



SUSAN MONTEE, CPA
Missouri State Auditor

February 19, 2008

Honorable Jeremiah W. (Jay) Nixon
Attorney General
Supreme Court Building
Jefferson City, MO

Dear Attorney General Nixon:

My office was requested by you to review the reimbursement made by your campaign for non-official (political/personal) use of state resources (vehicle and office staff) from November 2004 through October 2007. Our review has determined that at least an additional \$8,618.40 needs to be reimbursed to the state for the use of state resources.

The objectives of our review were to determine if:

1. The reimbursement amount was properly calculated (accurate) and fully reimbursed the state for the use of state resources.
2. The assumptions, records, and supporting documentation for the reimbursement amount are reasonable and adequate.
3. The information provided to the Office of Administration (OA) by the Attorney General and the Lieutenant Governor for their respective reimbursements was similar and adequate.

Attorney General – Sequence of Events, Records, Assumptions, and Methodology

On October 26, 2007, your campaign submitted a check, totaling \$47,021.91, to the OA as reimbursement for the use of a state vehicle and office staff acting as driver/security for non-official purposes. Your campaign personnel calculated the reimbursement amount through the use of campaign calendars. These calendars detailed your daily travel activity for non-official and some official activity. Using these calendars, a daily mileage schedule was prepared which identified mileage per trip and whether the mileage was for non-official or official activities.

Upon the OA's request for documentation, on November 27, 2007, your campaign submitted to OA a summary chart for monthly mileage and staffing costs to support the reimbursement. It appears this chart was based on the daily mileage schedule and included

mileage and staff reimbursements totaling \$19,939.67 and \$27,082.24, respectively. In addition, upon the OA's request for additional documentation, on December 4, 2007, your campaign submitted to OA a spreadsheet of miles per pay period from July 2006 through October 2007.

Although the reimbursement was for the period November 2004 through October 2007, campaign personnel indicated that campaign calendars were only available or retained for the last 16 months of this period, July 2006 through October 2007. As a result, the non-official mileage and staff costs were determined for the period July 2006 through October 2007, and those costs were used to estimate the costs for the period November 2004 through June 2006.

For July 2006 through October 2007, the monthly mileage was determined using the calendars and multiplied by the applicable state fleet mileage reimbursement rate (\$.25 and \$.23 per mile for fiscal years 2008 and 2007, respectively) to establish the mileage costs. For staff costs, the salaries of two office staff, usually assigned as your driver/security, were averaged to establish an average daily staffing rate of \$105.79. This rate was multiplied by the number of non-official days in each month. The entire day was considered non-official if there was at least one event that was identified as non-official.

For the period November 2004 through June 2006 (20 months), mileage and staff costs were estimated based upon the costs calculated for July 2006 through October 2007 (16 months). The mileage costs were calculated by determining the average monthly mileage for the 16 month period and multiplying that number by 20, then multiplying that product by \$.23 (2007 state fleet mileage reimbursement rate). The staff costs for the 20 month period were calculated at 50 percent of the average non-official days each month during the 16 month period. This number was then multiplied by 20, and that product was multiplied by the daily staffing rate. Campaign personnel indicated that they did not believe that driver/security staff accompanied you 100 percent of the time during the earlier period and also that your number of non-official days were probably less during this earlier period.

Limitations

The quality of the records maintained by your campaign was not always adequate to reach definitive conclusions. These records were not maintained for the purpose for which they have been used, that is to provide a means or method to determine non-official and official mileage and office staff costs. Furthermore, the campaign calendars were not retained for the 20 month period from November 2004 to June 2006. Trip mileage was not usually recorded on the campaign schedule and had to be recreated based on trip descriptions, and a mileage log was not maintained for detailing the use of your assigned state-owned vehicle. We used records of the Attorney General's office to the extent possible to document and support our conclusions; however, these official records were maintained to support office functions, not your non-official activities. Although the office maintains schedules for your official activities, these schedules were not retained. In addition, we relied upon verbal representations from office and campaign personnel which we could not always verify with other supporting documentation. However, nothing came to our attention to contradict these verbal representations.

State Auditor's Methodology

The methodology to accomplish our objectives included: 1) recalculating the monthly non-official and official mileage and staff totals recorded on the campaign daily mileage schedule; 2) scheduling the daily mileage and staff from the campaign schedule for 8 of 16 (50 percent) months during the period of July 2006 through October 2007, and reconciling this information to the campaign daily mileage schedule; 3) on a test basis, recalculating the mileage recorded on the campaign daily mileage schedule using a common trip/mileage program; and 4) performing an in-depth review of 8 of the 16 (50 percent) months during the abovementioned period to determine if all applicable costs were reimbursed. Our review of these months included an examination of office records, such as expense reports, attendance records, leave requests, lodging bills, vehicle mileage logs, if maintained, and oral representations made by office personnel. We also obtained the driver/security staff's salary and fringe benefit information from the state's accounting system.

