



Office of Missouri State Auditor
Nicole Galloway, CPA

Office of Lieutenant Governor



CITIZENS SUMMARY

Findings in the audit of the Office of Lieutenant Governor

Background	The Office of Lieutenant Governor is an elected office as provided in the Missouri Constitution. The lieutenant governor serves as the ex officio president of the Missouri Senate and as a member of a number of public boards. The lieutenant governor also serves as the official Senior Advocate for Missouri.
Vehicular Travel Reimbursements	The Lieutenant Governor's office has not followed the office's travel policy requiring the elected official and employees evaluate the most cost-effective method of travel. For office-related travel, the official and employees use personal vehicles and receive mileage reimbursements at the standard mileage reimbursement rate without considering whether rental vehicles or state fleet vehicles would be more cost-effective.

In the areas audited, the overall performance of this entity was **Good**.*

*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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Office of Lieutenant Governor

Table of Contents

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

Management Advisory Report - State Auditor's Findings	1. Vehicular Travel Reimbursements4
---	---

Organization and Statistical Information	6
---	---

Appendixes

	Comparative Statement of Appropriations and Expenditures,
A-1	Period July 1, 2016 to January 9, 20177
A-2	3 Years Ended June 30, 2016.....8
B	Comparative Statement of Expenditures (From Appropriations),
	5 Years Ended June 30, 2016.....9



NICOLE GALLOWAY, CPA

Missouri State Auditor

Honorable Peter Kinder
and
Honorable Michael Parson, Lieutenant Governor
Jefferson City, Missouri

We have audited certain operations of the Office of Lieutenant Governor, in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the period July 1, 2016 to January 9, 2017, and the years ended June 30, 2016, 2015, and 2014. The objectives of our audit were to:

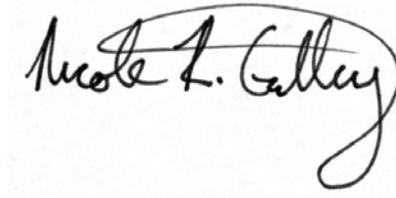
1. Evaluate the office's internal controls over significant management and financial functions.
2. Evaluate the office's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the office; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We 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 objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable 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 instances of noncompliance significant to those provisions.

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

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

For the areas audited, we identified (1) no significant deficiencies in internal control, (2) no significant noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Office of Lieutenant Governor.

A handwritten signature in black ink, reading "Nicole R. Galloway". The signature is fluid and cursive, with a large loop at the end of the last name.

Nicole R. Galloway, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Douglas J. Porting, CPA, CFE
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In-Charge Auditor:	Joyce Thomson
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Office of Lieutenant Governor

Management Advisory Report

State Auditor's Findings

1. Vehicular Travel Reimbursements

The Lieutenant Governor's office has not followed the office's travel policy requiring the elected official and employees evaluate the most cost-effective method of travel. For office-related travel, the official and employees use personal vehicles and receive mileage reimbursements at the standard mileage reimbursement rate without considering whether rental vehicles or state fleet vehicles would be more cost-effective. During the 3 years ended June 30, 2016, and the period July 1, 2016 to January 9, 2017, the Lieutenant Governor's office paid mileage reimbursements to the elected official and employees totaling appropriately \$9,038.

The Office of Administration (OA) maintains a computer program (Trip Optimizer) for employees to determine the most cost-effective method of travel. The calculation is based on the employee's location, the trip destination, and the number of travel days and considers the costs of using a rental vehicle or state fleet vehicle, or reimbursing an employee for use of a personal vehicle. The OA periodically updates the Trip Optimizer for changes in fuel prices and other costs. Employees of the Lieutenant Governor's office do not utilize this program or another method to evaluate travel costs. For 3 months of employee mileage reimbursements reviewed (March 2015, July 2015, and November 2015) covering 10 trips totaling about \$1,192, we used the Trip Optimizer on November 28, 2016 to evaluate these trips. We determined the cost for employee mileage reimbursement for each trip exceeded the lowest cost option (either a rental vehicle or state fleet vehicle) by amounts ranging from \$25 to \$143, and the potential cost savings for the 10 trips totaled \$620.

The travel policy of the Lieutenant Governor's office indicates the office will abide by the state travel regulation in 1 CSR 10-11.030. That regulation requires officials and employees select the most cost-effective travel method and retain documentation to justify any exceptions to the requirement. The regulation also requires employees use the Trip Optimizer or another equivalent method to calculate travel costs. The Lieutenant Governor's office should follow the travel policy to ensure the official and employees utilize the most effective travel option.

Recommendation

The Office of Lieutenant Governor follow the office's travel policy requiring the elected official and employees use the most cost effective method of travel. If circumstances require a higher cost travel method, documentation should be maintained for the justification.

Auditee's Response

Current Lieutenant Governor Parson indicated he had no comment to provide about the finding.



