



Susan Montee, CPA
Missouri State Auditor

October 2007

Office of
Lieutenant Governor



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The following report is our audit of the Office of Lieutenant Governor.

The Lieutenant Governor has driven his assigned state-owned vehicle for official, commuting, and personal use. According to office personnel, the Lieutenant Governor reports his usage in accordance with instructions and guidance provided by the state's Office of Administration (OA).

On an annual basis, the mileage not identified as official or commuting mileage was reported to the OA as personal use and the Lieutenant Governor reimbursed the state for this use according to the methods and guidelines provided by the OA. However, our audit found that due to clerical errors the Lieutenant Governor had over-reimbursed for his personal mileage through August 2006. His office is currently working with OA to resolve the overpayment on the reimbursement for personal mileage through August 2007. Office personnel also indicated the Lieutenant Governor is now using his personal vehicle for much of the commuting and non-official use.

Although the Lieutenant Governor followed the guidance provided by the OA, there is no provision that exists in state law that allows any state official to use state vehicles for personal or political purposes. Furthermore, there are no provisions that allow non-official use as long as there is appropriate reimbursement.

We have recommended the Office of Lt. Governor, in conjunction with the OA and other state officials, pursue legislation regarding the proper use of state resources by elected and other state officials. Until state law allows non-official use of state resources, including vehicles, such resources should be used only for official state business.

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YELLOW SHEET

OFFICE OF LIEUTENANT GOVERNOR

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STATE AUDITOR'S REPORT



SUSAN MONTEE, CPA
Missouri State Auditor

Honorable Peter Kinder, Lieutenant Governor
Jefferson City, MO 65102

We have audited the Office of the Lieutenant Governor. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2007, 2006, and 2005. 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. Review certain revenues and expenditures.
4. Evaluate the economy and efficiency of certain management practices and operations.

Our methodology to accomplish these objectives included reviewing written policies, financial records, and other pertinent documents; interviewing various personnel of the office; inspection of capital assets; analysis of comparative data obtained from external and/or internal sources; 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 work for this audit was substantially completed by September 2007.

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 finding arising from our audit of the Office of Lieutenant Governor.



Susan Montee, CPA
State Auditor

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Robert L. McArthur II
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	Joseph A. Adrian

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDING

OFFICE OF LIEUTENANT GOVERNOR
MANAGEMENT ADVISORY REPORT –
STATE AUDITOR'S FINDING

State Vehicle

The Lieutenant Governor reimbursed the state for personal use of his state-owned vehicle; but there is no provision in state law which allows a state vehicle to be used for anything other than official use.

The Lieutenant Governor drives his assigned state-owned vehicle for official, commuting, and personal use. According to office personnel, the Lieutenant Governor reports his usage in accordance with instructions and guidance provided by the state's Office of Administration (OA). Based on the OA's guidance, a mileage log, indicating the date of travel, beginning and ending odometer readings, and the purpose of trip was not maintained. However, a calendar of the Lieutenant Governor's activities was maintained. From this calendar the office's Director of Administration prepared a spreadsheet to identify official and commuting mileage. The imputed value of the commuting mileage was recorded on the state accounting system for reporting purposes each pay period. In addition, on an annual basis, the mileage not identified as official or commuting mileage, was reported to the OA as personal use and the Lieutenant Governor reimbursed the state for this use according to the methods and guidelines provided by the OA.

However, our audit found that due to clerical errors the Lieutenant Governor had over reimbursed for his personal mileage through August 2006. His office is currently working with OA to resolve the overpayment on the reimbursement for personal mileage through August 2007. Also, based on our suggestion, in August 2007, the preparation of a mileage log for the Lieutenant Governor's vehicle was instituted. In addition, office personnel indicated that the Lieutenant Governor is now using his personal vehicle for much of the commuting and non-official use.

Prior to 2004, it had been a practice of the state to allow an elected official (primarily the Governor) to use state aircraft for other than official use and to reimburse the state for that use. For liability purposes, that use was eliminated in 2004. Reimbursements from elected or other state officials for personal use of state vehicles have not been noted on a frequent basis.

There is no provision that exists in state law that allows any state official to use state vehicles for personal or political purposes. Furthermore, there are no provisions that allow non-official use as long as there is appropriate reimbursement. Regarding state-owned vehicles, Section 301.260, RSMo, provides that "No officer or employee or other person shall use such a motor vehicle for other than official use." If the state intends to allow elected or other state officials to use state resources for anything other than business purposes, legislation should be pursued to clearly allow this practice and any

other related conditions, such as reimbursement, for such use. Until such provisions are approved, no state resource should be used for purposes other than official state business.

