made at the Governor's request totaling \$3,678,377.

#### Statutory requirement

Article IV, Section 30(b), 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:



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Department of Public Safety  
Missouri State Highway Patrol's Use of Highway Funds  
Management Advisory Report - State Auditor's Findings

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"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 15<sup>th</sup> of each year."

## Compliance results

During fiscal year 2009, the MSHP spent approximately \$3,537,000 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 \$2,456,000 that were related to highway activities but were not paid from the State Highway Fund. As a result, approximately \$1,081,000 of the \$178,650,000 appropriated to the Missouri State Highway Patrol (MSHP) from the State Highway Fund was not spent for highway-related activities during fiscal year 2009.

In its budget requests for fiscal year 2008 and 2009, the MSHP included reallocations of funding from highway funds to other funds totaling \$3.4 million and \$4.1 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 and 2010 budget requests, no further reallocation was approved.



Department of Public Safety  
Missouri State Highway Patrol's Use of Highway Funds  
Management Advisory Report - State Auditor's Findings

Furthermore, the General Assembly did not authorize the \$343,000 transfer from the state's General Revenue Fund to the State Highway and Transportation Fund as recommended in the prior audit report for the year ended June 30, 2008.

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.

## Recommendations

- 1.1 The MSHP continue to perform annual studies of funding and uses for agency activities, and pursue appropriate reallocations of funding in future budgets.
- 1.2 The General Assembly authorize the transfer of \$1,424,000 (\$1,081,000 and \$343,000 for fiscal years 2009 and 2008, respectively) from the state's General Revenue Fund to the State Highways and Transportation Department Fund and make needed adjustments to MSHP's fiscal year 2010 supplemental budget.

## Auditee's Response

*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, of the \$178,650,000 appropriated to the Patrol from the State Highway Fund in fiscal year 2009, the amount spent for non-highway activities was \$1,081,000. This equates to approximately 0.6% of the total appropriated, and while worth noting, would be considered a minimal percentage.*

*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 consistently attempted to address this issue since it was first brought to light in 2001, and will continue to actively pursue a proper resolution.*

*Since the \$343,000 transfer from the General Revenue Fund to the State Highway Fund (recommended in the fiscal year 2008 audit report) has not been authorized as of yet, the Patrol has submitted a decision item in its fiscal year 2011 budget, requesting an appropriation in that amount from the General Revenue Fund. If received, the Patrol will use this appropriation to repay the State Highway Fund for the fiscal year 2008 finding. This fiscal year 2011 decision item is currently awaiting the Governor's recommendation and review by the state legislature.*

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# Department of Public Safety

## Missouri State Highway Patrol's Use of Highway Funds

### Organization and Statistical Information

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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 remains in that position. On June 30, 2009, the Highway Patrol had 2,167 employees.