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Missouri State Auditor

PUBLIC SAFETY

Missouri Veterans Commission

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Missouri State Auditor

YELLOW SHEET

Findings in the audit of the Missouri Veterans Commission

Personal Credit Card Transactions

During a 21-month period, a Missouri Veterans Commission (MVC) employee authorized payments totaling \$90,192 to a personal credit card account from the state's accounting system. These payments are in addition to \$17,665 of personal usage of procurement and fuel cards and expense report fraud committed during this same time period previously reported in Report No. 2008-68.

The payments occurred and were not detected timely because a weakness in the state's accounting system security settings allowed the employee to bypass her supervisor's approval of transactions by approving her own documents, the employee entered transaction descriptions similar to typical MVC purchases in the state's accounting system, and the personal credit card was from, and payments were made to, the same bank as the state's procurement card contractor.

Personnel Issues

The MVC did not comply with its internal overtime and compensatory time policy when compensating an MVC official for overtime worked and its compensation time policy was not fully compliant with state regulations. An MVC official was compensated \$18,854 in overtime pay for 385.5 overtime hours accrued between August 19, 2008, and December 13, 2008. In addition, the prior Executive Director submitted his resignation on August 19, 2008, and the Commission placed him on paid administrative leave until December 31, 2008. However the Commission did not document the extraordinary circumstances supporting this decision. The total paid in administrative leave to the prior Executive Director was approximately \$35,000.

Conflict of Interest

A Commissioner appointed to the MVC in 2009 is also an officer for a Veteran's Service Organization (VSO) which received a total of approximately \$450,000 from the MVC in fiscal years 2009 and 2008 and was awarded another grant in fiscal year 2010. In addition, the Commissioner continued to prepare and sign the grant requests and monthly reimbursement requests for the VSO after his appointment to the MVC. Further, a business owned by the Commissioner provides accounting services to the VSO and during fiscal years 2009 and 2008, his business received a total of approximately \$14,000 from the VSO.

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Missouri Veterans Commission

Table of Contents

State Auditor's Report	2
------------------------	---

Management Advisory Report - State Auditor's Findings	1. Personal Credit Card Transactions4 2. Personnel Issues9 3. Conflict of Interest..... 11
---	--

Organization and Statistical Information	13
---	----

Appendixes

A	Comparative Statement of Appropriations and Expenditures, Years Ended June 30, 2009 and 2008.....	15
B	Comparative Statement of Expenditures (From Appropriations) Years Ended June 30, 2009, 2008, 2007, 2006 and 2005	17
C	Personal Credit Card Transactions	18



SUSAN MONTEE, JD, CPA

Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor

and

John M. Britt, Director

Department of Public Safety

and

Larry D. Kay, Executive Director

Missouri Veterans Commission

Jefferson City, Missouri

We have audited the Missouri Veterans Commission. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2009 and 2008. The objectives of our audit were to:

1. Evaluate the Commission's internal controls over significant management and financial functions.
2. Evaluate the Commission's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain revenues and expenditures.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the Commission, as well as certain external parties; 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. We also tested certain of those controls to obtain evidence regarding the effectiveness of their design and 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 Organization and Statistical Information is presented for informational purposes. This information was obtained from the Commission's management and was not subjected to the procedures applied in our audit of the Commission.

The accompanying Management Advisory Report presents our findings arising from our audit of the Missouri Veterans Commission.



Susan Montee, JD, CPA
State Auditor

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Missouri Veterans Commission Management Advisory Report State Auditor's Findings

1. Personal Credit Card Transactions

During a 21-month period, a Missouri Veterans Commission (MVC) employee authorized payments totaling \$90,192 to a personal credit card account from the state's accounting system. The payments occurred and were not detected timely because a weakness in the state's accounting system security settings allowed the employee to bypass her supervisor's approval of transactions by approving her own documents, the employee entered transaction descriptions similar to typical MVC purchases in the state's accounting system, and the personal credit card was from, and payments were made to, the same bank as the state's procurement card contractor.