WE RECOMMEND the Office of Lieutenant Governor, in conjunction with the OA and other state officials, pursue legislation regarding the proper use of state-owned vehicles and other state resources by elected and other state officials.

AUDITEE'S RESPONSE

The procedures and policies regarding the use of a state vehicle were followed by the Office of Lieutenant Governor under the guidance and regulations of the Office of Administration. Non-official use was reimbursed fully to the state. Due to the over payment noted in your finding, the office had a credit balance with the state for personal mileage. Even though the Lieutenant Governor had been approved by the Office of Administration to use the state vehicle for non-official purposes, earlier this year prior to the audit, the Lieutenant Governor stopped using the state vehicle in situations that would require reimbursement for personal use. The Lieutenant Governor's official car is now being used by staff when they are on official state business to reduce staff travel costs and save taxpayer dollars by reducing mileage reimbursement amounts. We will take your recommendation under advisement.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

OFFICE OF LIEUTENANT GOVERNOR
HISTORY, 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 of the governor, the powers, duties and emolument of the governor devolve upon the lieutenant governor until the end of the term or until the disability of the governor is removed.

By law, the lieutenant governor serves as a member of the Board of Public Buildings, the Board of Fund Commissioners, the Missouri Community Service Commission, the Missouri Housing Development Commission, the Missouri Rural Economic Development Council, the Special Health, Psychological, and Social Needs of Minority Older Individuals Commission, the Governor's Council on Physical Fitness and Health, the Statewide Safety Steering Committee, and the Second State Capitol Commission.

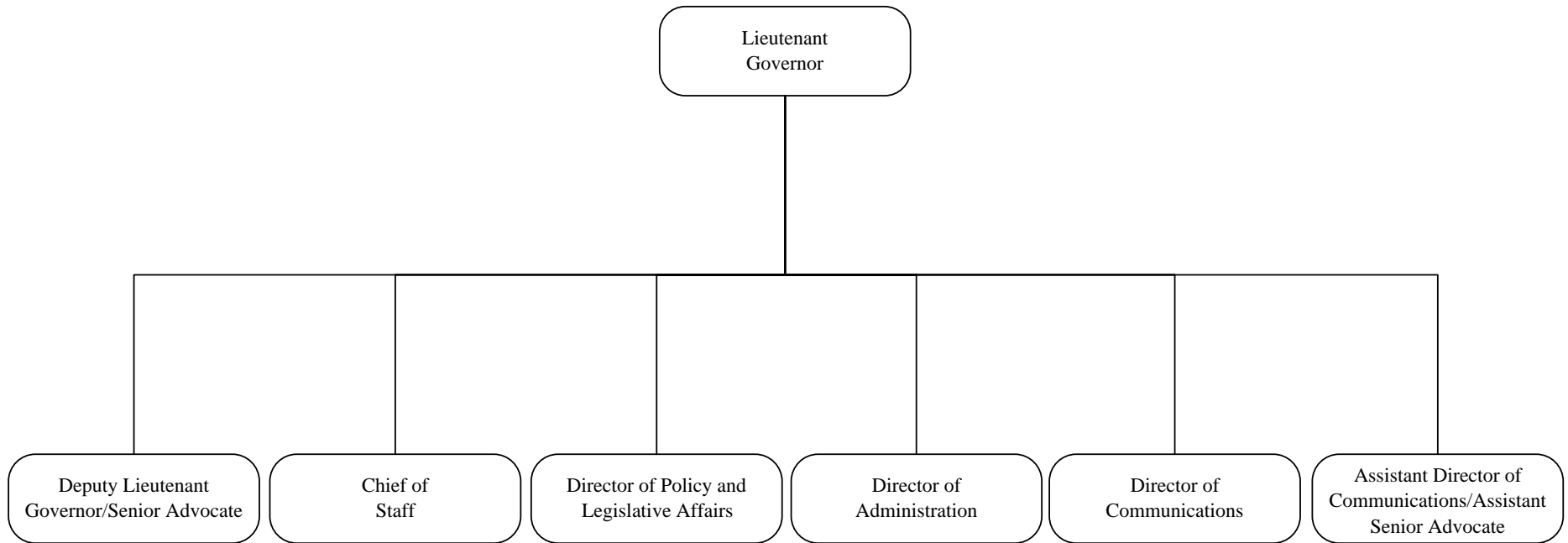
The lieutenant governor is the chair for the Missouri Rx Plan Commission, the Governor's Advisory Council for Veterans Affairs, the Missouri Tourism Commission, and the Missouri Development Finance Board. He also co-chairs the Personal Independence Commission. In addition, he serves as an advisor to the Department of Elementary and Secondary Education on early childhood education and the Parents-as-Teachers program. The lieutenant governor also serves as the state's official advocate for Missouri's elderly and acts in the role of the official ombudsman for all Missouri's citizens.