Office of Lieutenant Governor
Management Advisory Report - State Auditor's Findings

The former Chief of Staff to Lieutenant Governor Kinder provided the following written response:

Management believes it did have the proper travel policy in place and did follow it. See 1 CSR 10-11-30: (4) "All relevant factors such as the urgency; nature of travel required; type of vehicle required for the number of passengers, tool or equipment load; employee time and effort; official domicile; proximity to rental or state vehicles; and other administrative costs should be considered when selecting the most cost-effective travel option." Our adherence to this policy is borne out given the office returned over 80% on the line item for "Travel, in-state" for the three full years covered in this audit and never exceeded an annual expenditure for the line item of more than \$3,812. Management would note that during this same period over 16% of total funds appropriated were returned unspent to the general fund.

Auditor's Comment

While other factors in addition to direct costs may be considered in determining the most cost-effective travel option, the Lieutenant Governor's office maintained no documentation of an evaluation of any factors affecting the decisions. Consequently, the office had no documentation to support the cost-effectiveness of the travel decisions. Having unexpended travel appropriations does not indicate office personnel used the most cost-effective travel options.

Office of Lieutenant Governor

Organization and Statistical Information

The lieutenant governor is required to meet the same qualifications as the governor. The lieutenant governor is elected for a four-year term.

Under the constitution, the lieutenant governor serves as the ex officio president of the Missouri Senate. In addition, upon the governor's death, conviction, impeachment, resignation, absence from the state or other disabilities, the lieutenant governor shall act as governor.

By law, the lieutenant governor serves as a member of the Board of Public Buildings, the Board of Fund Commissioners, the Missouri Development Finance Board, the Missouri Housing Development Commission, the Missouri Community Service Commission, the Missouri Tourism Commission, the Missouri State Capitol Commission, and the Special Health, Psychological and Social Needs of Minority Older Individuals Commission.

The lieutenant governor also serves as the official Senior Advocate for Missouri. The office investigates problems and issues on behalf of senior citizens, and works with the Department of Health and Senior Services to ensure the safety and well-being of Missouri's senior citizens.

In addition, the lieutenant governor promotes the Missouri Military Family Relief Fund, coordinates/manages the Missouri Mentor Initiative, and helps manage the Missouri Rx Prescription Drug Program. He also serves as an advisor to the Department of Elementary and Secondary Education on early childhood education and the Parents-as-Teachers program.

On January 10, 2005, Peter Kinder was inaugurated as the forty-sixth Lieutenant Governor of the state of Missouri. His third term expired on January 9, 2017. On that date, Michael Parson was inaugurated as the state's forty-seventh Lieutenant Governor.

Appendix A-1

Office of Lieutenant Governor
Comparative Statement of Appropriations and Expenditures
Period July 1, 2016 to January 9, 2017

	Appropriation Authority	Expenditures	Encumbered	Uncommitted Appropriations
GENERAL REVENUE FUND				
Personal Service	\$ 412,748	190,516	45,755	176,477
Payment of real property leases, related services, utilities, systems furniture, structural modifications, and related expenses - Expense and Equipment	29,708	14,964	5,338	9,406
Expense and Equipment	50,677	7,036	0	43,641
Total General Revenue Fund	<u>\$ 493,133</u>	<u>212,516</u>	<u>51,093</u>	<u>229,524</u>

Appendix A-2

Office of Lieutenant Governor
Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,								
	2016			2015			2014		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND									
Personal Service	\$ 406,351	383,000	23,351	404,636	345,958	58,678	401,934	321,185	80,749
Payment of real property leases, related services, utilities, systems furniture, structural modifications, and related expenses - Expense and Equipment	30,032	30,032	0	31,675	30,500	1,175	32,316	32,316	0
Expense and Equipment	50,677	21,926	28,751	50,677	29,553	21,124	50,677	19,069	31,608
Total General Revenue Fund	\$ 487,060	434,958	52,102	486,988	406,011	80,977	484,927	372,570	112,357

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

	Year Ended June 30, 2015
General Revenue Fund	
Payment of real property leases, related services, utilities, systems furniture, structural modifications, and related expenses - Expense and Equipment	\$ 1,175

Appendix B

Office of Lieutenant Governor Comparative Statement of Expenditures (From Appropriations)

	Year Ended June 30,				
	2016	2015	2014	2013	2012
Salaries and wages	\$ 383,000	345,958	321,185	359,023	360,076
Travel, in-state	3,215	3,811	902	1,209	1,224
Travel, out-of-state	437	5,098	2,770	959	0
Supplies	4,984	4,556	3,595	5,961	2,020
Professional development	0	4,800	2,812	2,700	1,000
Communication services and supplies	5,813	6,419	6,283	9,859	5,337
Services					
Professional	4,897	3,158	941	3,142	4,080
Maintenance and repair	294	0	0	0	45
Office equipment	0	0	0	0	108
Building lease payments	30,032	30,500	32,316	34,106	34,192
Equipment rental and leases	40	71	88	108	100
Agency provided food	2,246	1,640	1,678	1,153	2,759
Miscellaneous expenses	0	0	0	0	184
Total Expenditures	<u>\$ 434,958</u>	<u>406,011</u>	<u>372,570</u>	<u>418,220</u>	<u>411,125</u>