



Claire McCaskill

Missouri State Auditor

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December 2006

Office of Attorney  
General

Three Years Ended  
June 30, 2006



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

December 2006

The following findings were included in our audit report on the Office of the Attorney General.

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The Office of the Attorney General (AGO) is not billing the Department of Social Services (DSS) correctly for employee salaries and fringe benefits related to certain federal programs. Some monthly billings tested totaled over \$170,000 and included salaries and fringe benefits for over 30 attorneys and nearly 20 support staff. The office selects which attorneys and support staff to include in the allocation based on the impact those hours will have on the reimbursement amount. The audit also noted all allowable Financial Service Division (FSD) expense and equipment expenditures may not be included in the billing calculation. The extent to which the DSS programs may have been under-billed or over-billed could not be determined.

The Governmental Affairs Division (GAD) has not established adequate procedures to ensure the number of hours billed for work performed by the division's attorneys are properly charged to the applicable professional boards. Also, the GAD discards timesheets after the professional boards review and approve the billings.

In July 2005, the office's Case Tracking System (CTS), which is utilized for case docketing, billing various entities for work performed by the office, tracking costs by case for some divisions, and for other case management purposes, was implemented. The current process of preparing timesheets and then entering the timesheets into the CTS is a time consuming process which is susceptible to errors. Our review of 55 timesheets identified numerous problems. In addition, the CTS is not adequately utilized to track costs per case. Our review of 15 cases noted that costs incurred were generally not recorded on the CTS, with the exception of Labor Division cases. Office personnel indicated that costs per case are not tracked when reimbursement is not available because they believe the process would be burdensome.

Accounting duties in the Financial Services Division (FSD) were not adequately segregated, and the FSD's controls over the office's accounts receivables records were not sufficient. In addition, our review of accounts receivable records and procedures disclosed instances where improvement of collection efforts is needed. Database balances were not always accurate, and more improvement is needed to ensure the accuracy of the balances. Also, FSD did not maintain a control list of all uncollectible accounts which had been written-off nor does office management review or approve significant accounts written-off. Finally, the office does not disburse some restitution monies held for other parties nor transmit receipts to the fiscal unit or other entities in a timely manner.

YELLOW SHEET

The controls and procedures over cellular telephones and blackberries need improvement. Some costs incurred for additional minutes, roaming, and toll fees were not covered by applicable cellular telephone plans, and personal calls appeared to contribute to some of these additional charges. Also, some telephones were used for a limited amount of time and call detail was not obtained for all phones. Additionally, the office does not use its blackberries for telephone service.

Office expenditures (excluding payroll) totaled approximately \$10.3 million, \$6.1 million, and \$4.9 million for the years ended June 30, 2006, 2005, and 2004, respectively. In addition, payments were made for professional services, such as outside legal counsel, expert witnesses, court reporters, and other professional court services, from the State Legal Expense Fund through an Office of Administration (OA) appropriation, but based on the approval of the AGO. According to OA records, over \$1.8 million was paid during the three years ended June 30, 2006, for legal and other professional services, based upon approval by the AGO. We noted written agreements were not prepared for some professional services. A written engagement letter, signed by both parties, was not prepared for 61 percent of expenditures reviewed for expert witnesses and outside legal counsel services. Also, there were seven payments, totaling approximately \$22,000, which included charges which were not in accordance with the engagement letters. Additionally, documentation supporting the method/criteria for selecting expert witnesses and outside legal counsel services was not always prepared and retained. Finally, some invoices for professional services did not include sufficient documentation regarding the services provided and expenses claimed.

Some professional services and supplies/equipment were obtained without documented prior approval by appropriate office employees. For 52 percent of payments for items such as audio tapes, computers, software, conference fees, and supplies, the proper approval for these purchases was not documented. In addition, bids were not obtained for 78 percent of payments reviewed for court reporting services, when the vendor was paid in excess of the \$3,000 legal limit during the applicable fiscal year.

The audit also includes recommendations related to other office policies and procedures.

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OFFICE OF ATTORNEY GENERAL

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STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

Honorable Jeremiah W. (Jay) Nixon, Attorney General  
Jefferson City, MO 65102

We have audited the Office of Attorney General. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2006, 2005, and 2004. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations.
4. Determine the extent to which audit recommendations included in our prior audit were implemented.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the office, as well as certain external parties; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the 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.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

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

The accompanying Management Advisory Report presents our findings arising from our audit of the Office of Attorney General.



Claire McCaskill  
State Auditor

September 15, 2006 (fieldwork completion date)

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MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

OFFICE OF ATTORNEY GENERAL  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

**1. Billings to Other Governmental Entities**

The Office of Attorney General (AGO) needs to revise and improve its policies and procedures related to billing governmental entities.

- A. The office did not follow its cooperative agreement when billing the Department of Social Services (DSS). In addition, some timesheets did not support the billings, and all applicable expense and equipment costs were not appropriately billed.

Some Financial Services Division (FSD) attorneys and support staff provide various legal services to the DSS, primarily related to the federal Child Support Enforcement and Medical Assistance (Medicaid) programs. Attorneys from other divisions may also periodically work on these federal programs. A monthly bill is prepared by the fiscal unit and submitted to the DSS for salaries, fringe benefits, expense and equipment, and indirect costs associated with the services provided. For the three years ended June 30, 2006, the office billed DSS over \$5.8 million.

We reviewed in detail the August 2005 billing, which totaled over \$170,000. The bill included salaries and fringe benefits for 34 attorneys and 19 support staff. According to available timesheets, 18 attorneys worked solely on one of the federal programs. Our review of this billing disclosed the following concerns:

1. The office is not billing the DSS correctly for employee salaries and fringe benefits.
  - The salary and fringe benefits for individuals who work exclusively on one federal program are not billed directly to that program.
  - Not all FSD attorneys and staff are included in the billing calculation.

The office bills the DSS through a cost allocation calculation based on time spent by attorneys and support staff on various federal programs. According to office personnel, the office selects which attorneys and support staff to include or not include in the allocation based on the affect those hours will have on the reimbursement amount.

The cooperative agreement between the office and DSS provides the salary and fringe benefits for individuals who work solely on a single

federal program be direct billed as opposed to being distributed through a cost allocation calculation. The agreement also provides that all costs of the unit performing services for the federal programs should be included in the allocation calculation when individuals work on federal and non-federal activities.

2. Time records were not adequate to determine the extent that billings to the DSS may have been incorrect. Timesheet problems include:

- Some timesheets contained errors in coding the time worked on the federal or state programs, or time was not correctly entered on the office's computerized time system. For example, there were many instances where the program code was not recorded on the timesheet and administrative hours were not recorded consistently. Timesheet errors are also addressed at MAR finding number 2.
- Timesheets reviewed for some attorneys were not prepared or were not sufficient to identify the actual time spent on the federal programs. For example, the federal program was not always identified on the timesheet. Although the time for these attorneys was not included in the allocation calculation, a portion of their salaries and benefits were billed to the DSS.
- Timesheets for some attorneys reviewed were not retained. Office personnel indicated that once the timesheet information was entered into the office's computerized time system the timesheets were destroyed.
- Some timesheets were not signed by the attorney.

Office of Management and Budget (OMB) Circular A-87 requires that where employees work on multiple programs or cost objectives, the distribution of their salaries or wages needs to be supported by personnel activity reports or equivalent documentation which reflect total, actual activity of each employee. In addition, this circular also requires these time records be signed by the employee. The office's agreement with the DSS requires that the office comply with the provisions of OMB Circular A-87.

3. All allowable FSD expense and equipment expenditures may not be included in the billing calculation. The fiscal unit staff reviews expense and equipment documentation for an attorney's signature who they believe works on a federal program(s). Then the unit contacts the FSD as needed for clarification of the costs, and includes those items in the billing calculation. This unsystematic method to identify billable costs provides little certainty regarding the accuracy of billings.

The cooperative agreement provides that all FSD allowable costs under OMB Circular A-87 should be included in the billing.

Because of the numerous errors, inadequate records, and weaknesses noted above, the extent the DSS programs may have been under-billed or over-billed could not be determined.

- B. The Governmental Affairs Division's (GAD) procedures were not adequate to ensure applicable professional licensing boards were properly billed for services.

Division attorneys serve as general counsel for more than 30 professional licensing boards, and a monthly bill is submitted to the various boards for the attorneys' time. Based upon the monthly bill, the Division of Professional Registration transfers funds of the various boards to the state's General Revenue Fund for the work performed. The division's attorneys prepare monthly timesheets which identify the client and the hours worked each day. This information is entered by division staff into the office's computerized time system.

Our review of the GAD's procedures and the support for the December 2005 billing to the professional licensing boards noted the following:

1. Some timesheet information was not entered accurately on the computerized time system.

For the December 2005 billing, 6 of 17 (35 percent) timesheets were not correctly recorded on the system. Overall, four boards were over-billed a total of almost five hours. Although the dollar amount of these errors is not significant, given the high rate of timesheet entry errors, the office should establish procedures to ensure the hours recorded on its time system are accurate.

Office personnel indicated the board billings are reviewed and revised as necessary; however, the timesheets are not reconciled to the billings. To help ensure the various boards are properly billed, the office should establish procedures to reconcile the timesheets to the billing records.

2. The GAD discards timesheets after the professional boards review and approve the billings. At the time of our review, the GAD had discarded all timesheets except for those for the most recent three months. Office personnel indicated that retaining timesheets was not necessary since the computerized time system was maintained to support billings to other entities.

However, this policy does not appear sufficient or reasonable given the numerous types of errors related to the timesheets and time system. To

ensure billings to other entities are proper and accurate, signed timesheets should be retained.

A condition similar to part B.1. was also noted in the prior report.

**WE RECOMMEND** the AGO:

- A.1. Revise its policies and procedures to ensure compliance with the cooperative agreement with the DSS. The salaries and fringe benefits for employees working solely on one federal program should be billed directly to the program and all FSD employees should be included in the billing allocation calculation.
  2. Ensure all time records used in the allocation calculation are complete and accurate. Also, the time records should be signed by the employee.
  3. Ensure all FSD allowable costs are included in the billing calculation.
- B.1. Establish policies and procedures to ensure all employee time is recorded correctly on the timesheets, entered accurately on the time system, and reconciled to the applicable billings to other entities.
2. Ensure the timesheets which are prepared and signed by employees are retained to support billings to other entities.

**AUDITEE'S RESPONSE**

A.1. *The Attorney General's Office (AGO) has reviewed its policies and procedures to ensure compliance. While the cooperative agreement does set out a direct billing option – it is only one of two available options. The Office of Management and Budget (OMB) Circular A-87 allows for direct billing **only** in circumstances where employees work completely on that program. If an attorney does any work outside that particular program, the AGO cannot direct bill. The AGO is obligated to verify work responsibility at least twice a year.*

*In an effort to take advantage of office efficiencies, AGO attorneys often work in more than one area and for more than one agency. (For example, if a child support modification attorney has a docket hearing in Phelps County on a Department of Social Services (DSS) child support case and another attorney has three collection cases for different agencies on the same Phelps County docket, the child support attorney will cover all those cases. Because of this, this attorney cannot be direct billed.)*

*Therefore, the AGO uses a cost allocation method which is allowed under the agreement. Although the AGO has received conflicting opinions on the need to include all personnel in a cost allocation payment plan and has received zero complaints from this agency in regard to its billing process, it will review those requirements and proceed accordingly.*

2. *The AGO will continue to stress the importance of time records and will review with personnel the need to include all information (program codes, time, and signatures) going forward. The AGO will also consider the possibility of electronic entry of time records.*
  3. *The AGO has systems in place to ensure that all expense and equipment expenditures for qualified personnel are billed to the appropriate agency. This includes a review of all expense reports and invoices for the month billed and these costs are included for that particular month. While the auditor indicated this is a potential problem, it failed to disclose any specific expense the AGO failed to include in any billing.*
- B.1. The audit of these time records for December 2005 identified only six entry errors reflecting a total of 4.6 hours of overbilling. This is based on the review of time for approximately 24 lawyers, 548 time records and 1,927 entries for December 2005.*
- That said, the AGO will continue to stress the importance of time records and will review with personnel the need to include all information (program codes, time, and signatures) going forward. The AGO will also consider the possibility of electronic entry of time records. The AGO will reiterate the need to reconcile the timesheets to the Case Tracking System.*
2. *The AGO will ensure the retention of its time records, although the actual billing amount is always retained in the electronic database system.*

<b>2. Case Tracking System</b>
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Information in the office's computerized Case Tracking System (CTS) is not always accurate and complete. Also, the CTS is not adequately utilized to track costs per case.