Procurement and fuel card and expense account fraud previously reported

The payments to the personal credit card account are in addition to \$17,665 of personal usage of procurement and fuel cards and expense report fraud committed during this same time period previously reported in Report No. 2008-68, *Oversight of Procurement and Fuel Card Programs Follow-up*. As explained in that report, in late February 2008, MVC officials discovered an employee had improperly used procurement and fuel cards for personal use since June 2006. Initially, MVC officials identified \$11,771 in questionable fuel and procurement card purchases. While conducting audit work shortly after the officials identified the problem, State Auditor's Office (SAO) audit staff and MVC officials identified additional improper procurement card transactions totaling \$2,467. Expense report fraud of \$3,427 was also identified by agency officials, unrelated to procurement or fuel card fraud. MVC officials alerted law enforcement and terminated the employee in March 2008. The former employee was prosecuted and provided restitution of \$17,665 to the state for all identified fraudulent transactions. Following discovery of this fraud, the Office of Administration (OA) worked with the MVC and other state agencies to implement security changes in the state's accounting system to better segregate the duties of transaction initiation and approval. That audit report resulted from a state-wide procurement and fuel card audit and did not include a review of other types of expenditure transactions.

Personal credit card account payments identified by the MVC

During the SAO's current audit of the MVC, we requested documentation to support various expenditures coded as procurement card payments in the state's accounting system. According to an MVC official, supporting documentation for one of the requested payments, a check payment dated October 26, 2007, totaling \$5,865, could not be located. In addition, the official noted the last four digits of the account number coded in the state's accounting system vendor invoice field was not consistent with any MVC state procurement card account numbers.

MVC officials contacted the procurement card contractor and determined the payment was applied to a personal credit card account. MVC officials then investigated similar payments coded to the same last four digits of the



Missouri Veterans Commission
Management Advisory Report - State Auditor's Finding

personal credit card in fiscal year 2008 and identified \$34,117 of additional payments that were applied to the personal credit card account.

Further personal credit card payments identified by the SAO

After MVC officials notified the SAO of the fiscal year 2008 payments applied to the personal credit card account, we identified 13 additional payments totaling \$50,210, made in fiscal years 2006, 2007, and 2008. Eleven of these payments were coded in the state's accounting system to the same last four digits of the personal credit card account in fiscal years 2007 and 2006. The remaining two transactions, totaling \$4,135 and \$4,460, in fiscal years 2008 and 2006, respectively, were coded with digits related to the month and year of the transaction.

Other questionable payments

We also identified an electronic funds transaction (EFT) dated June 7, 2007, totaling \$2,525, that did not post as a payment to the personal card account. In November 2009, SAO audit staff requested MVC officials investigate this transaction with the contractor. The contractor determined there was an automatic clearing house error on the EFT; therefore, payment was not applied to either the personal credit card or an MVC state procurement card account. However, the contractor had not yet released the EFT back to the MVC. In November 2009, after this inquiry, the contractor reimbursed the MVC \$2,525. In addition, the contractor and MVC officials also found a payment authorized in the state's accounting system on February 28, 2008, totaling \$5,625, made payable to the contractor, that was not applied to the personal credit card account. According to an MVC official, the contractor contacted her in March 2008, to determine which account the payment should be applied to because an account number was not specified on the check (as it normally was). The MVC official could not determine a proper state procurement card account to apply the check to because none of the state procurement card accounts had outstanding balances equal to the check amount. After discussion with the contractor of various options, the MVC official requested the check be applied to a state procurement card account with an outstanding balance. Although this check was eventually applied to an MVC state procurement card account, it appears the former employee may have intended the check to be applied to the personal credit card account. In addition, although the MVC investigated the returned check in March 2008, this additional scheme was not discovered at that time.

Total personal credit card payments identified and the MVC's plan of action

Appendix C details the total payments of \$90,192 applied to a personal credit card account.

In July 2009, an MVC official contacted the OA to file a claim with the state's bonding company to recoup the amount of payments applied to the personal credit card account known at that time. In November 2009, the MVC requested an extension for filing the claim through April 26, 2010, pending the release of this audit report. In addition, MVC officials contacted appropriate law enforcement officials. In March 2010, we contacted the



Missouri Veterans Commission
Management Advisory Report - State Auditor's Finding

Cole County Prosecuting Attorney's Office and were informed the office does not intend to file further criminal charges.

Recommendations

The MVC should seek restitution for the total amount of payments applied to the personal credit card account. In this regard, the MVC should continue the claim process with the state's bonding company and/or seek legal advice regarding a civil lawsuit, since further restitution from criminal charges are unlikely given the Prosecuting Attorney's decision not to file additional charges.

Auditee's Response

MVC officials discovered fraud and immediately reported it to law enforcement officials, OA Risk Management and the State Auditor's Office.