On January 10, 2005, Peter Kinder was inaugurated as the forty-sixth Lieutenant Governor of the State of Missouri. His term expires in January 2009.

At June 30, 2007, the office employed six full-time employees.

An organization chart follows:

OFFICE OF LIEUTENANT GOVERNOR
ORGANIZATION CHART
JUNE 30, 2007



Appendix A-1

OFFICE OF LIEUTENANT GOVERNOR
 STATEMENT OF APPROPRIATIONS AND EXPENDITURES
 YEAR ENDED JUNE 30, 2007

	Appropriation		Lapsed
	Authority	Expenditures	Balances
GENERAL REVENUE FUND			
Personal Service	\$ 374,317	373,182	1,135
Payment of real property leases, related services, utilities, systems furniture, structural modification, and related expenses - Expense and Equipment	25,154	25,154	0
Veterans Remembrance Project	300,000	299,199	801
Expense and Equipment	50,417	49,230	1,187
Total General Revenue Fund	\$ <u>749,888</u>	<u>746,765</u>	<u>3,123</u>

Appendix A-2

OFFICE OF LIEUTENANT GOVERNOR
 STATEMENT OF APPROPRIATIONS AND EXPENDITURES
 YEAR ENDED JUNE 30, 2006

	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND			
Personal Service	\$ 363,726	363,434	292
Expense and Equipment	49,867	47,973	1,894
Total General Revenue Fund	<u>\$ 413,593</u>	<u>411,407</u>	<u>2,186</u>

Appendix A-3

OFFICE OF LIEUTENANT GOVERNOR
 STATEMENT OF APPROPRIATIONS AND EXPENDITURES
 YEAR ENDED JUNE 30, 2005

	Appropriation Authority	Expenditures	Lapsed Balances
	<hr/>		
GENERAL REVENUE FUND			
Personal Service	\$ 350,918	331,258	19,660
Expense and Equipment	62,875	57,974	4,901
Total General Revenue Fund	<u>\$ 413,793</u>	<u>389,232</u>	<u>24,561</u>

Appendix B

OFFICE OF LIEUTENANT GOVERNOR
 COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	2007	2006	2005	2004	2003
Lieutenant Governor's office:					
Salaries and wages	\$ 373,182	363,434	331,258	316,404	314,431
Travel, in-state	17,966	13,504	14,255	11,861	13,226
Travel, out-of-state	3,636	3,180	4,291	300	0
Supplies	13,633	7,956	7,329	5,518	15,567
Professional development	1,500	1,624	3,410	945	2,942
Communication services and supplies	8,122	8,156	6,969	7,326	11,699
Services:					
Professional	1,974	1,907	1,567	567	461
Maintenance and repair	1,372	1,740	4,088	1,626	1,886
Computer equipment	75	1,271	10,024	3,696	18,796
Motorized equipment	0	6,000	0	18,930	0
Office equipment	277	1,726	3,163	8,846	180
Building lease payments	25,154	0	0	0	0
Equipment rental and leases	130	180	2,112	777	573
Miscellaneous expenses	545	729	766	0	65
Total office expenditures	<u>447,566</u>	<u>411,407</u>	<u>389,232</u>	<u>376,796</u>	<u>379,826</u>
Veterans Remembrance Project:					
Communication services and supplies	248,819	0	0	0	0
Services:					
Professional	36,080	0	0	0	0
Maintenance and repair	900	0	0	0	0
Other equipment	13,400	0	0	0	0
Total project expenditures	<u>299,199</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 746,765</u>	<u>411,407</u>	<u>389,232</u>	<u>376,796</u>	<u>379,826</u>

Appendix C

OFFICE OF LIEUTENANT GOVERNOR
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS

	Furniture and Equipment	Motor Vehicles	Total
Balance, July 1, 2004	\$ 98,395	18,930	117,325
Additions	1,870	0	1,870
Dispositions	(2,140)	0	(2,140)
Balance, June 30, 2005	<u>98,125</u>	<u>18,930</u>	<u>117,055</u>
Additions	1,271	6,000	7,271
Dispositions	(41,697)	(4,935)	(46,632)
Balance, June 30, 2006	<u>57,699</u>	<u>19,995</u>	<u>77,694</u>
Additions	13,400	0	13,400
Dispositions	(10,784)	0	(10,784)
Balance, June 30, 2007	<u>\$ 60,315</u>	<u>19,995</u>	<u>80,310</u>