In July 2005, the office implemented the CTS. Case information from various divisions' systems and the office's time system were consolidated into the CTS. Information from the system is utilized for case docketing, billing various entities for work performed by the office, tracking costs by case for some divisions, and for other case management purposes. Office procedures provide that attorneys are to prepare monthly timesheets which identify the hours worked each day by division, client, program, and case. This information is then entered by division staff into the CTS.

Our review of the CTS disclosed the following concerns:

- A. The current process of preparing timesheets and then entering the timesheets into the CTS is a time consuming process which is susceptible to errors. We determined the CTS sometimes contained inaccurate and incomplete information. As a result, some hours worked were not reflected on billings to other entities, as noted earlier in this report, or were not on case cost tracking reports generated from the system.

Our review of 55 timesheets identified the following problems:

- Information on the timesheets was not always accurately recorded on the CTS. For 26 (47 percent) timesheets, information such as number of hours worked, work activity, and case number was not correctly entered on the system. The majority of these errors related to billings to other entities.
- Some timesheets were entered twice on the CTS.
- Many timesheets were not complete or accurate. There were numerous instances where the program code, case name, or case number was not recorded on the timesheet; and thus, not entered into the CTS.
- Several timesheets did not include the leave taken as recorded on the payroll records.
- Many timesheets identified inconsistent case names (multiple names or other identifiers for the same case) and numbers.
- Vacation and sick leave hours were not recorded consistently. Leave was sometimes charged to administration, a program, or not recorded.
- Many different formats of timesheets were used. Some did not contain all information fields maintained on the CTS.
- Timesheets usually did not have totals which could be verified to the hours entered into the CTS.
- Some timesheets were not signed by the attorney. Also, some supervisors do not review and sign the timesheets.

According to office personnel, attorneys verify the information entered on the CTS to ensure accuracy of the information on the system. However, given the errors noted, this procedure is not sufficient.

To ensure accuracy of the CTS information and any billings based on this system, policies and procedures should be developed to ensure all employee time is recorded correctly on the timesheet and entered accurately on the system, including appropriate reconciliation procedures. In addition, the office needs to establish written guidelines for attorneys to follow when completing timesheets. These guidelines should require the supervisory review and approval of the attorney timesheets to ensure proper coding and accuracy.

Additionally, the office should consider enhancing the CTS to allow employees to enter the timesheet information into an electronic timesheet which could be

automatically posted to the system. This would eliminate discrepancies between the two records and reduce the time spent by office staff and attorneys in recording, entering, and verifying the timesheet information.

- B. The CTS is not adequately utilized to track costs per case. The office receives reimbursement for the cost of investigation and prosecution for certain types of cases including consumer protection, environmental, and "No Call" cases.

Our review of 15 cases noted that costs incurred were generally not recorded on the system, with the exception of Labor Division cases. The CTS contains fields where related case costs can be recorded. According to office personnel, costs related to those cases where reimbursement is received are recorded on individual records maintained by the attorneys, and that they plan to implement a system to track these costs electronically. They also indicated that costs per case are not tracked when reimbursement is not available because they believe the process would be burdensome.

A system which accurately charges costs and time to the various cases would support the appropriate reimbursement of investigation or prosecution costs, and could prove useful in monitoring the cost effectiveness of overall office performance, and in determining which cases should be litigated and court settlements should be considered. It appears that costs per case could be readily accumulated from the CTS.

A condition similar to part B. was also included in prior reports.

**WE RECOMMEND** the AGO:

- A. Establish policies and procedures to ensure all employee time is recorded correctly on timesheets, entered accurately on the CTS, and appropriately reconciled. Timesheets should be signed by the employee and reviewed and approved by a supervisor. In addition, the office should consider the implementation of an electronic timesheet process.
- B. Establish procedures to track costs per case on the CTS.

**AUDITEE'S RESPONSE**

*The AGO agrees with many of these recommendations. In the limited circumstances where it is provided by law, the AGO seeks and recovers its costs. In those circumstances, the AGO will track its time and reconcile the information from the time sheet to the Case Tracking System. In the vast majority of matters handled by the AGO, however, there is no opportunity to seek case costs from the opposing party.*

**3.****Internal Control Policies, Procedures, and Records**

Accounting duties in the Financial Services Division (FSD) were not adequately segregated, and the FSD's controls over the office's accounts receivables records were not sufficient. In addition, some restitution in the Merchandising Practices Restitution Account was not distributed in a timely manner, and receipts were not always transmitted by the FSD on a timely basis.

The FSD handles most of the office's collection efforts to recoup money owed to the state, or its officers or agencies, including restitution for consumers from cases handled by the Consumer Protection Division. Any monies received as a result of legal action taken by the division's attorneys are recorded in both manual logs maintained in each case file and computerized receivable records (database). The FSD forwards receipts to the office's fiscal unit for deposit or to other entities, as appropriate. The FSD collected approximately \$55.5 million during the three years ended June 30, 2006.

In addition, receipts are also received by other divisions or units within the office. During the three years ended June 30, 2006, the "No Call" unit received approximately \$921,000 from telemarketers for the sale of no call listings; the Medicaid Fraud Control Unit (MFCU) received over \$24 million related to their cases; the Consumer Protection Division received approximately \$89,000 from vendors for various licenses and registrations; and an administration attorney received approximately \$36,000 from businesses and individuals for copies of documents requested under the Sunshine Law. The "No Call", Consumer Protection Division, and Sunshine Law receipts are forwarded to the fiscal unit for deposit in the General Revenue, Merchandising Practices Revolving, and Health Spa Regulatory Funds, while the MFCU receipts are forwarded directly to the DSS or other entities.

Our review of the office's control policies, procedures, and records disclosed the following:

- A. The FSD accounting duties are not adequately segregated and an independent review of these duties is not performed. Two administrative staff are responsible for collecting and recording receipts, forwarding receipts to the fiscal unit or other appropriate entities, ensuring a signed receipt verification form is returned by the appropriate entity, preparing the monthly cash receipts log, and maintaining computerized accounts receivable records on the FSD's database.

There is not a sufficient independent review of the receipts received by the FSD and sent to other entities. An independent FSD employee periodically reconciles manual case records to computerized records, ensuring the signed receipt verification forms are on file; however, it appears this reconciliation only covers a limited number of cases. In addition, even though numeric transaction numbers are automatically assigned to each receipt entered in the database, procedures

have not been established to independently account for each transaction number assigned.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and transmitting monies from that of recording receipts and maintaining records. Also, procedures to properly account for the numerical sequence of transaction numbers should be established.

B. The FSD needs to improve controls over its accounts receivable records.

1. The FSD does not monitor accounts receivable cases, including a review of the number and dollar amounts and the period of time amounts have remained uncollected.

Without periodically monitoring accounts receivable cases, there is an increased risk that sufficient collection efforts will not be performed. To better manage cases and collect accounts receivable, the office should monitor the number and dollar amounts of accounts receivable. In addition, to help follow-up on past due receivable balances an accounts receivable aging listing should be prepared on a periodic basis.

2. Our review of accounts receivable records and procedures disclosed instances where improvement of collection efforts is needed. Although demand letters are typically sent to the debtors which reflect a deadline and state that other collection efforts will be pursued, we rarely saw where additional action was taken after no response was received. For example, additional actions could include garnishments and tax intercepts. In addition, payment plans were not always established or monitored for compliance.

Collection efforts were not performed for several months for 12 of 60 (20 percent) accounts receivable cases reviewed. In one of these cases, no collection effort had been performed for nearly three years. Additionally, there were several instances where cases were not opened and demand letters were not sent for approximately a year after the case was received by the FSD.

Also, there were several instances where payments due under a payment plan stopped or were not made and no follow-up action was taken; where periodic payments were made, but no payment plan was prepared; and where payments were not monitored because the case was not correctly identified on the database.

To ensure all outstanding receivable balances are properly handled and collected, the office should establish policies and procedures to ensure collection efforts are adequate and performed in a timely manner. If feasible, all available options for collection should be pursued. The office should prepare payment plans, as appropriate, ensure the plans are entered correctly on the database, and monitor the payments for compliance with the terms of the plan.

3. The database balances were not always accurate, and more improvement is needed to ensure the accuracy of the balances. During the year ended June 30, 2005, the FSD established procedures to periodically reconcile the individual database balances to records in the applicable case file to ensure the accuracy of the database. Although our review noted some improvement in the accuracy of payments entered in the database since our last audit, some errors still occurred.

For example, the initial or current accounts receivable balances in the database did not agree to documentation in the case file for 8 of 60 (13 percent) cases reviewed. For these cases, the accounts receivable balances were overstated by more than \$3 million.

Several of the errors appeared due to entering a receivable amount which exceeded the amount the office can legally collect. For example, for Tort Victim cases, sometimes the total punitive damage award was recorded as a receivable, rather than the state's share which is one-half of the punitive damages, less attorney fees and expenses. Other errors appeared to be data entry errors. In one case, related to inmate reimbursement, the database reflected an initial amount due of \$999,999, although court documents in the case file indicate the maximum amount due to the state was less than \$40,000.

To facilitate monitoring of amounts due, accurate accounts receivable records are necessary. The office needs to establish policies and procedures to ensure accounts receivable records are accurate and complete, and these policies and procedures should be consistently applied.

4. The reconciliations of the database information to case file records were not always properly approved.

Office personnel indicated the FSD deputy chief counsel approved each reconciliation and any recommended changes to the manual or computerized records. However, three of three reconciliations reviewed were not approved by the FSD deputy chief counsel. In addition, we noted comments in one case file which indicated a reconciliation had been performed; however, the reconciliation report was not in the case file.

Each reconciliation should be documented, and properly reviewed and approved.

5. The FSD did not maintain a control list of all uncollectible accounts which had been written-off, and office management does not review or approve significant accounts written-off. According to office personnel, uncollectible accounts are written-off with the approval of the division's management, and a memo documenting the basis and authorization for the closure is placed in the individual case file. They indicated that approval to write off an account may be obtained from office management; however, this is at the discretion of the FSD Chief Counsel. In addition, although the FSD personnel can generate a list from their database of accounts written-off, such a list is not periodically prepared and reviewed.

To ensure adequate controls over uncollectible accounts, a control list of accounts written-off should be maintained, and office management should review and approve significant accounts written-off.

- C. The office does not disburse some restitution monies held for other parties in a timely manner. Our review of the Merchandising Practices Restitution Account in April 2006 disclosed restitution, totaling approximately \$32,000, from a case should have been disbursed to appropriate parties.

When the FSD receives restitution payments from cases where the courts have awarded restitution for the violation of state merchandising practices laws, the monies are forwarded to the fiscal unit and deposited into the office's Merchandising Practices Restitution Account, which is held outside the state treasury. When all restitution monies related to a case have been collected, the office issues checks to the appropriate parties.

The restitution noted above was deposited into the account in January and February 2000. In July 2005, the case file information indicated that all likely monies had been collected on the case. However, these funds had not been disbursed at the time of our review, about ten months later. The office disbursed this restitution after the situation was brought to their attention.

The office should establish procedures to monitor and distribute restitution monies in a timely manner.

- D. The FSD did not always transmit receipts to the fiscal unit or other entities on a timely basis. Also, checks were not restrictively endorsed immediately upon receipt.

For 137 receipts reviewed, 11 (8 percent) receipts, totaling \$6,660, were not forwarded to the appropriate entity in a timely manner. These receipts were held

from 8 days to over 3 months before being forwarded to the fiscal unit, DSS, and Department of Revenue, as appropriate.

Also, the FSD does not restrictively endorse checks upon receipt. Checks sent to the fiscal unit are endorsed when received by the fiscal unit. In addition, although some checks may be addressed to other entities rather than the office, a general restrictive endorsement could be applied to these checks to safeguard receipts.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all receipts should be forwarded to the fiscal unit or appropriate entity when received and checks should be restrictively endorsed immediately upon receipt by the FSD.

Conditions similar to parts B.2., B.3., and B.5. were also noted in our prior report.

**WE RECOMMEND** the AGO:

- A. Ensure the duties of receiving, recording, and transmitting monies within the FSD are adequately segregated. In addition, the office should establish procedures to properly account for the numerical sequence of transaction numbers.
- B.1. Establish procedures to monitor accounts receivable cases, including a review of the number and dollar amounts. Also, to help follow-up on past due receivable balances, an accounts receivable aging listing should be prepared on a periodic basis.
  - 2. Establish procedures to ensure collection efforts are adequate and pursued in a timely manner. The office should evaluate all collection options available for each case. Payment plans should be prepared as appropriate, entered correctly on the database, and monitored for compliance.
  - 3. Establish policies and procedures to ensure accounts receivable records are accurate and complete. These policies and procedures should be consistently applied.
  - 4. Ensure each reconciliation of the computerized database information to the manual receivable records is properly documented, reviewed, and approved.
  - 5. Maintain a list of accounts written-off as uncollectible. Office management should review and approve significant accounts written-off.
- C. Establish procedures to ensure restitution monies are monitored and disbursed in a timely manner.
- D. Ensure the FSD forwards all moneys to the fiscal unit and other entities on a timely basis and restrictively endorses all checks immediately upon receipt.