MVC officials internally detected 87% of the total identified fraud reported in Report No. 2008-68, Oversight of Procurement and Fuel Card Programs Follow-Up, reported it to the State Auditor's Office prior to their audit, and provided the documentation to the auditors. All of the misappropriated funds identified in that report were restored to the state by the former employee. Upon detecting that fraud two years ago in February 2008, MVC officials immediately began a detailed investigation, confronted the former employee, referred the case to local law enforcement and the Prosecuting Attorney's Office, and notified appropriate state officials, including the Governor's Office, the State Auditor's Office and Office of Administration (OA). The case was settled by the Prosecuting Attorney's Office after the former employee pled guilty and paid restitution to the state.

The additional fraud discovered in this audit was committed by the same former employee who was terminated by MVC two years ago. The fraudulent transactions occurred during the audit period included in Report No. 2008-68, Oversight of Procurement and Fuel Card Program Follow-Up, and were not identified by that SAO team as additional fraud. From a random transaction selected for review in this audit by the SAO, the fraud was identified by MVC officials, and MVC officials immediately notified law enforcement officials and the State Auditor's Office. The MVC also worked with OA to notify the fidelity bond carrier of a potential claim. After MVC officials provided the documentation to the auditors, the auditors expanded the original scope of their audit by two additional fiscal years, which resulted in their discovery of similar fraudulent transactions for those additional fiscal years.

The person who committed the fraud was a former employee of the State Auditor's Office.

The MVC relied on this former employee because she was hired directly from her employment with the State Auditor's Office as a Senior Auditor with over six years of auditing experience. She was hired by MVC only after



Missouri Veterans Commission
Management Advisory Report - State Auditor's Finding

obtaining positive references from the State Auditor's Office. Because of her employment background and her prior responsible position with the SAO, MVC hired her to perform and oversee accounting functions to fill an accountant vacancy. As an employee of MVC, she was a member of the Institute of Internal Auditors and attended numerous training courses related to accounting and auditing, including subjects pertaining to the prevention of fraud.

Prior to her employment at the MVC, she audited the MVC as an employee of the SAO. The previous audit of the MVC was performed by this former SAO employee, who was the In-Charge Auditor conducting the audit fieldwork for the SAO at that time (2002).

Elaborate checks and balances were not feasible given that MVC had funding for only two employees for accounting and budgeting.

During the time period that the fraud occurred, the MVC central office accounting and budgeting staff consisted of only two employees. This staffing level had not changed since at least fiscal year 1994. In fiscal year (FY) 1994 the MVC budget was only \$16.5 million. The FY 2010 budget is approximately \$80 million, which is 5 times the size of the FY 1994 budget. Over these 16 years, the number of Veterans homes has increased from five to seven plus the number of beds in existing Veterans homes has increased by 200, four Veterans cemeteries have opened (with a fifth cemetery to open soon), the Veterans Service Officer Grant Program was established, and the number of Veterans Service Officers and outreach initiatives have increased. Also during this time period, final approval authority on payment documents was delegated to the MVC by the Office of Administration with no increase in MVC accounting staff. All of the program expansions have increased the workload of the financial staff and require the need for more oversight. The MVC officials have recognized this need for years and have submitted budget requests to increase the accounting staff, but until FY 2009 the requested increases had not been funded. In FY 2009 a position was funded for an additional accountant, and the MVC has been using this employee to accommodate the increase in workload and improve internal controls.

MVC took the initiative to expand the use of state purchasing cards to save the number of checks written by the state. Training for cardholders is offered, and attendance is encouraged.

MVC officials took the initiative to expand the use of the state purchasing cards in November 2006 with a purchasing card forum for potential MVC cardholders. Training was provided by the Office of Administration and the purchasing card contractor. After the forum, MVC's participation in the purchasing card program grew quickly. MVC immediately reduced the number of paper checks written by the state and increased rebate revenues to the state. In an effort to manage the purchasing card program growth,



Missouri Veterans Commission
Management Advisory Report - State Auditor's Finding

MVC initially limited the number of cardholders, while still increasing the volume of purchases on the cards. But after some experience with the increased use of the purchasing cards, MVC officials determined it was more effective to increase the number of cardholders to provide a link to the employees initiating the transactions. Since MVC was in a growth mode, limits were monitored and increased with supporting justification from the cardholders. Changes in credit limits have only been authorized with the approval of the Office of Administration and the purchasing card contractor. All MVC cardholders are notified of periodic OA purchasing card forums and are encouraged to attend.

