



Susan Montee, JD, CPA
Missouri State Auditor

PUBLIC SAFETY

Missouri State Highway Patrol's Use of Highway Funds

Year Ended June 30, 2010

November 2010
Report No. 2010-153



auditor.mo.gov



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 Highways Funds

The monies (over \$185 million) appropriated to the Missouri State Highway Patrol (MSHP) from the State Highways and Transportation Department Fund (State Highway Fund) were spent for highway-related activities during fiscal year 2010, and therefore, were spent in accordance with state law. However, the General Assembly did not authorize transfers to address expenditures from highways funds that were not spent on highway-related activities in prior years. 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.

All reports are available on our Web site: auditor.mo.gov

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
Finding 4

Organization and Statistical
Information 7



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 Ron K. Replogle, 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, 2010. 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 objective and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also 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 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.

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 audit identified no noncompliance with legal provisions related to the use of Highway Funds during the year ended June 30, 2010. 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:	Lori Bryant

Department of Public Safety

Missouri State Highway Patrol's Use of Highway Funds

Management Advisory Report-State Auditor's Finding

Use of Highways Funds

The monies (over \$185 million) appropriated to the Missouri State Highway Patrol (MSHP) from the State Highways and Transportation Department Fund (State Highway Fund) were spent for highway-related activities during fiscal year 2010, and therefore, were spent in compliance with state law. However, the General Assembly did not authorize transfers to address expenditures from highways funds that were not spent on highway-related activities in prior years.

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 \$253 million, appropriations from the State Highway Fund totaled approximately \$185 million in fiscal year 2010. The following table shows the agency's appropriation activity from the State Highway Fund for the fiscal year ended June 30, 2010:

	Appropriation Authority	Expenditures	Lapsed Balances*
Technical services personal service	\$ 12,504,707	11,115,606	1,389,101
Administration personal service	5,252,337	5,094,500	157,837
Administration expense and equipment	430,812	386,429	44,383
Enforcement program personal service	62,154,695	56,655,302	5,499,393
Law Enforcement Academy personal service	1,390,443	1,247,359	143,084
Law Enforcement Academy expense and equipment	76,872	67,122	9,750
Vehicle and driver safety personal service	10,240,307	9,861,883	378,424
Vehicle and driver safety expense and equipment	861,112	803,131	57,981
Enforcement program expense and equipment	6,042,306	5,800,825	241,481
Technical services expense and equipment	10,754,056	10,058,490	695,566
Interoperable system	6,557,940	1,617,836	4,940,104
Refund unused motor vehicle inspection stickers	40,000	33,624	6,376
Fringe benefits personal service	50,004,700	45,141,093	4,863,607
Fringe benefits expense and equipment	5,807,981	5,743,309	64,672
Vehicle replacement expense and equipment	6,222,293	6,023,474	198,819
Gasoline expenses	2,455,272	2,380,756	74,516
Crime labs personal service	3,585,620	3,319,177	266,443
Crime labs expense and equipment	895,386	864,020	31,366
Total	\$ 185,276,839	166,213,936	19,062,903

* The lapsed balances include withholdings made at the Governor's request totaling \$3,756,486.

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



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

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."

Compliance results

We reviewed the MSHP calculations of amounts expended from the State Highway Fund compared to amounts expended by the MSHP for highway-related activities. During fiscal year 2010, the MSHP spent approximately \$3,491,000 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, these expenditures were more than offset by expense and equipment expenditures of approximately \$3,793,000 incurred by the Crime Laboratory Division, Training Division, and Technical Services Bureau that were related to highway activities but were not paid from the State Highway Fund. As a result, approximately \$302,000 more was spent on highway-related activities than was paid from highway funds during fiscal year 2010.

A reallocation of approximately \$2 million was received in fiscal year 2008 for ongoing non-highway activities and additional requests for the reallocation of funding from highway funds to other funds were included in the MSHP's budget requests for fiscal year 2009 and 2010. However, no further funding reallocations were approved. The MSHP did not request any funding be reallocated from highway funds to other funds in its fiscal year



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

2011 budget request; however, the MSHP did request an appropriation from General Revenue Fund to repay \$343,000 to the State Highway Fund related to the year ended June 30, 2008. This appropriation request was not approved, nor did the General Assembly authorize the transfer of \$1,081,000 owed from the General Revenue Fund to the State Highway Fund related to the year ended June 30, 2009.

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, if necessary.

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, if necessary.
- 1.2 The General Assembly authorize the transfer of \$1,122,000 (\$1,424,000 for fiscal years 2009 and 2008, less \$302,000 for fiscal year 2010) from the state's General Revenue Fund to the State Highways and Transportation Department Fund.

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 evidenced in this report, there will be years in which the Patrol spends less from the State Highway Fund than would be justified, and such years can be used to offset other years in which money from the fund may be spent for non-highway 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 consistently attempted to address this issue since it was first brought to light in 2001, and will continue to actively pursue a proper resolution.

Department of Public Safety

Missouri State Highway Patrol's Use of Highway Funds

Organization and Statistical Information

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 served in that position until his retirement on March 1, 2010, when Colonel Ron K. Replegle was appointed. On June 30, 2010, the Highway Patrol had 2,204 employees.