## **AUDITEE'S RESPONSE**

*As an introduction, it is important to note that these audit recommendations are suggestions to improve a system that is currently working. Effective recovery efforts and efficient use of state resources have led to stronger recoveries every year. The AGO requires that the receivable information and receipts are logged not only in each individual case file, but also in a computer database system. All these efforts, as reflected in the audit, revealed no loss of money/checks and an increase in recoveries every year.*

*The audit found that the AGO had received “approximately \$36,000 from businesses and individuals for copies of documents requested under the Sunshine Law.” Of the \$36,000 cited in the audit, however, \$23,937 was received not from any Missouri individual or business but from the U.S. Department of Justice related to various requests made by that agency. Most Sunshine Law requests by Missouri individuals and businesses during the audit period imposed minimal costs and did not result in receivables.*

- A. *The AGO takes very seriously the need to ensure against potential loss. The AGO has at least two employees collecting and recording receipts. A receipt verification goes to each agency to review and sign upon receipt of a payment and an independent AGO employee reconciles this information. In addition, each attorney has access to case files on a daily basis, including the receipt log kept in each case file. The AGO will continue to ensure ongoing segregation and will review the transaction number issue.*
- B.1. *The AGO reviews and monitors accounts receivables. The AGO is forced to do this on at least a weekly basis to ensure we are pursuing the appropriate cases and prioritizing our resources. It was stressed during this audit process that not every case in our database system is a receivable, and may not become a receivable until very late in the case process, if at all (i.e., – Tort Victim Compensation Fund (TVCF) and Missouri Inmate Reimbursement Act (MIRA)).*

*This means that while the case is in our system – the AGO may not be able to collect on it. The AGO can review what is owed and will look at that report to see if we can address the aging listing suggestion.*

2. *The AGO has procedures in place to ensure maximum collection efforts are pursued. While the AGO prioritizes its efforts, it also considers all available means to collect the amount due. However, not every method is available in every case. The AGO will continue to evaluate its collection options. As indicated in the past audit, the AGO is now using a database system and will continue to attempt to use it to monitor payment plan compliance.*
3. *The AGO has policies in place to monitor accounts receivable records. As indicated, the AGO is placing all accounts receivable balances into its database. The audit found certain balances in the database need to be entered correctly. It is important to note that the individual case files have an accurate balance. Because not every case is an*

accounts receivable and/or collectible, the AGO inputs a figure into the database to address that particular database issue. This has proven to be challenging in cases where the amount owed is not known or may not ever be owed (i.e., TVCF and MIRA). The AGO will evaluate this challenge and put a plan in place to address this audit concern.

4. This finding reflects that reconciliations are being performed by the AGO. The AGO agrees the review should be documented.
  5. The AGO agrees with this recommendation. Further, the AGO is determining the collectibility of cases on a case-by-case basis, prioritizing them and then adjusting the next review period for each file. The AGO is not closing cases as uncollectible.
- C. The AGO has a restitution recovery disbursement policy in place. When the money is collected in full, or a significant amount is collected with no further hope of additional recovery, the AGO disburses the money. This audit revealed one case out of dozens where the recovery disbursement was deemed to take too long.
- D. The AGO policy is to process checks quickly and accurately. In only 8 percent of the cases reviewed did this audit determine the checks were held too long. During the time a check is held by the Financial Services Division, the check is kept in a locked safe. The AGO agrees with the recommendation to restrictively endorse checks upon receipt.

#### **4. Cellular Telephones and Blackberries**

The office needs to improve its controls and procedures over the assignment and usage of its cellular telephones and blackberries (wireless device which supports e-mail, mobile telephone, text messaging, internet faxing, web browsing and other wireless information services). Additionally, employees are not required to monitor their plan usage and personal calls.

At the time of our review of cellular telephones and blackberries, the office had 84 cellular telephones and 80 blackberries. Subsequently, the office obtained a large number of blackberries and disposed of some cellular telephones. As of August 2006, the office had 77 cellular telephones and 171 blackberries. Cellular telephone and blackberry costs totaled approximately \$87,000, \$71,000, and \$58,000 during the years ended June 30, 2006, 2005, and 2004, respectively.

While the office reviews cellular telephone usage quarterly to identify and switch to plans which meet employee needs at the lowest costs, these review procedures did not always appear effective. The following weaknesses were noted during our review of cellular telephone and blackberries for calendar year 2005:

- A. Many employees incurred significant costs for cellular telephone calls that were not covered by their cellular telephone plan. These additional costs included charges for additional minutes, roaming, and toll fees. For example, usage costs

totaled almost \$14,000 for ten telephones, and almost one-half of these costs were not covered by the applicable cellular telephone plan. Although some changes were made to the plans subsequent to our review, several employees continued to incur considerable additional monthly costs. Additionally, employees are not held responsible for adhering to their plan usage and are not provided with their monthly statements for review.

- B. There were many instances where it appeared that personal calls contributed to some additional charges noted above. Employees made calls after working hours, on weekends, and while on annual leave. For example, in July 2005, an employee made or received 421 calls of which 37 (9 percent) of the calls were made/received while the employee was on vacation and included calls to numbers in his name, as well as various businesses. However, the office did not review these calls to determine if they were personal in nature.

Although the office personnel indicated that employees are required to report any personal calls and submit applicable reimbursement, there appears to be little monitoring or enforcement of this policy.

- C. Many cellular telephones were only used for a limited amount of time and the office incurred significant costs for these telephones.

For example, 25 (30 percent) of the office's cellular telephones, which incurred costs totaling approximately \$7,200 for the year, were used less than 30 minutes per month for six or more months. In addition, seven of these phones sat idle up to eighteen months prior to our review.

- D. The office did not receive call detail for eight cellular telephones. According to office personnel, call detail is not requested for these cellular telephones because certain calls are confidential in nature.
- E. The office does not use its blackberries for telephone services. As of February 2006, 36 employees were assigned both devices. Additionally, the office has doubled the number of blackberries since that time. Office personnel indicated services are not consolidated because the blackberry is awkward to use for cellular telephone purposes and employees are more productive when utilizing both devices.

While cellular telephones can help increase employee productivity, they are also costly. The Office of Administration's (OA) wireless telephone policy requires that agencies implement "procedures for wireless equipment and service usage, and accountability". Agencies are required to develop internal controls to ensure timely monitoring of and reimbursement for personal use of cellular telephones, and the policy provides that personal calls should be "infrequent and kept to a minimum in length". The policy also provides that call detail should include the telephone number, minutes used per call, and other charges on the monthly invoice for all telephones. Additionally, the OA

recommends that agencies consolidate cellular telephone and blackberry services onto one device, when both services are needed by an employee. The blackberry state contract provides for monthly rates and other services which are comparable to, and depending on the type of plan, often more advantageous than those in the cellular telephone state contract.

To ensure the efficient and effective use of cellular telephones and blackberries, the office should develop written controls, policies, and procedures regarding their use. Such policies and procedures should address when an employee needs a cellular telephone or blackberry, the appropriate use of this equipment, reimbursement for personal use, and a review process. Also, the office may be able to prevent some unnecessary costs by requiring employees to monitor their usage. In addition, the office should consider canceling services for telephones with low usage and consolidating cellular telephone and blackberry services.

**WE RECOMMEND** the AGO develop controls, policies, and procedures regarding cellular telephone and blackberries. Such a policy should address when an employee needs a cellular telephone or blackberry, the appropriate use of this equipment, reimbursement for personal use, and a review process. The review process should include detailed billing statements for every telephone, and employees should monitor their plans and usage. In addition, the office should determine the need for cellular telephones with low usage, and cancel plans for those not needed; and consolidate the cellular telephone and blackberry plans for those employees needing both services.

### **AUDITEE'S RESPONSE**

*The AGO protects and serves Missourians 24 hours a day, 7 days a week, 365 days a year. Fortunately, law enforcement communications technology has evolved at a rapid pace in recent years to help fulfill that mission. To better protect Missourians and help make employees more efficient and productive, the AGO utilizes a variety of modern handheld communication devices. Though they are not yet fully-integrated in state government, these devices are ubiquitous in society today. They are particularly important in the legal field, where they are utilized by more than 87 percent of the law firms in the nation. Top law schools are even distributing handheld devices to incoming students to download course materials, so future generations of lawyers are likely to be even more reliant on these valuable devices. While away from the office, a lawyer can communicate with others on official business in ways that were not possible before the advent of this equipment, avoiding delay and expediting business. For example, rather than experiencing downtime, a lawyer may productively review e-mails and attached documents, manage his or her calendar, and share information with colleagues about a matter via e-mail while awaiting a court appearance in a distant courthouse. Meanwhile, vital information about a crime can be transmitted in real time, rather than waiting for an attorney to return to the office. It is imperative for the AGO to provide professional services for Missouri citizens, and that the AGO be able to contact an employee who is away from the office at a meeting or deposition when necessary. In addition, an employee may use the device after hours, on the weekend or even while on leave when it becomes important to communicate with the office. This is especially important because with today's technology, a lawyer is never really away from the*

*office. Accordingly, it is not fair or accurate to assume that any call or e-mail sent after 5 p.m. is a “personal call” in today’s law practice environment. Indeed, the volume of legitimate “after-hours” and weekend communications are likely to increase with the availability of these devices. The AGO takes pride in the fact that it is a full-service modern law firm that provides efficient round-the-clock service to all Missourians. Our employees often work long hours – routinely on weekends and after normal business hours – to achieve this goal. Not utilizing readily-available communications technology to help make this possible would not make any sense.*

*The AGO has in place appropriate controls, policies and procedures regarding this practical and functional equipment. Nonetheless, the AGO will further develop these practices to address more clearly when an employee needs a device and to establish a process for users to monitor their billing statements, service plan and usage. During the audit period, the AGO followed applicable OA policies and reviewed cell phone usage quarterly. Between April 2004 and May 2006, the AGO switched plans 117 times and cancelled 18 phones to improve efficiency consistent with the OA policy. This reflects responsible plan management. Existing policies with respect to the appropriate use of communication devices are sufficiently well-documented by current practices and procedures. In addition, the AGO has tested the use of blackberries as phones with a number of its employees. The AGO, based on this test period, is now in the process of consolidating usage where appropriate and will use blackberries for cell service.*

## **5. Expenditures**

Written agreements were not prepared for some professional services; some payments were made for charges which were not included in the agreement; and the reasons for selecting expert witnesses and outside legal counsel were not always prepared and retained. Additionally, some documentation for outside legal counsel services was not adequate. Also, the proper approval by appropriate office personnel was not always obtained for the purchase of some goods and/or services and bids were not always obtained for court reporting services.

Office expenditures (excluding payroll) totaled approximately \$10.3 million, \$6.1 million, and \$4.9 million, for the years ended June 30, 2006, 2005, and 2004, respectively. In addition, payments were made for professional services, such as outside legal counsel, expert witnesses, court reporters, and other professional court services, from the State Legal Expense Fund through an OA appropriation, but based on the approval of the AGO. According to OA records, the OA paid over \$1.8 million during the three years ended June 30, 2006, for legal and other professional services, based upon approval by the office.

The following concerns were noted in our review of expenditures from the office's appropriations and the State Legal Expense Fund:

- A. Written agreements were not prepared for some professional services. In addition, some payments were made for charges which were not in accordance with the agreement.

1. A written engagement letter, signed by both parties, was not prepared for 19 of 31 (61 percent) expenditures reviewed for expert witnesses and outside legal counsel services. The office uses an engagement letter to document arrangements for these types of professional services.

For 16 of these expenditures, totaling over \$312,000, an engagement letter was prepared and signed by an assistant attorney general to document the arrangement; however, the letter was not signed by the outside counsel signifying agreement with the terms of the arrangement. In addition, one of these letters was prepared over a year after the services were provided. We were told obtaining the outside counsel's signature would have unnecessarily delayed the retention process. For the other three expenditures, totaling approximately \$22,000, the office was unable to furnish us with an engagement letter or any other form of agreement. These expenditures were for expert witness fees ranging from \$150 to \$250 an hour.