MVC used existing resources to increase state revenues from purchasing card rebates by over \$150,000 annually.

The MVC FY 2008 rebates were 29% of the total statewide rebates, and MVC's budget was only 0.3% of the total statewide budget. MVC accomplished this growth in revenues to the state with existing staff and resources. In FY 2006 MVC purchasing card rebates were only \$1,850, in FY 2007 rebates increased to \$25,253, in FY 2008 rebates grew to \$153,007, and in FY 2009 rebates were \$161,711. In January 2008 MVC filled a vacancy with an employee that has statewide purchasing card expertise to continue to manage the program growth. As a monitoring tool MVC officials complete annual purchasing card limit assessments.

MVC has implemented additional controls.

In January 2008 MVC filled a vacancy with an employee that has statewide purchasing card expertise to manage the purchasing card program.

MVC hired an additional accountant to accommodate the increasing workload, provide additional segregation of duties, and improve internal controls.

MVC continues to monitor and evaluate the procurement card program and make changes as necessary to ensure controls are in place and employees comply with established procedures. Training continues to be encouraged.

Monthly purchasing card transaction reports are sent electronically by the contractor to the cardholders and their supervisors. New and current cardholders receive ongoing training as well as a copy of the state purchasing card manual.

Auditor's Comment

The MVC response notes that our prior audit, Report No. 2008-68, *Oversight of Procurement and Fuel Card Programs Follow-up*, did not identify the personal credit card transactions identified during this audit. The scope of that audit focused on state procurement and fuel card payments made by various state agencies. After that audit was completed and as audit



Missouri Veterans Commission
Management Advisory Report - State Auditor's Finding

resources became available, we initiated the current audit which focused specifically on the MVC.

The MVC response mischaracterizes how the improper personal credit card payments were identified. Specifically the MVC suggests we selected one transaction at random which happened to be improper, the MVC identified all other improper payments that occurred during fiscal year 2008, and we only identified further personal credit card payments because we expanded our audit scope. We selected the initial expenditure from unusual expenditure items we had identified during the course of our audit. It was only after we requested supporting documentation for the expenditure that the MVC further investigated and subsequently detected most improper payments occurring in fiscal year 2008. However, the MVC still failed to detect one 2008 transaction totaling \$4,135. As is customary in situations concerning improper payments that may be recouped, we did expand our review to include other fiscal years. In addition, it should be noted the MVC did not bring the February 2008 returned check totaling \$5,625 to our attention during our prior audit or during our current audit until after the personal credit card payments were identified.

Finally, we do not agree with MVC's contention that elaborate checks and balances would have been needed to prevent or detect improper payments. The improper procurement and fuel card payments were ultimately detected without the help of additional resources. The improvements the MVC made consisted of better segregating the duties of transaction initiation and approval in its accounting system and by implementing supervisory reviews.

2. Personnel Issues

The MVC did not comply with its internal overtime and compensatory time policy when compensating an MVC official for overtime worked and its compensation time policy was not fully compliant with state regulations. The prior Executive Director was placed on paid administrative leave for 3 1/2 months after the effective date of his resignation; however, the MVC did not document the circumstances warranting this compensation.

2.1 Overtime and compensatory leave policy

An MVC official was compensated \$18,854 in overtime pay for 385.5 overtime hours accrued between August 19, 2008, and December 13, 2008.

Pursuant to 1 CSR 20-5.010(1)(C), employees in top level supervisory, managerial, and administrative positions or serving in very responsible professional, technical, or consultative capacities, may be compensated for overtime worked in unusual circumstances, as determined by the appointing authority. This compensation is paid at the regular rate of pay for each hour worked (straight time) or by allowing an equal amount of compensatory time off. Furthermore, 1 CSR 20-5.020(3)(A), provides that each appointing authority will establish maximum compensatory leave balances that may be maintained, provided that the maximum balance established shall not



Missouri Veterans Commission
Management Advisory Report - State Auditor's Finding

exceed that permitted by applicable statute or rule, and that overtime or holiday work will be compensated by pay if additional compensatory leave will exceed established maximum accrual.

The MVC overtime and compensatory time policy establishes a maximum accrual of 240 compensatory leave balance hours that may be maintained for compensatory time earned at the rate of time and one-half. However, it does not establish a maximum accrual of compensatory leave balances that may be maintained for compensatory time earned at the straight time rate.

