



Office of Missouri State Auditor
Nicole Galloway, CPA

Missouri State Highway Patrol's
Use of Highway Funds

Year Ended June 30, 2016



Nicole Galloway, CPA
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Department of Public Safety- Missouri State Highway Patrol's Use of Highway Funds

Background	Missouri state law requires the Missouri State Auditor to examine whether State Highways and Transportation Fund appropriations to the Missouri State Highway Patrol are used in accordance with the Missouri Constitution, which limits the use of these funds to activities related to administering and enforcing state motor vehicle laws or traffic regulations.
Methodology	Audit staff reviewed policies and procedures, financial records, and other pertinent documents; interviewed agency personnel; and tested selected transactions. Auditors also reviewed highway patrol calculations of amounts spent for non-highway activities, and the amounts spent for highway-related activities from other funding sources.
Conclusions	The audit determined the Missouri State Highway Patrol complied with legal provisions related to the use of this funding for the 2016 fiscal year.

Because of the limited objective of this review, no overall rating is provided.

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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Missouri State Highway Patrol's Use of Highway Funds

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NICOLE GALLOWAY, CPA **Missouri State Auditor**

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Members of the General Assembly
and
Lane Roberts, Director
Department of Public Safety
and
Colonel J. Bret Johnson, Superintendent
Missouri State Highway Patrol
Jefferson City, Missouri

We have audited the Department of Public Safety, Missouri State Highway Patrol's Use of Highway Funds, as required by Section 226.200.3, RSMo. The scope of our audit included, but was not necessarily limited to, the year ended June 30, 2016. The objective of our audit was to determine whether the agency is in compliance with legal provisions related to the use of Highway Funds.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The Background, Methodology and Conclusions present our comments concerning the overall compliance related to the Department of Public Safety, Missouri State Highway Patrol's Use of Highway Funds.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Douglas J. Porting, CPA, CFE
Audit Manager:	Dennis Lockwood, CPA
In-Charge Auditor:	Joyce Thomson
Staff Auditor:	Kent A. Dauderman, M.Acct.

Missouri State Highway Patrol's Use of Highway Funds

Background, Methodology, and Conclusions

Background

The State Auditor is required to determine whether appropriations from the State Highways and Transportation Fund (State Highway Fund) to the Missouri State Highway Patrol (MSHP) are used for administering and enforcing state motor vehicle laws and traffic regulations pursuant to the constitution.

Limitations and requirements Article IV, Section 30(b), Missouri Constitution, limits the MSHP's use of highway funds to activities related to administering and enforcing state motor vehicle laws or traffic regulations. In addition, Section 226.200.3, RSMo, provides, in part:

" . . . Appropriations allocated from the state highways and transportation department fund to the highway patrol shall only be used by the highway patrol to administer and enforce state motor vehicle laws or traffic regulations. Beginning July 1, 2007, any activities or functions conducted by the highway patrol not related to enforcing or administering state motor vehicle laws or traffic regulations shall not be funded by the state highways and transportation department fund, but shall be funded from general revenue or any other applicable source. Any current funding from the highways and transportation department fund used for activities not related to enforcing state motor vehicle laws or traffic regulations shall expire on June 30, 2007. The state auditor shall annually audit and examine the appropriations made to the highway patrol to determine whether such appropriations are actually being used for administering and enforcing state motor vehicle laws and traffic regulations pursuant to the constitution. The state auditor shall submit its annual findings to the general assembly by January fifteenth of each year."

During the year ended June 30, 2016, the MSHP utilized appropriations from the State Highway Fund as follows:



Missouri State Highway Patrol's Use of Highway Funds Background, Methodology, and Conclusions

	Appropriation		Lapsed
	Authority	Expenditures	Balances*
Enforcement personal service	\$ 69,384,627	66,906,520	2,478,107
Enforcement expense and equipment	5,905,036	5,723,855	181,181
Technical services personal service	14,023,229	12,874,789	1,148,440
Technical services expense and equipment	13,500,001	12,431,344	1,068,657
Vehicle and driver safety personal service	10,866,272	10,350,554	515,718
Vehicle and driver safety expense and equipment	1,021,875	981,612	40,263
Refund unused motor vehicle inspection stickers	100,000	42,903	57,097
Administration personal service	5,785,841	5,604,698	181,143
Administration expense and equipment	422,589	380,498	42,091
Crime laboratories personal service	3,802,818	3,563,674	239,144
Crime laboratories expense and equipment	909,249	867,282	41,967
Law Enforcement Academy personal service	1,308,227	1,261,896	46,331
Law Enforcement Academy expense and equipment	73,576	66,340	7,236
Fringe benefits personal service	75,883,054	71,756,667	4,126,387
Fringe benefits expense and equipment	6,419,769	5,191,476	1,228,293
Vehicle replacement expense and equipment	4,818,182	4,425,657	392,525
Gasoline expenses	6,313,699	2,958,125	3,355,574
Interoperable system highway	5,000,000	4,782,533	217,467
Interoperable ongoing highway	4,100,000	3,961,052	138,948
Total	\$ 229,638,044	214,131,475	15,506,569

* The lapsed balances include withholdings made at the Governor's request totaling \$4,417,056.

Methodology

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the agency; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objective and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objective, and we assessed the risk that illegal acts, including fraud, and violations of other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

To determine whether the MSHP complied with the limitations on the use of highway funds, we reviewed the MSHP calculations of amounts expended from the State Highway Fund for non-highway activities and the amounts expended by the MSHP for highway-related activities from other funding



Missouri State Highway Patrol's Use of Highway Funds Background, Methodology, and Conclusions

sources. We compared the amounts used in the MSHP calculations to expenditures recorded in the state accounting system (SAM II) and other supporting documentation. In addition, we tested certain expenditures to determine if the expenditures were properly recorded.

Conclusions

We concluded the MSHP appears to be in compliance with legal provisions related to the use of Highway Funds. During fiscal year 2016, the MSHP spent approximately \$2,288,000 appropriated from the State Highway Fund for purchases not related to highway activities. This amount included non-highway personal service and fringe benefit expenditures made from the State Highway Fund for the Crime Laboratory Division and Administrative Services Bureau; and some gasoline and expense and equipment expenditures from the Administrative Services Bureau. However, these expenditures were more than offset by personal service, fringe benefit, and expense and equipment expenditures of approximately \$9,188,000 incurred by the Crime Laboratory Division, Training Division, and Technical Services Bureau that were related to highway activities but not paid from the State Highway Fund. As a result, approximately \$6,900,000 more was spent on highway-related activities than was paid from highway funds during fiscal year 2016.