2. There were seven payments, totaling approximately \$22,000, which included charges which were not in accordance with the engagement letters. For these items, 1) office personnel had not approved the services billed for legal counsel/expert witnesses, 2) the rates billed exceeded the rates outlined in the engagement letter, or 3) the services provided were not within the service period outlined in the engagement letter. Office personnel indicated verbal approval was given for most of the charges which did not comply with the engagement letters. In addition, the personnel indicated that invoices are reviewed by the applicable assistant attorney general and division chief for compliance with agreement terms and office policies.

Without written agreements, it is difficult to determine whether all charges billed are proper. In addition, written agreements are necessary to ensure all parties are aware of their duties and to clarify all compensation allowed. The office should develop procedures to ensure engagement letters for expert witness and outside legal counsel services are prepared and signed by both parties. The agreements should cover all pertinent arrangements and be prepared prior to the services being provided. In addition, if payments are not in accordance with the engagement letter, written authorization for any changes should be prepared and retained.

- B. Documentation supporting the method/criteria for selecting expert witnesses and outside legal counsel services was not always prepared and retained. For 22 of 31 (71 percent) payments reviewed, documentation supporting the method/criteria for selecting the service for a particular case was not maintained. These payments totaled \$361,000.

Although the office provided us with some information upon our request, they indicated this information is generally not documented and maintained because they believe it is privileged information. Considering the extent of payments to these type of vendors, it appears this documentation could be prepared in a manner to protect confidentiality requirements.

C. Some invoices for professional services did not include sufficient documentation regarding the services provided and expenses claimed. For 12 of 41 (29 percent) invoices reviewed for legal services, there was not sufficient detailed documentation. The amounts on the invoices without adequate supporting documentation totaled approximately \$26,000, and included the following problems:

- Invoices for expert witnesses did not always include sufficient detail of the individuals providing the service, dates worked, amount of time spent, a description of the work activity, and the rate(s) charged.
- Invoices for court reporters did not always include detail of the number of copies and/or amount of time spent and the rates.
- Invoices for expert witness, outside legal counsel, and courier services did not always include sufficient detail and/or receipts for significant charges, such as copying and shipping fees or travel expense.

The office has established policies/procedures for outside legal counsel services; but, not for other types of professional services. The policies/procedures for outside legal counsel require that invoices include detail of the time spent, description of work activity, rate, and fees attributable for each professional individual providing services. The policies/procedures also require that payments of \$200 (\$100 prior to January 2004) or more be supported by invoices or other supporting documentation. However, the policies/procedures do not specifically describe the type of supporting documentation needed for other charges such as copying and shipping fees, travel expense, telephone charges, and other expenses that may be billed.

The office should ensure invoices for all professional services are sufficiently detailed, contain adequate supporting documentation, and are in compliance with applicable policies/procedures. In addition, current policies/procedures need to be revised to include all professional services and to clearly identify the type of supporting documentation needed for expenses charged.

D. Some professional services and supplies/equipment were obtained without documented prior approval by appropriate office employees.

1. Retention authorization letters, which outline the reasons for services from a particular individual, were not always prepared and approved in accordance with office policies for applicable professional services. Office policies require that retention authorizations letters for professional services under \$5,000 be

approved by a Chief Counsel, and those \$5,000 or more be approved by the Deputy Attorney General.

For 7 of 31 (23 percent) payments reviewed for outside legal counsel and expert witness services, a retention authorization letter was not prepared and approved. According to office personnel, retention was authorized by the appropriate party for these payments; however, documentation of the authorization was not maintained.

2. There was no documentation of approval of purchase requests by applicable personnel for some purchases of supplies and equipment. For 11 of 21 (52 percent) payments for items such as audio tapes, computers, software, conference fees, and supplies, the proper approval for these purchases was not documented. We were told many of these purchases were properly approved by appropriate personnel; however, documentation of this approval was not retained.

The office's internal control plan provides that all purchase requests must have the approval of the Chief Counsel for the division requesting the purchase along with either final approval of the Deputy Attorney General or the Chief of Staff before the order can be placed. Office personnel stated that the plan does not require the approval be documented.

Prior approval for the purchase of goods and services is necessary for the office to monitor and control expenses. The proper prior approval should be obtained and documented, in accordance with applicable office policies and procedures.

- E. Bids were not obtained for 7 of 9 (78 percent) payments reviewed for court reporting services, when the vendor was paid in excess of \$3,000 during the applicable fiscal year. Total payments to these vendors ranged from approximately \$3,300 to \$98,000 during the fiscal year reviewed. During the three years ended June 30, 2006, the office procured professional court services totaling over \$1.6 million.

Office personnel indicated that from August 2003 to April 2006, court reporting services for the central Missouri area were obtained from the state contract awarded by OA. However, for services needed in all other areas of the state, the office hired court reporters without soliciting bids. During this period, OA had not awarded a state contract for court reporter services for areas outside central Missouri. Office personnel also indicated two of the purchases were from a specific vendor because no other vendor could provide the transcripts needed; but, the reason for the sole source purchases was not documented.

Section 34.040, RSMo and OA's procurement policy requires bids be obtained for purchases over \$3,000, including any item or service in which the total expenditure over a twelve month period is over \$3,000. Competitive bidding helps ensure the office receives fair value by contracting with the lowest and best

bidders, and also ensures all interested parties are given an equal opportunity to participate in the state's business. If the item or service is only available from one vendor or if other than the lowest bid is selected, the reasons should be adequately documented.

Conditions similar to parts A., B., and C. were also noted in prior reports.

**WE RECOMMEND** the AGO:

- A. Ensure all expert witness and outside legal counsel services are supported by written agreements signed by both parties, prior to the services being provided. The services billed should be reviewed for compliance with the written agreement and applicable office policies.
- B. Document the method/criteria for selecting the expert witness and outside legal counsel services.
- C. Ensure invoices for professional services are sufficiently detailed, with adequate supporting documentation and are in compliance with office policies/procedures. In addition, the office should revise existing policies/procedures to include professional services other than outside legal counsel and to clearly identify documentation needed for all types of charges billed.
- D. Ensure the proper prior approval for the purchase of goods and services is obtained and retained, in accordance with applicable office policies/procedures. In addition, retention authorization letters should cover all services that will be provided.
- E. Ensure competitive bids are obtained for court reporting services, in accordance with state law. The reasons for sole source purchases, or for not selecting the lowest bidder, should be documented.

**AUDITEE'S RESPONSE**

- A. *This office elects to use engagement letters, rather than contracts signed by both parties, when retaining outside legal services. Engagement letters are sufficient to evidence the terms of the retention. The performing of the services set out in the engagement reflects acceptance of the terms by the contractor. Requiring the contractor to sign before performing the services would unnecessarily delay the retention process. Such a delay is unwarranted, in our view, in light of the fact that your audit found no instances where this office and the contractor disagreed about the nature of the contractor's duties or the appropriate rate of reimbursement under the terms of the engagement. You identified instances where invoices included charges that were not in accordance with the engagement letter. Two of these instances involved billing for experts retained by outside counsel without AGO approval. While the AGO policies and procedures for outside counsel for civil litigation requires "pre-approval from our office before*

*obtaining assistance from” experts, it does not require written approval. In both of the instances noted, outside counsel sought and obtained authorization to employ the expert, and expert bills were reviewed and approved by the Deputy Attorney General. Thus, retention of these experts was not inconsistent with the terms of engagement for outside counsel.*

*You identified two instances where contractors were paid for services after their period of engagement expired. In both cases, oral approval was given prior to the work being performed and services were provided consistent with the rate and cap proposed by the original agreement.*

*All invoices are reviewed twice prior to payment being authorized. In the case of experts, the invoice is reviewed by the attorney handling the case, because of his/her familiarity with the expert’s work, and they approve payment before the bill is sent to the Deputy Attorney General for final approval. Similarly, outside counsel bills are reviewed for an attorney for compliance with the engagement letter and outside counsel policies before being sent to the Deputy Attorney General for final approval. We will continue to use this procedure to ensure accuracy and billing.*

- B. Often legal contractors, particularly experts, are selected for strategic reasons. Documents laying out the reasons for such selection may be obtained by the opposing side in pre-trial discovery. Thus, the maintaining of such records is ill-advised. Other than strategic consideration, factors that influence selection of legal contractors include the reputation and willingness to work for the rate paid by the state in previous experiences this office has had with the expert attorney or firm. As you know, AGO individuals were able to provide reasons for selecting contractors upon request.*
- C. In many cases, the invoices reviewed included extensive detail and documentation. Because experts are retained to perform specific functions (i.e., prepare a report, testify in a case, etc.) and the attorney reviewing the bills is the one who engaged the expert and is familiar with his/her work, they have information about the work performed beyond what appears on the invoice.*

*The AGO will review its billing policies and, where appropriate, strengthen the documentation requirements.*

- D. The AGO has a prior approval policy in place regarding purchases of goods and services. The need for purchases are run through the Chief Counsel and are then approved by the Administration. There is no requirement in the Internal Control Plan of the AGO that indicates this approval must be documented. Approval is oftentimes documented in e-mail or memo format. Prior approval is obtained.*
- E. The AGO uses statewide contracts to the extent one exists. In this circumstance, the Office of Administration (OA) only had a contract for court reporting services in central Missouri. The AGO asked and OA directed there was no need to bid on a cumulative*

*basis. The obligation to bid arose only if a particular deposition would exceed \$3,000. The AGO followed OA's directive.*

**6.**

## **Office Policies and Procedures**

Comprehensive written policies and procedures for the operation of the office have not been developed. Additionally, performance appraisals are not always prepared on a timely basis.

- A. A formal written contingency plan to resume normal business operations and recover information from automated data systems after a disaster or other disruptive event has not been prepared. The office's information system personnel indicated the office has a verbal disaster recovery plan. They also indicated that some aspects of the plan are tested on a monthly basis; however, the test results are not documented or retained. The office relies heavily on its computer system for various activities, including docket information for all divisions.

A formal written disaster recovery plan should specify recovery actions required to reestablish critical computer operations. In the case of a disaster, such documentation can reduce confusion and provide a framework for the uninterrupted continuance of operations. Once a disaster recovery plan has been developed and approved, it should be periodically tested and reviewed. Additionally, test results should be retained.

- B. The office has not developed a written comprehensive employee manual which addresses issues such as working hours, vacation and sick leave, overtime and compensatory time, performance appraisals, travel policies, lines of authority, and other items of interest to employees. Office policies and procedures are generally communicated verbally or by email. In addition, during discussions with various employees and review of documentation, we noted some inconsistencies in the employees' understanding of the office policies and procedures.

For example, the office does not require cost analysis documentation be retained for deciding the type of vehicle (state, rental, or personal) for travel by employees on state business. It should be noted that in April 2006, a vehicular travel policy was established by OA that requires agencies to establish sufficient controls to ensure travel expenses are minimized. These controls must include methods for calculating travel costs to ensure employees use the most cost effective travel option, and agencies must maintain appropriate documentation to support travel decisions.

A comprehensive employee manual which summarizes policies can benefit both the office and employees by providing a basic understanding between management and employees regarding rights and responsibilities. In addition, an employee manual can provide guidance and control for the effective and

consistent management of the office and to help ensure management's policies are fairly and consistently applied to all employees.

- C. Performance appraisals are not always prepared on a timely basis. Our review of performance appraisals for 13 employees disclosed there was no appraisal on file for 3 employees, appraisals for another 3 employees were prepared over 18 months prior to our review, appraisals for another 6 employees were prepared within 12 to 18 months prior to our review, and the appraisal for 1 employee was prepared less than 12 months prior to our review.

Office personnel indicated that performance appraisals are prepared every 12 to 18 months for all full-time employees, except for senior staff attorneys and chief counsels. They believe that senior staff attorneys and chief counsels don't need an appraisal because these individuals have frequent interaction with the Attorney General and senior management within the office and their performance is continually appraised.

To adequately evaluate employee performance and to assist in personnel decisions, the office should complete employee performance appraisals on an annual basis.

A condition similar to part B was also noted in our prior report.

**WE RECOMMEND** the AGO:

- A. Develop a formal written disaster recovery plan which is periodically tested and evaluated.
- B. Develop a comprehensive written employee manual.
- C. Implement procedures to ensure annual performance appraisals are completed for all applicable employees.

**AUDTEE'S RESPONSE**

- A. *Information Systems personnel developed a disaster recovery plan which includes loss of location, loss of equipment and damage to equipment. The most critical components of the plan have been implemented. Additional aspects of the plan are tested on a monthly basis.*
- B. *The AGO makes every effort to inform its employees of personnel policies and their individual job assignments. In addition, management is available to discuss these issues in a consistent and comprehensive manner and does so verbally and by e-mail. The AGO does perform cost analysis of trips on a case-by-case basis.*

C. *The AGO does provide performance appraisals. The AGO continuously evaluates performance on an ongoing basis throughout the year and uses performance plans and counseling/instruction to improve performance in addition to performance appraisals.*

FOLLOW-UP ON PRIOR AUDIT FINDINGS

OFFICE OF ATTORNEY GENERAL  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Office of Attorney General on findings in the Management Advisory Report (MAR) of our prior audit report issued for the four years ended June 30, 2003. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the office should consider implementing those recommendations.