In addition, the MVC overtime and compensatory time policy further states authorization for this overtime pay must be given in advance of the actual hours worked and shall be documented prior to the event. While the official maintained adequate records documenting time worked, the first documented authorization for the overtime pay was granted by the Commission on November 24, 2008, over 3 months after the overtime hours began to accrue. A total of 323 overtime hours (\$15,798) were worked prior to the Commission's authorization.

Without a comprehensive overtime and compensatory time policy, the MVC cannot demonstrate payments to employees are in compliance with state regulations and MVC policy.

2.2 Administrative leave paid to prior Executive Director

The prior Executive Director submitted his letter of resignation to the Commission effective August 19, 2008. The Commission accepted the letter of resignation and placed him on paid administrative leave until December 31, 2008, pursuant to 1 CSR 20-5.020(8)(B)5 and the MVC Administrative Leave policy. The regulation and policy allow time off with compensation with the approval of the appointing authority because of extraordinary reasons sufficient in the opinion of the appointing authority to warrant such time off with compensation. However, the Commission did not document the extraordinary circumstances supporting this decision. The total paid in administrative leave to the prior Executive Director was approximately \$35,000.

Adequate documentation of Commission decisions is necessary to document and support official Commission decisions and ensure compliance with state regulations and MVC policy.

Recommendations

The MVC:

- 2.1 Revise its overtime and compensation time policy to comply with state regulations and ensure future payments comply with the revised policy.



Missouri Veterans Commission
Management Advisory Report - State Auditor's Finding

Auditee's Response

2.2 In the future, ensure the circumstances for awarding time off with compensation are adequately documented.

2.1 ***MVC did comply with its internal overtime and compensatory time policy when compensating an MVC official for overtime worked.***

The fact that the overtime worked was not approved in advance was due to his exempt status, and the policy, as written, is inapplicable to the Executive Director. The policy applies to exempt employees who are subordinates to the Executive Director.

*Further, 1 CSR 20-5.010, by its very terms, assumes that top level supervisory employees should not **usually** receive or expect compensatory time for working in excess of 40 hours in any work week. However, the rule grants authority to award compensatory time to these employees, with the only constraints being that an appointing authority determine that such employee's additional work hours constituted an "unusual circumstance" and that the work was authorized.*

In this instance, there is no doubt that the Missouri Veterans' Commission requested and authorized the subject employee to, simultaneously, perform the duties of three different positions: Interim Executive Director (due to an unforeseen vacancy), Interim Deputy Director (due to military leave), and the employee's regular position as Director of Facilities Operations. The Commission, subsequently, determined that the extra hours the employee was working were an "unusual circumstance" that warranted the earning and payment of compensatory time. The Commission maintains that, based on these extraordinary facts, it was in full compliance with the Code of State Regulations.

2.2 ***No state regulation nor MVC policy indicate that documentation is required, only that the appointing authority deem there to be extraordinary circumstances.***

The Commission determined the circumstances warranted it and authorized the payment by letter.

3. Conflict of Interest

A newly appointed Commissioner continues to serve as the accountant for a Veterans Service Organization (VSO) which receives a state grant from the MVC.

The MVC administers the Veterans Services Officer Grants Program (Program), authorized by Section 313.835, RSMo. The Program awards state grants to VSOs or municipal government agencies certified by the Department of Veterans Affairs (DVA) to process veteran claims within the



Missouri Veterans Commission
Management Advisory Report - State Auditor's Finding

DVA system. Program awards are to be used to provide services and assistance to veterans. Monthly reimbursement requests are submitted by the VSOs to the MVC for 50 percent of total expenses. During fiscal years 2009 and 2008, Program disbursements totaled approximately \$1.75 million.

A Commissioner appointed to the MVC in 2009 is also an officer for a VSO which received a total of approximately \$450,000 from the MVC in Program monies in fiscal years 2009 and 2008 and was awarded a grant in fiscal year 2010. In addition, the Commissioner continued to prepare and sign the grant requests and monthly reimbursement requests for the VSO after his appointment to the MVC. Further, a business owned by the Commissioner provides accounting services to the VSO and during fiscal years 2009 and 2008, his business received a total of approximately \$14,000 from the VSO.