Additionally, we obtained the documentation submitted to the OA by the Lieutenant Governor for his mileage reimbursement for the use of a state vehicle for non-official activity and compared his documentation to the documentation submitted by your campaign staff to substantiate the reimbursement amount.

Procedures and Results

We identified additional costs which appear to have been incurred for non-official activity which were not taken into consideration by your campaign when determining the amount of reimbursement. These additional costs include meals, mileage, lodging, and fringe benefits. We also adjusted mileage costs based on an error we discovered in the campaign summary chart, and reduced mileage and staff costs for days we believed were for official activities, which were reimbursed as non-official activities or when staff costs were reimbursed and it appeared state resources were not used, such as activities on a weekend or after normal work hours.

We performed an in-depth review of the documentation related to 8 of 16 (50 percent) months from July 2006 through October 2007, to determine if all relevant costs were considered for reimbursement. We concluded from our detailed review of these eight months and from a scan of all campaign calendars for the 16 month period that there was a significant degree of similarity in the issues evaluated, similar questions, answers, and office records, if applicable. Therefore, we have no reason to believe that a review of the other eight months would result in a material/significant different result. Consequently, the results of our review of the eight months were applied to the other eight months not reviewed from the July 2006 through October 2007 period. Furthermore, the total costs for the 16 month period were then applied to the 20 month period of November 2004 through June 2006 for which no documentation was available for review in a manner similar to that used by the campaign staff to determine the reimbursement amount.

Our analysis of the available records and the impact of a variety of other errors and omissions indicate that an additional \$8,618.40 needs to be reimbursed to the state for your non-official use of state resources. The applicable time periods, types of costs, and amounts are as follows:

Applicable Time Periods	Type of Cost	Amount Under (Over) Paid
July 2006 to October 2007	Meals	\$ 950.18
July 2006 to October 2007	Mileage	1,157.92
July 2006 to October 2007	Lodging	1,437.38
July 2006 to October 2007	Staffing	(3,808.44)
July 2006 to October 2007	Fringe benefits	5,160.03
November 2004 to June 2006	Meals	1,187.73
November 2004 to June 2006	Mileage	1,324.51
November 2004 to June 2006	Lodging	1,796.73
November 2004 to June 2006	Staffing	(3,355.30)
November 2004 to June 2006	Fringe benefits	2,767.66
Total additional costs		<u>\$ 8,618.40</u>

Regarding the information provided to the OA by the Attorney General and the Lieutenant Governor, the Attorney General's reimbursement included both mileage and staffing costs while the Lieutenant Governor's reimbursement included only mileage costs. However, both mileage reimbursement calculations were based on estimated amounts. Neither office maintained mileage logs for the vehicle assigned to the elected official. Based on discussions with OA officials, it appears the Lieutenant Governor did not provide documentation supporting the reimbursement amount when he submitted the reimbursement check. However, the OA officials indicated the documentation was available to them for review and they obtained the supporting documentation at a later date. The Lieutenant Governor's documentation included the commute and official miles by pay period and all other miles driven were considered non-official miles and the state was reimbursed for the non-official miles. In December 2007, you submitted to OA a schedule of only non-official miles by pay period.

The information provided to the OA by both you and the Lieutenant Governor for the respective mileage reimbursements appeared similar. However, a detailed vehicle mileage log is needed for adequate supporting documentation to determine the propriety of vehicle usage.

Conclusions

We cannot conclude with certainty that the state was fully reimbursed for the non-official use of a state vehicle and office staff from November 2004 through October 2007. An exact amount cannot be determined due to inadequate records or lack of records. Although some of the assumptions used by your campaign staff to determine the reimbursement amount may be questionable, other methods may not produce results that are more reliable or acceptable because of lack of records. Consequently, your reimbursement may be reasonable based on your assumptions and methodology. However, as noted above, because of certain errors and omissions, we believe certain costs were not considered in your calculation and should be reimbursed to the state.

The documentation submitted by you for the use of a state vehicle for non-official purposes was similar in nature to the documentation submitted by the Lieutenant Governor. Since the Lieutenant Governor made no admission regarding the use other state resources for non-official purposes, we reached no conclusion regarding the documentation you submitted to the OA for the use of office staff for non-official purposes.

Although we reviewed and evaluated your reimbursement for the use of state resources for non-official purposes, there is no provision that exists in state law that allows any state official to use state resources for non-official (personal or political) purposes. Furthermore, there are no provisions that allow non-official use as long as there is appropriate reimbursement. Thus, no state resource should be used for purposes other than official state business. Office personnel stated that effective October 25, 2007, you no longer used any state resources for activities that could be considered non-official.

However, since you used state resources for activities that were personal or political, it appears appropriate that the state be reimbursed for such non-official use. In addition to the \$47,021.91 payment, an additional \$8,618.40 is owed to the state to ensure the state is more fully reimbursed for the cost of such use.

Sincerely,

A handwritten signature in black ink that reads "Susan Montee". The signature is written in a cursive, flowing style.

Susan Montee, CPA
State Auditor