1. Accounts Receivable

- A. The financial services unit's (FSU) manual and/or computerized database records were not always complete or accurate. In addition, the unit could not generate an accounts receivable report with current and accurate balances.
- B. Collection efforts were not always performed in a timely manner.
- C. The FSU did not maintain a control list of all uncollectible accounts which had been written-off, and office management did not review and/or approve significant accounts written-off.

Recommendation:

The AGO:

- A. Establish policies and procedures to ensure accounts receivable records are accurate and complete. In addition, the office should perform periodic reconciliations of the detailed receivable records and the computerized database.
- B. Establish procedures to ensure collections are pursued in a timely manner.
- C. Maintain a list of accounts written-off as uncollectible. Office management should review and/or approve significant accounts written-off.

Status:

- A. Partially implemented. Reconciliation procedures have been developed and have been applied to some cases. However, our review noted problems with the accuracy of the accounts receivable records. See MAR finding number 3.
- B&C. Not implemented. See MAR finding number 3.

2. Internal Control Records, Policies, and Procedures

- A. Receipting duties were not centralized in the fiscal unit. Instead, the office's various divisions received the funds related to their cases.
- B.1. The Environmental Protection Division (EPD) did not establish adequate procedures to ensure all checks and related check information were properly recorded on the division's computerized receipts system.
  - 2. The EPD did not always forward checks to the applicable entity in a timely manner. Checks were not forwarded to the applicable entity until there was final resolution by all parties.
  - 3. The EPD did not always obtain a return receipt for checks forwarded to other entities.
- C. The AGO did not establish adequate procedures to ensure the number of hours billed for work performed by the division's attorneys were properly charged to the applicable professional boards. Errors in entering the timesheets into the computerized time system caused incorrect billings to the various boards, and the division failed to bill for some hours.
- D. The office did not require all employees to prepare time sheets to account for hours worked and leave taken during the month. Only attorneys and hourly employees prepared time sheets.
- E. The office did not establish procedures to track the costs per case.

Recommendation:

The AGO:

- A. Establish procedures whereby all monies are initially received by the fiscal unit. The fiscal unit should then notify the appropriate division of the receipt.
- B.1. Establish procedures to ensure all receipts are properly recorded.
  - 2. Establish procedures to ensure all checks are deposited when received. Once a final resolution has been reached, the office could issue a check to the appropriate entity, if applicable.
  - 3. Establish procedures to ensure return receipts are obtained and retained for all checks forwarded to other entities.

- C. Establish procedures to ensure attorney time records are reconciled to the computerized time system. In addition, the office should bill the applicable professional boards for any under-reported hours.
- D. Require the applicable employees to prepare monthly time sheets that document actual hours worked and leave taken, and submit these to their supervisor and the fiscal office for review and approval.
- E. Develop a system which accumulates costs per case.

Status:

- A. Partially implemented. Most payments are now received by the FSD and forwarded to the fiscal unit for deposit. However, some payments are still being handled by other divisions/units. See MAR finding number 3.
- B. The EPD receivables and receipting processes have been moved to the FSD. See MAR finding number 3.
- C. Not implemented. See MAR finding number 1.
- D. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.
- E. Not implemented. See MAR finding number 2.

3. Plane Flights

The AGO did not maintain documentation to support the comparison between the cost of commercial flights and the cost of using the OA planes for out-of-state air travel.

Recommendation:

The AGO ensure a comparison of the costs of commercial flights to the costs of using OA planes for out-of-state travel is documented and retained.

Status:

Not implemented. From July 2003 through June 2006, we only noted one instance where an OA plane was used for out-of-state travel. Although not repeated in the current MAR, our recommendation remains as stated above.

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

OFFICE OF ATTORNEY GENERAL  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The Office of Attorney General was created in 1806, when Missouri was still a territory. The Missouri Constitution of 1820 provided for an appointed attorney general. It remained an appointed position until 1865, when a new constitution provided for an attorney general elected by the people.

The Attorney General's office is located in Jefferson City. There are branch offices in Kansas City, St. Louis, Springfield, and Cape Girardeau.

The office is organized into eight divisions: Agriculture and Environment, Consumer Protection, Criminal, Financial Services, Governmental Affairs, Labor, Litigation, and Public Safety. Each division is headed by a chief counsel who is responsible for the operations of the division.

Agriculture and Environment Division: This division protects Missouri's natural resources and agricultural productivity, and represents the Department of Natural Resources (DNR) including its constituent boards and commissions that regulate the use of Missouri's air, land and waters. Attorneys take legal action to stop pollution of the state's air, water and soil and penalize polluters through fines, penalties, and, in the most serious cases, incarceration. The division also works to protect and enhance agriculture and the quality of life for rural Missourians by enforcing the law and advocating responsible public policy. Enforcement litigation is filed primarily in state courts to seek preliminary and permanent injunctions to assure compliance with state environment laws. The division also obtains civil penalties and recovers costs and damages for the state.

Consumer Protection Division: The division handles fraud investigations and litigation. Attorneys in this division represent Missouri consumers as a group in cases of consumer fraud, securities fraud, and antitrust matters. Also, these attorneys are active in discovering businesses that commit merchandising practices fraud in connection with the sale and advertising of products or services. This division includes an investigative staff that assists attorneys in investigations involving violations of the state's Merchandising Practices Act. The No Call program, to reduce telemarketing calls, is also under this division.

Criminal Division: This division represents the state in every felony case appealed to the Supreme Court of Missouri and Missouri Court of Appeals. The attorneys in this division also defend the state in all habeas corpus actions filed by prison inmates in state and federal court and assist with extraditions to and from Missouri of those charged in criminal cases.

Financial Services Division: The division pursues recoveries of monies due the Office of Attorney General and other state agencies/departments, including amounts due on defaults on student loans and economic development loans, delinquent audit and lottery commission fees, penalties owed the Missouri Ethics Commission, estate recovery cases, money owned by inmates to reimburse the state for the costs of their care, and collections in bankruptcy court.

Additionally, the attorneys in this division provide legal assistance to the Department of Social Services by establishing and enforcing child support obligations.

Governmental Affairs Division: The division represents the governor and other statewide elected officials; the Office of Administration; various state departments; and more than 30 professional licensing boards. Division attorneys defend constitutional challenges to state laws and ballot issues and enforce compliance with state laws by trusts, foundations, and nonprofit corporations. The attorneys in this division are also responsible for enforcing the state ethics and campaign finance laws; for enforcing state laws requiring tobacco manufacturers to establish escrow accounts; and for addressing questions about the state's open meeting and records law, commonly known as the Sunshine Law.

Labor Division: This division provides general counsel and litigation services for the Missouri Department of Labor and Industrial Relations and its officers and agencies. The division also represents the state in prevailing wage disputes, crime victims' claims, and workers' compensation cases of state employees, including claims involving the Second Injury Fund.

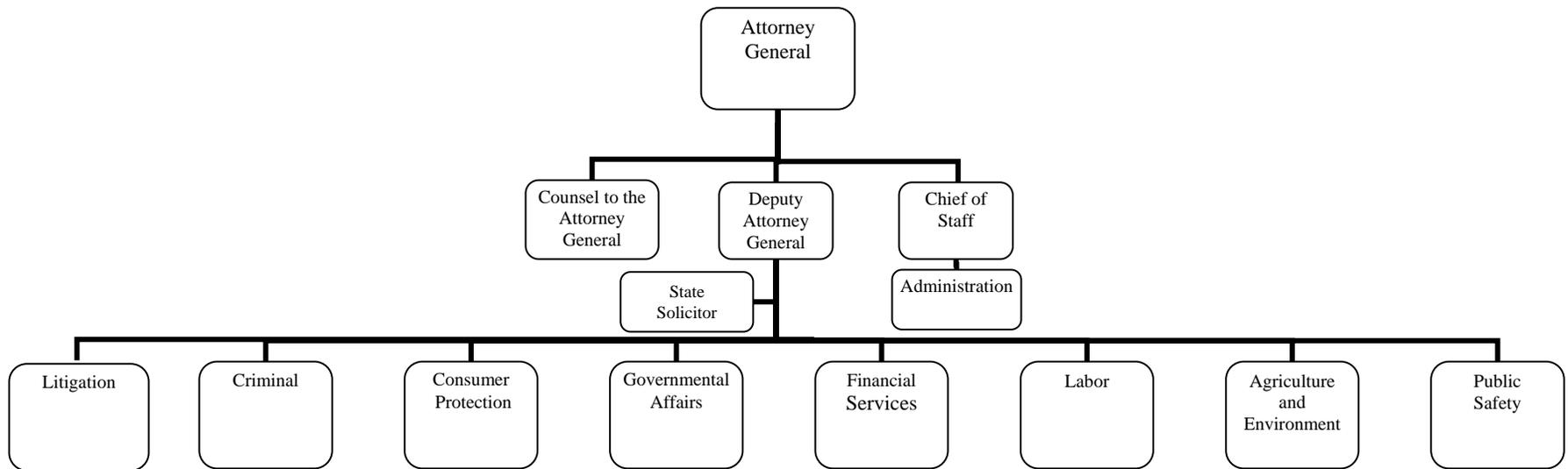
Litigation Division: This division is responsible for representing all state agencies, officers and employees in civil litigation matters in state and federal courts. Cases include damage claims, contract cases, civil rights cases, personal injury lawsuits, employment issues, and constitutional law issues. This division also defends the state in lawsuits brought by inmates of Missouri's correctional facilities.

Public Safety Division: The Public Safety Division handles criminal prosecutions at the trial level. The Special Prosecution Unit assists local prosecuting attorneys in serious or difficult trials, including homicide cases and grand jury proceedings. The Meth Prosecution Unit specializes in handling criminal cases involving the manufacture, sale or possession of methamphetamine and other illegal drugs. The Workers' Compensation Fraud Unit prosecutes fraud or misconduct involving workers' compensation, and the Medicaid Fraud Control Unit prosecutes cases involving fraud of the state Medicaid program by health professionals, or abuse or neglect of Medicaid recipients by caregivers. The High Technology and Computer Crime Unit assists local law enforcement with investigations and prosecutions of computer and Internet crime cases, and the Sexually Violent Predator Unit enforces the sexual violent predator law. In addition, attorneys in the division also serve as legal counsel for the Department of Public Safety, Highway Patrol, Water Patrol, and other state law enforcement agencies, and represent those agencies in all civil litigation in which they are a party.

On January 11, 1993, Jeremiah W. (Jay) Nixon was inaugurated as the state's fortieth Attorney General. He was reelected in November 1996, 2000, and 2004, and his present term will expire in January 2009.