While MVC Commissioners are not directly involved in the grant award process, personal interests in business matters of the MVC may create the appearance of conflicts of interest and should be avoided by the Commission.

Recommendations

The MVC avoid situations that create the appearance of a conflict of interest.

Auditee's Response

The Commissioner has already relinquished responsibility for requesting grant reimbursements on behalf of the veterans service organization. He is no longer signing their reimbursement requests. The MVC Commissioners do not vote on grant awards.

Missouri Veterans Commission

Organization and Statistical Information

In 1931, the state legislature created the Office of State Service Officer. The State Omnibus Reorganization Act of 1974 combined the Missouri Veterans' Home at St. James and the Office of State Service Officer, and established the Division of Veterans Affairs within the Department of Social Services. Under the provision of Reorganization Plan No. 3 of 1981, submitted by the Governor and approved by the 80th General Assembly, all powers and duties of the Division of Veterans' Affairs were transferred from the Department of Social Services to the Department of Public Safety, Office of the Adjutant General. On August 28, 1989, the Division of Veterans' Affairs was replaced by the establishment of the Missouri Veterans Commission (MVC).

The MVC is responsible for representing all Missouri veterans, ensuring their needs are met, and defending the entitlements due to them. This is accomplished through various programs and services funded by the state and federal governments, as well as private and corporate contributions. Ongoing programs administered by the Commission include the Veterans Home Program, the Veterans Cemeteries Program, and the Veterans Services Program. In addition, the MVC operates specialized initiatives focusing on the needs of certain veterans, including the State Veterans Ombudsman (current active service members, recently discharged service members, and the families of both), Women Veterans, Minority Veterans, and Incarcerated Veterans.

The MVC operates seven long-term skilled nursing care facilities (veterans homes) with 1,350 beds and four veterans cemeteries. In addition, veterans service officers are located in almost every county of the state to provide counseling and assistance to veterans in identifying and applying for state and/or federal benefits.

The MVC is funded by five separate sources, as follows:

General Revenue: Annual appropriations from the state's General Revenue Fund are split between the Veterans Homes Program, Veterans Service Program, and central office operations. The majority of these funds are used for the operation of the veterans homes.

Missouri Veterans Homes Fund: This fund is comprised of resident fees from individuals living in the homes and per diem reimbursements from the federal Department of Veterans Affairs, and is the primary funding source for the operation of the homes.

Missouri Veterans Commission-Federal Fund: Federal funds are provided to supplement the construction/renovation of homes and cemeteries.



Missouri Veterans Commission Organization and Statistical Information

Veterans' Commission Capital Improvements Trust Fund: This fund receives monies transferred from the Gaming Commission Fund and is used for the construction, maintenance, renovation, or equipment needs of homes; construction, maintenance, renovation, equipment needs and operation of cemeteries; and fund transfers to the Missouri Veterans Homes Fund to maintain solvency of that fund. This fund also has been designated as the funding source for various memorial or museum grants and medallion or other recognition programs.

Veterans Trust Fund: This is a charitable fund that receives donations from businesses and individuals, or through the state income tax form check-off box. These funds can be used for any function of the commission.

At June 30, 2009, the Commission is composed of five veterans appointed for 4-year terms by the Governor and confirmed by the Senate.

Commission Members At June 30, 2009

Commissioner (1)	Term Expires
Emmett Fairfax (2)	November 2, 2009
Joseph Frank (2)	November 2, 2009
John D. Comerford	November 2, 2011
Paul Connors	March 17, 2013
Nancy Nelson	March 17, 2013

- (1) Effective August 28, 2009, the Missouri Veterans Commission increased from five members to nine members. Two of the additional members are members of the Senate, with one appointed by the President Pro Tem of the Senate and one appointed by the Senate Minority Floor Leader. The other two additional members are members of the House of Representatives, with one appointed by the Speaker of the House of Representatives and one appointed by the House Minority Floor Leader. These additional members are appointed for a 2-year term or until a successor is appointed and may be reappointed to the Commission.
- (2) Although the Commissioner's term has expired, he continues to serve on the Commission until a successor is appointed by the Governor.

The Commission appoints an executive director who implements policies and is responsible for the statewide management of veterans programs. The executive director reports regularly to the commission concerning all aspects of program operations through quarterly commission meetings.

Hal Dulle served as Executive Director until his resignation effective August 19, 2008, at which time Larry Kay was appointed Executive Director. Larry Kay officially assumed his duties of Executive Director on May 18, 2009, after returning from military deployment. Timothy Norton served as interim Executive Director from August 2008 until Larry Kay's return to active employment in May 2009.

Appendix A

Missouri Veterans Commission
Comparative Statement of Appropriations and Expenditures (1)

	Year Ended June 30,					
	2009			2008		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND						
Veterans Homes personal service	\$ 12,212,820	11,846,338	366,482	11,901,004	11,548,193	352,811
Veterans Homes expense and equipment	16,217,829	15,541,874	675,955	16,076,209	15,589,674	486,535
Veterans Homes overtime	4,504	1,268	3,236	4,373	3,713	660
Administration and Services to Veterans personal service	2,169,869	1,997,196	172,673	2,078,011	2,010,887	67,124
Administration and Services to Veterans expense and equipment	392,671	371,791	20,880	342,323	332,841	9,482
Total General Revenue Fund	<u>30,997,693</u>	<u>29,758,467</u>	<u>1,239,226</u> (2)	<u>30,401,920</u>	<u>29,485,308</u>	<u>916,612</u> (2)
MISSOURI VETERANS COMMISSION-FEDERAL FUND						
Maintenance and repair Cape Girardeau Veterans Home	0	0	0	1	0	1 (3)
Ft. Leonard Wood cemetery	1,601,278	1,601,277	1	8,000,000	0	8,000,000 (3)
Total Missouri Veterans Commission-Federal Fund	<u>1,601,278</u>	<u>1,601,277</u>	<u>1</u>	<u>8,000,001</u>	<u>0</u>	<u>8,000,001</u>
VETERANS' COMMISSION CAPITAL IMPROVEMENT TRUST FUND						
Veterans Homes personal service	27,804	22,596	5,208	26,994	22,708	4,286
Maintenance and repair statewide	96,301	96,301	0	222,051	34,108	187,943 (3)
Maintenance and repair Cape Girardeau and Mexico Veterans Homes	24,110	24,109	1	27,381	0	27,381 (3)
Ft. Leonard Wood cemetery	91,661	91,661	0	424,362	332,701	91,661 (3)
Statewide maintenance and repair	500,000	236,979	263,021	500,000	0	500,000 (3)
Veterans Homes emergency generators	1,267,860	1,267,860	0	2,433	2,432	1
Cape Girardeau Veterans Home fire lane hydrant	90,330	90,330	0	0	0	0
Administration and Services to Veterans personal service	1,099,124	993,572	105,552	924,036	875,075	48,961
Administration and Services to Veterans expense and equipment	858,434	762,149	96,285	643,150	595,243	47,907
Veterans Service Officer Program	1,000,000	998,321	1,679	750,000	750,000	0
Cape Girardeau Veterans Home various projects	28	28	0	250,000	117,189	132,811 (3)
Total Veterans' Commission Capital Improvement Trust Fund	<u>5,055,652</u>	<u>4,583,906</u>	<u>471,746</u>	<u>3,770,407</u>	<u>2,729,456</u>	<u>1,040,951</u>
MISSOURI VETERANS HOMES FUND						
Veterans Homes personal service	35,341,551	35,341,540	11	33,542,610	33,540,665	1,945
Veterans Homes expense and equipment	4,313,629	4,313,629	0	3,343,517	3,343,512	5
Public Safety state owned	119,277	113,506	5,771	104,665	104,665	0
Veterans Homes overtime	2,423,654	1,728,838	694,816	2,353,062	1,958,185	394,877
Administration and Services to Veterans personal service	508,386	368,937	139,449	493,579	394,819	98,760
Administration and Services to Veterans expense and equipment	134,078	125,399	8,679	134,078	120,905	13,173
Total Missouri Veterans Homes Fund	<u>42,840,575</u>	<u>41,991,849</u>	<u>848,726</u>	<u>39,971,511</u>	<u>39,462,751</u>	<u>508,760</u>

Appendix A

Missouri Veterans Commission
Comparative Statement of Appropriations and Expenditures (1)

	Year Ended June 30,					
	2009			2008		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
VETERANS TRUST FUND						
Administration and Services to Veterans expense and equipment	24,800	19,840	4,960	24,800	8,145	16,655
Veterans Homes expense and equipment	52,500	50,456	2,044	52,500	47,258	5,242
Veterans videotaping expense and equipment	1	0	1	1	0	1
Total Veterans Trust Fund	77,301	70,296	7,005	77,301	55,403	21,898
Total All Funds	\$ 80,572,499	78,005,795	2,566,704	82,221,140	71,732,918	10,488,222

(1) The amounts include Office of Administration appropriations which were expended on behalf of the Missouri Veterans Commission (MVC) for design and construction and leasing of MVC facilities and cemeteries.