At June 30, 2006, the Office of Attorney General employed approximately 370 full-time and 45 part-time employees. An organization chart follows:

OFFICE OF ATTORNEY GENERAL  
ORGANIZATION CHART  
JUNE 30, 2006



Appendix A-1

OFFICE OF ATTORNEY GENERAL  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS  
 YEAR ENDED JUNE 30, 2006

	Federal and Other Fund	Court Costs Fund	Antitrust Revolving Fund	Merchandising Practices Revolving Fund	Merchandising Practices Restitution Account	Health Spa Regulatory Fund	Inmate Incarceration Reimbursement Act Revolving Fund	Trust Fund	Multi-State Consumer Fraud Accounts	Total (Memorandum Only)
<b>RECEIPTS</b>										
Federal grants	\$ 3,140,225	0	0	0	0	0	0	0	0	3,140,225
Restitution	0	0	0	0	2,372,871	0	0	0	0	2,372,871
Inmate housing receipts	0	0	0	0	0	0	137,908	0	0	137,908
Penalties, awards, and settlements	0	1,993	17,459	1,057,041	0	0	0	5,295,410	0	6,371,903
Registration fees	0	0	0	16,165	0	15,425	0	0	0	31,590
No call program fees	0	0	0	414,775	0	0	0	0	0	414,775
Recovery costs	75	0	550,000	10,667	0	0	0	0	0	560,742
Interest	0	0	0	0	8,324	0	0	0	12,408	20,732
Miscellaneous	0	521	0	951	0	900	0	0	0	2,372
Total Receipts	3,140,300	2,514	567,459	1,499,599	2,381,195	16,325	137,908	5,295,410	12,408	13,053,118
<b>DISBURSEMENTS</b>										
Personal service	1,727,611	0	255,340	645,768	0	0	48,325	0	0	2,677,044
Employee fringe benefits	705,525	0	85,011	272,114	0	0	22,783	0	0	1,085,433
Expense and equipment	459,860	187,000	8,010	1,071,627	0	4,445	6,138	0	1,712	1,738,792
Payments to other parties	0	0	0	0	673,538	0	0	5,151,021	3,542,845	9,367,404
Leasing operations	243	0	307	5,776	0	0	0	0	0	6,326
Cost allocation	0	1,360	3,630	22,774	0	77	1,315	0	0	29,156
State office building rent	91,927	0	0	0	0	0	0	0	0	91,927
State office building maintenance and repair	0	0	0	0	0	0	0	0	0	0
Other	8,092	0	0	0	0	0	0	0	0	8,092
Total Disbursements	2,993,258	188,360	352,298	2,018,059	673,538	4,522	78,561	5,151,021	3,544,557	15,004,174
RECEIPTS OVER (UNDER) DISBURSEMENTS	147,042	(185,846)	215,161	(518,460)	1,707,657	11,803	59,347	144,389	(3,532,149)	(1,951,056)
<b>TRANSFERS</b>										
Transfers from:										
General Revenue Fund	0	165,600	69,000	0	0	0	0	0	0	234,600
Merchandising Practices Restitution Account	0	0	0	21,090	0	0	0	0	665,000	686,090
Multi-State Consumer Fraud Accounts	0	0	0	1,901	0	0	0	0	0	1,901
Trust Fund	0	440	0	45,000	0	0	0	0	0	45,440
Transfers to:										
Multi-State Consumer Fraud Accounts	0	0	0	0	(665,000)	0	0	0	0	(665,000)
Merchandising Practices Revolving Fund	0	0	0	0	(21,090)	0	0	(45,000)	(1,901)	(67,991)
Court Costs Fund	0	0	0	0	0	0	0	(440)	0	(440)
Total Transfers	0	166,040	69,000	67,991	(686,090)	0	0	(45,440)	663,099	234,600
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	147,042	(19,806)	284,161	(450,469)	1,021,567	11,803	59,347	98,949	(2,869,050)	(1,716,456)
CASH AND INVESTMENTS, JULY 1, 2005	203,096	33,411	20,658	2,145,486	458,079	116,240	483,008	60,755	2,877,530	6,398,263
CASH AND INVESTMENTS, JUNE 30, 2006	\$ 350,138	13,605	304,819	1,695,017	1,479,646	128,043	542,355	159,704	8,480	4,681,807

Appendix A-2

OFFICE OF ATTORNEY GENERAL  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS  
 YEAR ENDED JUNE 30, 2005

	Federal and Other Fund	Court Costs Fund	Anti-Trust Revolving Fund	Merchandising Practices Revolving Fund	Merchandising Practices Restitution Account	Health Spa Regulatory Fund	Inmate Incarceration Reimbursement Act Revolving Fund	Trust Fund	Multi-State Consumer Fraud Accounts	Total (Memorandum Only)
<b>RECEIPTS</b>										
Federal grants	\$ 2,812,442	0	0	0	0	0	0	0	0	2,812,442
Restitution	0	0	0	0	562,001	0	0	0	0	562,001
Inmate housing receipts	0	0	0	0	0	0	135,660	0	0	135,660
Penalties, court awards, and settlements	0	4,517	115,940	1,124,854	0	0	0	820,434	0	2,065,745
Registration fees	0	0	0	15,710	0	18,350	0	0	0	34,060
No call program fees	0	0	0	259,375	0	0	0	0	0	259,375
Recovery costs	0	996	56,175	4,572	0	0	0	0	0	61,743
Interest	0	0	0	0	1,671	0	0	0	14,202	15,873
Miscellaneous	1,519	650	0	660	0	0	0	0	0	2,829
Total Receipts	2,813,961	6,163	172,115	1,405,171	563,672	18,350	135,660	820,434	14,202	5,949,728
<b>DISBURSEMENTS</b>										
Personal service	1,704,279	0	249,205	576,047	0	0	23,324	0	0	2,552,855
Employee fringe benefits	671,468	0	79,860	227,131	0	0	10,728	0	0	989,187
Expense and equipment	478,113	187,000	14,719	1,124,805	0	5,000	2,854	0	2,512	1,815,003
Payments to other parties	0	0	0	0	299,912	0	0	759,679	0	1,059,591
Leasing operations	507	0	312	4,576	0	0	0	0	0	5,395
Cost allocation plan	0	1,260	4,945	24,834	0	60	745	0	0	31,844
State office building rent	0	0	0	0	0	0	2,496	0	0	2,496
State office building maintenance and repair	0	0	0	0	0	0	582	0	0	582
Other	4,632	0	0	0	0	0	0	0	0	4,632
Total Disbursements	2,858,999	188,260	349,041	1,957,393	299,912	5,060	40,729	759,679	2,512	6,461,585
RECEIPTS OVER (UNDER) DISBURSEMENTS	(45,038)	(182,097)	(176,926)	(552,222)	263,760	13,290	94,931	60,755	11,690	(511,857)
<b>TRANSFERS</b>										
Transfers from:										
General Revenue Fund	0	165,600	69,196	0	0	0	0	0	0	234,796
Merchandising Practices Restitution Account	0	0	0	53,554	0	0	0	0	0	53,554
Other Funds	0	0	0	328	0	0	0	0	0	328
Transfers to:										
Merchandising Practices Revolving Fund	0	0	0	0	(53,554)	0	0	0	0	(53,554)
Total Transfers	0	165,600	69,196	53,882	(53,554)	0	0	0	0	235,124
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	(45,038)	(16,497)	(107,730)	(498,340)	210,206	13,290	94,931	60,755	11,690	(276,733)
CASH AND INVESTMENTS, JULY 1, 2004	248,134	49,908	128,388	2,643,826	247,873	102,950	388,077	0	2,865,840	6,674,996
CASH AND INVESTMENTS, JUNE 30, 2005	\$ 203,096	33,411	20,658	2,145,486	458,079	116,240	483,008	60,755	2,877,530	6,398,263

Appendix A-3

OFFICE OF ATTORNEY GENERAL  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS  
 YEAR ENDED JUNE 30, 2004

	Federal and Other Fund	Court Costs Fund	Anti-Trust Revolving Fund	Merchandising Practices Revolving Fund	Merchandising Practices Restitution Account	Health Spa Regulatory Fund	Inmate Incarceration Reimbursement Act Revolving Fund	Multi-State Consumer Fraud Accounts	Total (Memorandum Only)
<b>RECEIPTS</b>									
Federal grants	\$ 2,687,627	0	0	0	0	0	0	0	2,687,627
Restitution	0	0	0	0	183,744	0	0	0	183,744
Inmate housing receipts	0	0	0	0	0	0	168,755	0	168,755
Penalties, court awards, and settlements	0	3,876	0	619,666	0	0	0	6,000,000	6,623,542
Registration fees	0	0	0	15,075	0	8,500	0	0	23,575
No call program fees	0	0	0	246,465	0	0	0	0	246,465
Recovery costs	0	297	44,031	113,598	0	0	0	0	157,926
Interest	0	0	0	0	1,560	0	0	12,875	14,435
Miscellaneous	773	298	0	1,077	0	0	0	0	2,148
Total Receipts	2,688,400	4,471	44,031	995,881	185,304	8,500	168,755	6,012,875	10,108,217
<b>DISBURSEMENTS</b>									
Personal service	1,670,241	0	347,618	598,662	0	0	22,125	0	2,638,646
Employee fringe benefits	543,910	0	92,659	208,761	0	0	9,063	0	854,393
Expense and equipment	245,225	185,800	24,642	1,092,028	0	3,533	9,673	30,670	1,591,571
Payments to other parties	0	0	0	0	226,742	0	0	5,724,000	5,950,742
Leasing operations	1,380	0	380	5,571	0	0	0	0	7,331
Cost allocation plan	0	1,453	7,763	37,978	0	67	1,271	0	48,532
State office building rent	0	0	0	0	0	0	2,892	0	2,892
State office building maintenance and repair	0	0	0	0	0	0	402	0	402
Other	2,236	0	0	0	0	0	0	0	2,236
Total Disbursements	2,462,992	187,253	473,062	1,943,000	226,742	3,600	45,426	5,754,670	11,096,745
RECEIPTS OVER (UNDER) DISBURSEMENTS	225,408	(182,782)	(429,031)	(947,119)	(41,438)	4,900	123,329	258,205	(988,528)
<b>TRANSFERS</b>									
Transfers from:									
General Revenue Fund	0	165,600	69,000	0	0	0	0	0	234,600
Merchandising Practices Restitution Account	0	0	0	116,984	0	0	0	0	116,984
Multi-State Consumer Fraud Accounts	0	0	0	405,000	0	0	0	0	405,000
Transfers to:									
Merchandising Practices Revolving Fund	0	0	0	0	(116,984)	0	0	(405,000)	(521,984)
Total Transfers	0	165,600	69,000	521,984	(116,984)	0	0	(405,000)	234,600
RECEIPTS OVER (UNDER) DISBURSEMENTS AND TRANSFERS	225,408	(17,182)	(360,031)	(425,135)	(158,422)	4,900	123,329	(146,795)	(753,928)
CASH AND INVESTMENTS, JULY 1, 2003	22,726	67,090	488,419	3,068,961	406,295	98,050	264,748	3,012,635	7,428,924
CASH AND INVESTMENTS, JUNE 30, 2004	\$ 248,134	49,908	128,388	2,643,826	247,873	102,950	388,077	2,865,840	6,674,996

Appendix B

OFFICE OF ATTORNEY GENERAL  
COMPARATIVE STATEMENT OF RECEIPTS

	Year Ended June 30,		
	2006	2005	2004
<b>GENERAL REVENUE FUND</b>			
Federal grants	\$ 8,595	0	0
Penalties, court awards, and settlements	4,943	901,205	2,375
Recoveries	9,305	5,242	1,350
Refunds	1,192	7,503	3,832
Fees for copying public records	4,251	9,893	22,077
Miscellaneous	6,817	2,073	471
Total General Revenue Fund	<u>\$ 35,103</u>	<u>925,916</u>	<u>30,105</u>
<b>SECOND INJURY FUND</b>			
Penalties, court awards, and settlements	\$ 25,006	25,006	27,781
Recoveries	0	34	0
Miscellaneous	0	1,360	2,707
Total Second Injury Fund	<u>\$ 25,006</u>	<u>26,400</u>	<u>30,488</u>
<b>TORT VICTIMS COMPENSATION FUND</b>			
Penalties, court awards, and settlements	\$ 186,469	7,190	21,076
Refunds	136	0	0
Total Tort Victims Compensation Fund	<u>\$ 186,605</u>	<u>7,190</u>	<u>21,076</u>
<b>WORKERS' COMPENSATION FUND</b>			
Miscellaneous	<u>\$ 0</u>	<u>34</u>	<u>0</u>
<b>HEALTHY FAMILIES TRUST FUND</b>			
Recoveries	<u>\$ 133,078,223</u>	<u>144,964,644</u>	<u>142,829,966</u>
<b>NATURAL RESOURCES PROTECTION FUND - WATER POLLUTION PERMIT FEE SUBACCOUNT FUND</b>			
Penalties, court awards, and settlements	\$ 0	1,000	0
Recoveries	0	0	1,000
Fees for copying public records	0	5	0
Total Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount Fund	<u>\$ 0</u>	<u>1,005</u>	<u>1,000</u>
<b>SOLID WASTE MANAGEMENT FUND</b>			
Fees for copying public records	<u>\$ 20</u>	<u>0</u>	<u>49</u>

Appendix C-1

OFFICE OF ATTORNEY GENERAL  
 STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
 YEAR ENDED JUNE 30, 2006

	Appropriation Authority	Expenditures	Lapsed Balances
<b>GENERAL REVENUE FUND</b>			
Personal Service	\$ 10,435,628	10,415,014	20,614
Medicaid Fraud Unit - Expense and Equipment	150,164	105,386	44,778
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	259,396	259,396	0
Medicaid Fraud Unit - Personal Service Expense and Equipment	151,452	148,839	2,613
	<u>1,845,214</u>	<u>1,844,134</u>	<u>1,080</u>
Total General Revenue Fund	<u>12,841,854</u>	<u>12,772,769</u>	<u>69,085</u>
<b>FEDERAL AND OTHER FUND</b>			
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	92,600	91,763	837
Medicaid Fraud Unit - Personal Service	752,139	651,428	100,711
Personal Service	1,535,812	1,076,184	459,628
Expense and Equipment	533,059	368,097	164,962
Total Federal and Other Fund	<u>2,913,610</u>	<u>2,187,472</u>	<u>726,138</u>
<b>GAMING COMMISSION FUND</b>			
Personal Service	123,052	123,052	0
Expense and Equipment	6,742	5,431	1,311
Total Gaming Commission Fund	<u>129,794</u>	<u>128,483</u>	<u>1,311</u>
<b>NATURAL RESOURCES PROTECTION FUND - WATER POLLUTION PERMIT FEE SUBACCOUNT FUND</b>			
Personal Service	33,184	33,184	0
Expense and Equipment	4,715	4,715	0
Total Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount Fund	<u>37,899</u>	<u>37,899</u>	<u>0</u>
<b>SOLID WASTE MANAGEMENT FUND</b>			
Personal Service	33,184	33,184	0
Expense and Equipment	5,215	5,215	0
Total Solid Waste Management Fund	<u>38,399</u>	<u>38,399</u>	<u>0</u>
<b>PETROLEUM STORAGE TANK INSURANCE FUND</b>			
Personal Service	22,757	22,757	0
Total Petroleum Storage Tank Insurance Fund	<u>22,757</u>	<u>22,757</u>	<u>0</u>
<b>MOTOR VEHICLE COMMISSION FUND</b>			
Personal Service	39,592	39,592	0
Expense and Equipment	6,300	0	6,300
Total Motor Vehicle Commission Fund	<u>45,892</u>	<u>39,592</u>	<u>6,300</u>

Appendix C-1

OFFICE OF ATTORNEY GENERAL  
 STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
 YEAR ENDED JUNE 30, 2006

	Appropriation Authority	Expenditures	Lapsed Balances
<b>HEALTH SPA REGULATORY FUND</b>			
Expense and Equipment	5,000	4,445	555
Total Health Spa Regulatory Fund	<u>5,000</u>	<u>4,445</u>	<u>555</u>
<b>NATURAL RESOURCES PROTECTION FUND - AIR POLLUTION PERMIT FEE SUBACCOUNT FUND</b>			
Personal Service	33,160	33,160	0
Expense and Equipment	4,715	4,715	0
Total Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount Fund	<u>37,875</u>	<u>37,875</u>	<u>0</u>
<b>COURT COSTS FUND</b>			
Expense and Equipment	187,000	187,000	0
Total Court Costs Fund	<u>187,000</u>	<u>187,000</u>	<u>0</u>
<b>SOIL AND WATER SALES TAX FUND</b>			
Personal Service	11,055	11,055	0
Expense and Equipment	2,267	2,267	0
Total Soil And Water Sales Tax Fund	<u>13,322</u>	<u>13,322</u>	<u>0</u>
<b>MERCHANDISING PRACTICES REVOLVING FUND</b>			
Personal Service	645,971	645,768	203
Expense and Equipment	1,870,951	908,287	962,664
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	164,548	163,250	1,298
Total Merchandising Practices Revolving Fund	<u>2,681,470</u>	<u>1,717,305</u>	<u>964,165</u>
<b>WORKERS' COMPENSATION FUND</b>			
Personal Service	291,466	290,511	955
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	103,581	102,760	821
Expense and Equipment	153,653	26,589	127,064
Total Workers' Compensation Fund	<u>548,700</u>	<u>419,860</u>	<u>128,840</u>
<b>SECOND INJURY FUND</b>			
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	103,581	103,566	15
Personal Service	1,691,946	1,691,713	233
Expense and Equipment	983,332	923,753	59,579
Total Second Injury Fund	<u>2,778,859</u>	<u>2,719,032</u>	<u>59,827</u>

Appendix C-1

OFFICE OF ATTORNEY GENERAL  
STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
YEAR ENDED JUNE 30, 2006

	Appropriation Authority	Expenditures	Lapsed Balances
<b>LOTTERY PROCEEDS FUND</b>			
Personal Service	50,081	49,495	586
Total Lottery Proceeds Fund	<u>50,081</u>	<u>49,495</u>	<u>586</u>
<b>ANTI-TRUST REVOLVING FUND</b>			
Personal Service	335,144	255,340	79,804
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	11,034	1,035	9,999
Expense and Equipment	254,400	6,974	247,426
Total Anti-Trust Revolving Fund	<u>600,578</u>	<u>263,349</u>	<u>337,229</u>
<b>HAZARDOUS WASTE FUND</b>			
Personal Service	33,160	33,160	0
Expense and Equipment	4,715	4,715	0
Total Hazardous Waste Fund	<u>37,875</u>	<u>37,875</u>	<u>0</u>
<b>SAFE DRINKING WATER FUND</b>			
Personal Service	11,079	11,079	0
Expense and Equipment	2,265	2,265	0
Total Safe Drinking Water Fund	<u>13,344</u>	<u>13,344</u>	<u>0</u>
<b>HAZARDOUS WASTE REMEDIAL FUND</b>			
Personal Service	223,878	223,878	0
Expense and Equipment	10,165	10,165	0
Total Hazardous Waste Remedial Fund	<u>234,043</u>	<u>234,043</u>	<u>0</u>
<b>TRUST FUND</b>			
Fulfillment or failure of conditions, or other such developments, necessary to determine the appropriate disposition of such funds, to those individuals, entities, or accounts within the State Treasury, certified by the Attorney General as being entitled to receive them - Expense and Equipment	5,196,462	5,196,461	1
Total Trust Fund	<u>5,196,462</u>	<u>5,196,461</u>	<u>1</u>
<b>INMATE INCARCERATION REIMBURSEMENT ACT REVOLVING FUND</b>			
Expense and Equipment	26,295	6,138	20,157
Personal Service	48,325	48,325	0
Total Inmate Incarceration Reimbursement Act Revolving Fund	<u>74,620</u>	<u>54,463</u>	<u>20,157</u>
<b>MINED LAND RECLAMATION FUND</b>			
Personal Service	11,055	11,055	0
Expense and Equipment	2,262	2,262	0
Total Mined Land Reclamation Fund	<u>13,317</u>	<u>13,317</u>	<u>0</u>
Total All Funds	<u>\$ 28,502,751</u>	<u>26,188,557</u>	<u>2,314,194</u>

Appendix C-2

OFFICE OF ATTORNEY GENERAL  
STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
YEAR ENDED JUNE 30, 2005

	Appropriation Authority	Expenditures	Lapsed Balances
<b>GENERAL REVENUE FUND</b>			
Personal Service	\$ 10,274,798	10,271,400	3,398
Medicaid Fraud Unit - Expense and Equipment	150,164	134,357	15,807
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	257,432	245,576	11,856
Medicaid Fraud Unit - Personal Service Expense and Equipment	151,452	116,003	35,449
	1,934,922	1,934,766	156
Total General Revenue Fund	<u>12,768,768</u>	<u>12,702,102</u>	<u>66,666</u>
<b>FEDERAL AND OTHER FUND</b>			
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	16,860	8,100	8,760
Medicaid Fraud Unit - Personal Service	752,139	575,485	176,654
Personal Service	1,650,468	1,128,793	521,675
Expense and Equipment	688,908	470,013	218,895
Total Federal and Other Fund	<u>3,108,375</u>	<u>2,182,391</u>	<u>925,984</u>
<b>GAMING COMMISSION FUND</b>			
Personal Service	127,288	127,245	43
Expense and Equipment	2,506	0	2,506
Total Gaming Commission Fund	<u>129,794</u>	<u>127,245</u>	<u>2,549</u>
<b>NATURAL RESOURCES PROTECTION FUND - WATER POLLUTION PERMIT FEE SUBACCOUNT FUND</b>			
Personal Service	33,184	33,184	0
Expense and Equipment	4,715	4,715	0
Total Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount Fund	<u>37,899</u>	<u>37,899</u>	<u>0</u>
<b>SOLID WASTE MANAGEMENT FUND</b>			
Personal Service	33,184	33,184	0
Expense and Equipment	5,215	5,215	0
Total Solid Waste Management Fund	<u>38,399</u>	<u>38,399</u>	<u>0</u>
<b>PETROLEUM STORAGE TANK INSURANCE FUND</b>			
Personal Service	22,757	22,757	0
Total Petroleum Storage Tank Insurance Fund	<u>22,757</u>	<u>22,757</u>	<u>0</u>
<b>MOTOR VEHICLE COMMISSION FUND</b>			
Personal Service	34,592	34,592	0
Expense and Equipment	11,300	2,589	8,711
Total Motor Vehicle Commission Fund	<u>45,892</u>	<u>37,181</u>	<u>8,711</u>

Appendix C-2

OFFICE OF ATTORNEY GENERAL  
 STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
 YEAR ENDED JUNE 30, 2005

	Appropriation Authority	Expenditures	Lapsed Balances
<b>HEALTH SPA REGULATORY FUND</b>			
Expense and Equipment	5,000	5,000	0
Total Health Spa Regulatory Fund	<u>5,000</u>	<u>5,000</u>	<u>0</u>
<b>NATURAL RESOURCES PROTECTION FUND - AIR POLLUTION PERMIT FEE SUBACCOUNT FUND</b>			
Personal Service	33,160	33,160	0
Expense and Equipment	4,715	4,715	0
Total Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount Fund	<u>37,875</u>	<u>37,875</u>	<u>0</u>
<b>COURT COSTS FUND</b>			
Expense and Equipment	187,000	187,000	0
Total Court Costs Fund	<u>187,000</u>	<u>187,000</u>	<u>0</u>
<b>SOIL AND WATER SALES TAX FUND</b>			
Personal Service	11,055	11,055	0
Expense and Equipment	2,267	2,267	0
Total Soil And Water Sales Tax Fund	<u>13,322</u>	<u>13,322</u>	<u>0</u>
<b>MERCHANDISING PRACTICES REVOLVING FUND</b>			
Personal Service	622,062	576,047	46,015
Expense and Equipment	1,894,860	971,683	923,177
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	251,747	152,921	98,826
Total Merchandising Practices Revolving Fund	<u>2,768,669</u>	<u>1,700,651</u>	<u>1,068,018</u>
<b>WORKERS' COMPENSATION FUND</b>			
Personal Service	309,318	309,261	57
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	136,302	102,760	33,542
Expense and Equipment	135,801	52,334	83,467
Total Workers' Compensation Fund	<u>581,421</u>	<u>464,355</u>	<u>117,066</u>
<b>SECOND INJURY FUND</b>			
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	264,723	102,761	161,962
Personal Service	1,681,804	1,681,275	529
Expense and Equipment	993,474	922,045	71,429
Total Second Injury Fund	<u>2,940,001</u>	<u>2,706,081</u>	<u>233,920</u>

Appendix C-2

OFFICE OF ATTORNEY GENERAL  
STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
YEAR ENDED JUNE 30, 2005

	Appropriation Authority	Expenditures	Lapsed Balances
<b>LOTTERY PROCEEDS FUND</b>			
Personal Service	50,081	50,079	2
Total Lottery Proceeds Fund	<u>50,081</u>	<u>50,079</u>	<u>2</u>
<b>ANTI-TRUST REVOLVING FUND</b>			
Personal Service	335,144	249,206	85,938
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	10,069	5,541	4,528
Expense and Equipment	254,400	9,178	245,222
Total Anti-Trust Revolving Fund	<u>599,613</u>	<u>263,925</u>	<u>335,688</u>
<b>HAZARDOUS WASTE FUND</b>			
Personal Service	33,160	33,160	0
Expense and Equipment	4,715	4,715	0
Total Hazardous Waste Fund	<u>37,875</u>	<u>37,875</u>	<u>0</u>
<b>SAFE DRINKING WATER FUND</b>			
Personal Service	11,079	11,079	0
Expense and Equipment	2,265	2,265	0
Total Safe Drinking Water Fund	<u>13,344</u>	<u>13,344</u>	<u>0</u>
<b>HAZARDOUS WASTE REMEDIAL FUND</b>			
Personal Service	223,878	223,878	0
Expense and Equipment	10,165	10,165	0
Total Hazardous Waste Remedial Fund	<u>234,043</u>	<u>234,043</u>	<u>0</u>
<b>TRUST FUND</b>			
Fulfillment or failure of conditions, or other such developments, necessary to determine the appropriate disposition of such funds, to those individuals, entities, or accounts within the State Treasury, certified by the Attorney General as being entitled to receive them - Expense and Equipment	759,689	759,679	10
Total Trust Fund	<u>759,689</u>	<u>759,679</u>	<u>10</u>
<b>INMATE INCARCERATION REIMBURSEMENT ACT REVOLVING FUND</b>			
Expense and Equipment	11,700	2,854	8,846
Personal Service	23,325	23,325	0
Total Inmate Incarceration Reimbursement Act Revolving Fund	<u>35,025</u>	<u>26,179</u>	<u>8,846</u>
<b>MINED LAND RECLAMATION FUND</b>			
Personal Service	11,055	11,055	0
Expense and Equipment	2,262	2,262	0
Total Mined Land Reclamation Fund	<u>13,317</u>	<u>13,317</u>	<u>0</u>
Total All Funds	<u>\$ 24,428,159</u>	<u>21,660,699</u>	<u>2,767,460</u>