(2) The lapsed balances include the following withholdings made at the Governor's request:

	Year Ended June 30,	
	2009	2008
General Revenue Fund		
Personal Service	\$ 540,394	416,042
Expense and Equipment	696,835	496,016
Total General Revenue Fund	\$ 1,237,229	912,058

(3) Biennial appropriations set up in 2008 are re-appropriations to the next fiscal year. After the fiscal year-end processing has been completed, the full unexpended appropriation balance for a biennial appropriation or a lesser amount may be appropriated in the new fiscal year. Therefore, there is no lapsed balance for a biennial appropriation.

Appendix B

Missouri Veterans Commission
 Comparative Statement of Expenditures (From Appropriations) (1)

	Year Ended June 30,				
	2009	2008	2007	2006	2005
Salaries and wages	\$ 52,300,285	50,354,244	44,821,225	41,264,991	41,691,666
Travel:					
In-state	450,315	420,230	363,825	281,867	310,317
Out-of-state	44,588	47,606	43,323	34,643	20,450
Fuel and utilities	40,575	40,474	213,217	2,383,613	2,244,924
Supplies	16,155,184	15,286,489	12,955,832	11,201,026	9,945,615
Professional development	215,154	148,795	152,476	121,326	260,309
Communication services and supplies	375,684	353,534	360,523	365,633	410,025
Services:					
Professional	1,177,586	1,162,137	1,064,593	813,763	1,389,171
Housekeeping and janitorial	224,335	240,883	187,003	230,080	169,430
Maintenance and repair	619,577	563,688	508,043	488,423	551,160
Equipment:					
Computer	28,610	30,772	0	0	418,213
Motorized	298,197	171,984	344,525	221,171	67,987
Office	269,481	133,010	194,037	226,954	156,372
Other	865,513	699,315	1,317,125	1,141,738	737,971
Property and improvements	3,601,530	837,507	3,127,907	1,100,432	481,920
Building lease payments	121,553	141,056	107,423	5,532	24,529
Equipment rental and leases	139,362	261,802	207,463	190,374	149,837
Miscellaneous expenses	79,770	89,392	102,527	200,839	34,829
Refunds	175	0	0	0	0
Program distributions	998,321	750,000	750,000	723,148	726,577
Total Expenditures	\$ <u>78,005,795</u>	<u>71,732,918</u>	<u>66,821,067</u>	<u>60,995,553</u>	<u>59,791,302</u>

(1) The amounts include Office of Administration appropriations which were expended on behalf of the Missouri Veterans Commission (MVC) for design and construction and leasing of MVC facilities and cemeteries.

Appendix C

Missouri Veterans Commission
Personal Credit Card Transactions

The following schedule lists payments for personal credit card transactions:

Disbursements Intended as Payments on Personal Credit Card Account		
<u>Check Date</u>	<u>Check Number (1)</u>	<u>Amount</u>
6/20/2006	AD00001921567	\$ 4,460.32
8/17/2006	EF08150600590	1,987.25
10/11/2006	AD00002170034	4,448.45
12/8/2006	AD00002297105	2,306.73
1/11/2007	AD00002391622	2,000.00
2/15/2007	AD00002494896	5,483.00
3/7/2007	AD00002548890	1,272.66
4/4/2007	AD00002617521	2,509.46
4/23/2007	AD00002664643	2,900.00
5/23/2007	AD00002735279	5,259.57
6/15/2007	AD00002793798	7,646.94
6/29/2007	AD00002834598	5,800.31
7/26/2007	AD00002875962	4,728.89
8/13/2007	AD00002912091	9,078.44
9/6/2007	AD00002967688	5,555.28
9/21/2007	AD00003004993	4,134.98
10/26/2007	AD00003082770	5,865.43
12/6/2007	AD00003161694	4,215.43
12/20/2007	AD00003194652	4,235.19
1/17/2008	AD00003250112	6,303.22
Total		\$ <u>90,191.55</u>

(1) Check numbers represent check payments (AD numbers) and electronic payments (EF numbers).