Appendix C-3

OFFICE OF ATTORNEY GENERAL  
 STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
 YEAR ENDED JUNE 30, 2004

	Appropriation Authority	Expenditures	Lapsed Balances
<b>GENERAL REVENUE FUND</b>			
Personal Service	\$ 9,808,315	9,798,829	9,486
Medicaid Fraud Unit - Expense and Equipment	150,164	82,942	67,222
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	514,864	257,432	257,432 *
Medicaid Fraud Unit - Personal Service	144,852	97,350	47,502
Expense and Equipment	2,316,836	2,311,535	5,301
Total General Revenue Fund	<u>12,935,031</u>	<u>12,548,088</u>	<u>386,943</u>
<b>FEDERAL AND OTHER FUND</b>			
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	24,360	7,500	16,860 *
Medicaid Fraud Unit - Personal Service	731,139	489,032	242,107
Personal Service	1,405,135	1,181,209	223,926
Expense and Equipment	583,387	237,725	345,662
Total Federal and Other Fund	<u>2,744,021</u>	<u>1,915,466</u>	<u>828,555</u>
<b>GAMING COMMISSION FUND</b>			
Personal Service	120,047	119,715	332
Expense and Equipment	6,747	783	5,964
Total Gaming Commission Fund	<u>126,794</u>	<u>120,498</u>	<u>6,296</u>
<b>NATURAL RESOURCES PROTECTION FUND - WATER POLLUTION PERMIT FEE SUBACCOUNT FUND</b>			
Personal Service	32,272	32,272	0
Expense and Equipment	4,715	4,715	0
Total Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount Fund	<u>36,987</u>	<u>36,987</u>	<u>0</u>
<b>SOLID WASTE MANAGEMENT FUND</b>			
Personal Service	32,272	32,264	8
Expense and Equipment	5,215	5,215	0
Total Solid Waste Management Fund	<u>37,487</u>	<u>37,479</u>	<u>8</u>
<b>PETROLEUM STORAGE TANK INSURANCE FUND</b>			
Personal Service	22,157	22,157	0
Total Petroleum Storage Tank Insurance Fund	<u>22,157</u>	<u>22,157</u>	<u>0</u>
<b>MOTOR VEHICLE COMMISSION FUND</b>			
Personal Service	33,392	0	33,392
Expense and Equipment	11,300	0	11,300
Total Motor Vehicle Commission Fund	<u>44,692</u>	<u>0</u>	<u>44,692</u>

Appendix C-3

OFFICE OF ATTORNEY GENERAL  
 STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
 YEAR ENDED JUNE 30, 2004

	Appropriation Authority	Expenditures	Lapsed Balances
<b>HEALTH SPA REGULATORY FUND</b>			
Expense and Equipment	5,000	3,533	1,467
Total Health Spa Regulatory Fund	<u>5,000</u>	<u>3,533</u>	<u>1,467</u>
<b>NATURAL RESOURCES PROTECTION FUND - AIR POLLUTION PERMIT FEE SUBACCOUNT FUND</b>			
Personal Service	32,260	32,260	0
Expense and Equipment	4,715	4,715	0
Total Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount Fund	<u>36,975</u>	<u>36,975</u>	<u>0</u>
<b>COURT COSTS FUND</b>			
Expense and Equipment	187,000	185,800	1,200
Total Court Costs Fund	<u>187,000</u>	<u>185,800</u>	<u>1,200</u>
<b>SOIL AND WATER SALES TAX FUND</b>			
Personal Service	10,755	10,746	9
Expense and Equipment	2,267	2,267	0
Total Soil And Water Sales Tax Fund	<u>13,022</u>	<u>13,013</u>	<u>9</u>
<b>MERCHANDISING PRACTICES REVOLVING FUND</b>			
Personal Service	598,662	598,662	0
Expense and Equipment	1,894,860	913,496	981,364
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	430,178	178,431	251,747 *
Total Merchandising Practices Revolving Fund	<u>2,923,700</u>	<u>1,690,589</u>	<u>1,233,111</u>
<b>WORKERS' COMPENSATION FUND</b>			
Personal Service	268,518	268,496	22
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	239,350	103,048	136,302 *
Expense and Equipment	168,801	80,541	88,260
Total Workers' Compensation Fund	<u>676,669</u>	<u>452,085</u>	<u>224,584</u>
<b>SECOND INJURY FUND</b>			
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	368,806	104,083	264,723 *
Personal Service	1,594,620	1,576,227	18,393
Expense and Equipment	401,124	364,174	36,950
Total Second Injury Fund	<u>2,364,550</u>	<u>2,044,484</u>	<u>320,066</u>

Appendix C-3

OFFICE OF ATTORNEY GENERAL  
 STATEMENT OF APPROPRIATIONS AND EXPENDITURES  
 YEAR ENDED JUNE 30, 2004

	Appropriation Authority	Expenditures	Lapsed Balances
<b>LOTTERY PROCEEDS FUND</b>			
Personal Service	48,881	48,862	19
Total Lottery Enterprise Fund	<u>48,881</u>	<u>48,862</u>	<u>19</u>
<b>ANTI-TRUST REVOLVING FUND</b>			
Personal Service	347,744	347,617	127
Payment of real property leases, related services, utilities, systems furniture, and structural modifications - Expense and Equipment	19,568	9,499	10,069 *
Expense and Equipment	233,400	15,143	218,257
Total Anti-Trust Revolving Fund	<u>600,712</u>	<u>372,259</u>	<u>228,453</u>
<b>HAZARDOUS WASTE FUND</b>			
Personal Service	32,260	32,254	6
Expense and Equipment	4,715	4,715	0
Total Hazardous Waste Fund	<u>36,975</u>	<u>36,969</u>	<u>6</u>
<b>SAFE DRINKING WATER FUND</b>			
Personal Service	10,767	10,764	3
Expense and Equipment	2,265	2,265	0
Total Safe Drinking Water Fund	<u>13,032</u>	<u>13,029</u>	<u>3</u>
<b>HAZARDOUS WASTE REMEDIAL FUND</b>			
Personal Service	218,766	218,713	53
Expense and Equipment	10,165	10,165	0
Total Hazardous Waste Remedial Fund	<u>228,931</u>	<u>228,878</u>	<u>53</u>
<b>INMATE INCARCERATION REIMBURSEMENT ACT REVOLVING FUND</b>			
Expense and Equipment	11,700	9,673	2,027
Personal Service	22,125	22,125	0
Total Inmate Incarceration Reimbursement Act Revolving Fund	<u>33,825</u>	<u>31,798</u>	<u>2,027</u>
<b>MINED LAND RECLAMATION FUND</b>			
Personal Service	10,755	10,739	16
Expense and Equipment	2,262	2,262	0
Total Mined Land Reclamation Fund	<u>13,017</u>	<u>13,001</u>	<u>16</u>
Total All Funds	<u>\$ 23,129,458</u>	<u>19,851,950</u>	<u>3,277,508</u>

\* Biennial appropriations set up in fiscal year 2004 are re-appropriations to fiscal year 2005. After the fiscal year-end processing has been completed, the unexpended fiscal year 2004 appropriation balance for a biennial appropriation is established in fiscal year 2005. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2004.

## Appendix D

OFFICE OF ATTORNEY GENERAL  
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	2006	2005	2004	2003	2002
Salaries and wages	\$ 15,847,774	15,555,222	14,950,293	13,692,929	13,833,257
Travel, in-state	475,507	469,792	420,758	437,581	457,180
Travel, out-of-state	128,378	101,435	106,504	114,727	138,273
Fuel and utilities	32,302	30,234	36,645	33,752	35,720
Supplies	1,039,367	1,008,975	1,046,131	980,370	891,090
Professional development	189,256	203,167	215,512	160,342	178,121
Communication service and supplies	450,271	449,870	473,474	605,067	209,563
Services:					
Professional	1,396,756	1,325,945	787,412	789,671	586,240
Housekeeping and janitorial	83,938	69,245	68,059	68,238	68,630
Maintenance and repair	215,399	282,617	273,221	243,639	202,675
Equipment:					
Computer	179,663	362,344	331,963	348,553	269,298
Motorized	75,768	27,153	109,203	120,423	105,166
Office	85,839	91,167	91,668	138,134	95,960
Other	15,052	16,595	18,486	96,862	102,627
Property and improvements	1,890	150,749	151,920	1,347	0
Real property rentals and leases	725,597	707,580	734,273	729,740	739,020
Equipment rental and leases	3,456	5,435	9,143	6,249	6,588
Miscellaneous expenses	87,110	43,495	25,985	44,036	21,504
Rebillable expenses	0	0	0	0	692,692
Refunds	0	0	1,300	0	667
Payments to other parties	5,151,021	759,679	0	0	0
Program distributions	4,213	0	0	0	0
Total Expenditures	\$ <u>26,188,557</u>	<u>21,660,699</u>	<u>19,851,950</u>	<u>18,611,660</u>	<u>18,634,271</u>

Appendix E

OFFICE OF ATTORNEY GENERAL  
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS

All Funds	Furniture and Equipment	Motor Vehicles	Total
Balance, July 1, 2003	\$ 3,048,804	553,168	3,601,972
Additions	323,695	112,099	435,794
Dispositions	(454,810)	(109,212)	(564,022)
Balance, June 30, 2004	2,917,689	556,055	3,473,744
Additions	319,782	37,774	357,556
Dispositions	(404,660)	(39,645)	(444,305)
Balance, June 30, 2005	2,832,811	554,184	3,386,995
Additions	195,169	90,109	285,278
Dispositions	(178,950)	(75,523)	(254,473)
Balance, June 30, 2006	\$ <u>2,849,030</u>	<u>568,770</u>	<u>3,417,800</u>

Fund of Acquisition	Balance June 30, 2006
General Revenue Fund	\$ 2,211,648
Federal and Other Fund	204,375
Gaming Commission Fund	2,270
Motor Vehicle Commission Fund	705
Merchandising Practices Revolving Fund	401,696
Workers' Compensation Fund	141,536
Second Injury Fund	425,127
Anti-Trust Revolving Fund	15,694
Department of Natural Resources Funds	12,893
Health Spa Regulatory Fund	824
Inmate Incarceration Reimbursement Act Revolving Fund	1,032
Total All Funds	\$ <u>3,417,800</u>

Appendix F

OFFICE OF ATTORNEY GENERAL  
COMPARATIVE STATEMENT OF FINANCIAL SERVICES DIVISION COLLECTIONS

Forwarded to:	Year Ended June 30,					
	2006		2005		2004	
	Number of Payments	Amount Collected	Number of Payments	Amount Collected	Number of Payments	Amount Collected
AGO - Fiscal Unit *	1,533	\$ 11,185,664	1,284	\$ 3,163,974	960	\$ 1,537,817
AGO - Medicaid Fraud Control Unit **	2	376,250	0	0	16	24,831
Department of Agriculture	63	82,498	47	40,745	26	53,712
Department of Corrections	12	131,494	14	168,827	309	1,680,560
Department of Economic Development	20	165,177	36	464,328	37	221,238
Department of Health and Senior Services	134	94,525	130	68,460	88	23,102
Department of Labor and Industrial Relations	890	1,029,475	546	694,414	523	2,340,531
Department of Mental Health	91	379,555	63	197,881	26	16,626
Department of Natural Resources	75	184,064	160	712,140	30	35,158
Department of Public Safety	0	0	13	512	27	1,791
Department of Social Services	1,343	10,842,161	1,498	9,247,187	2,021	7,563,318
Missouri Ethics Commission	40	13,586	93	12,329	64	14,683
Missouri National Guard	169	44,676	97	21,624	183	22,410
State Lottery Commission	288	191,175	165	331,378	225	114,842
Various political subdivisions	108	787,865	131	320,101	54	252,349
Other entities	19	264,795	28	396,760	35	31,760
Total	<u>4,787</u>	<u>\$ 25,772,960</u>	<u>4,305</u>	<u>\$ 15,840,659</u>	<u>4,624</u>	<u>\$ 13,934,726</u>

\* These moneys are reflected in Appendices A and B.

\*\* These moneys are transmitted by the Medicaid Fraud Control Unit to the Department of Social Services.