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Missouri State Auditor

Office of Governor

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Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the Office of the Governor

<p>Payment of Operating Costs by Other State Agencies</p>	<p>As noted in our prior three audit reports, the Governor's office continued to supplement operations by using appropriations of other state agencies, and therefore circumvented the appropriation process established by the General Assembly. As a result, the Governor's office under reported the true costs of operating the office. During Governor Greitens' term, more than \$1.5 million in personnel, Governor's Security Division, and other costs were shifted to other state agencies.</p>
<p>Boards and Commissions</p>	<p>As noted in our prior audit report, the Governor's office did not have adequate procedures to ensure vacancies and expired terms on boards, commissions, committees, councils, etc. (boards) were filled timely. In addition, the Governor's office did not address Task Force recommendations to eliminate and consolidate certain boards and board member positions and did not have adequate procedures to ensure board records were complete and accurate.</p>
<p>Mansion</p>	<p>As noted in our prior two audit reports, the Governor's office did not ensure the fees charged for mansion events sponsored by outside entities were sufficient to fully recover event costs.</p>
<p>Office Policies and Procedures</p>	<p>The Governor's official calendar was not always maintained in a detailed manner. In addition, the Governor's office did not establish a written employee manual or prepare written job descriptions for many positions.</p>
<p>Travel</p>	<p>As similarly noted in our prior three audit reports, the Governor's office did not take adequate measures to minimize travel costs or follow state travel policy. The Governor's office did not always procure commercial airfare in accordance with the state travel policy. The Governor's office often made lodging reservations without performing price comparisons or other procedures to ensure lodging costs were reasonable as required by state travel policy.</p>
<p>Use of State Resources for Political and Personal Purposes</p>	<p>State laws are ambiguous and contradictory regarding the use of state resources by the Governor's office for political and personal purposes. Similar to previous governors, the Governor used the security and transportation resources provided by the Missouri State Highway Patrol for all official, political, and personal activities. The state also paid the personal food costs for the Governor and his family. The Governor did not reimburse the state for any political or personal use of state resources.</p>

Capital Assets

As similarly noted in our prior three audit reports, records and procedures to account for Governor's office and mansion property were not adequate. Office and mansion capital asset record discrepancies noted in prior audits were still not resolved; and as result, capital asset records were incomplete and inaccurate. In addition, annual physical inventories of office assets were not performed.

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

*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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NICOLE GALLOWAY, CPA **Missouri State Auditor**

Honorable Eric R. Greitens
and
Honorable Michael L. Parson, Governor
Jefferson City, Missouri

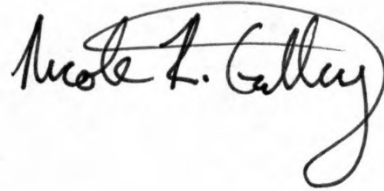
We have audited certain operations of the Office of Governor, in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the period January 9, 2017, to June 1, 2018. The objectives of our audit were to:

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, as well as certain external parties; 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.

For the areas audited, we identified (1) deficiencies in internal controls, (2) 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 Governor.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA
State Auditor

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Office of Governor

Introduction

Background

The governor is required to be at least 30 years of age and must have been a citizen of the United States for at least 15 years and a resident of this state at least 10 years prior to election. The governor is elected at the presidential election for a 4-year term and is subject to re-election. No person may hold the office for more than 2 terms.

On January 9, 2017, Eric R. Greitens was inaugurated as the fifty-sixth governor. He served in this role until his resignation on June 1, 2018. Lieutenant Governor Michael L. Parson was inaugurated as the state's fifty-seventh governor to fill the remainder of the term, which expires in January 2021.

The Governor and his family resided in the Governor's mansion, located near the capitol. The mansion was first occupied in 1872 and was added to the National Register of Historic Places in 1969. The Governor and First Lady hosted public and private events at the mansion. Events were also hosted by other entities including the Friends of the Missouri Governor's Mansion, a statewide, nonpartisan, nonprofit organization dedicated to the mansion's restoration and educational programs.

The Governor's office is located in Jefferson City. There are regional offices in Kansas City and St. Louis.

Duties

The supreme executive power of the state is vested in the governor. Unless otherwise provided by law, the governor appoints all members of boards, commissions, and state government department heads as well as those of several other entities in the state and all vacancies in public offices. The governor commissions all officers of the state unless otherwise provided by law. Through the capacity as commander-in-chief of the militia, the governor is the conservator of peace throughout the state.

Providing the state's principal financial administration, the governor presents to the General Assembly a proposed budget for each appropriation period. All bills passed by both houses are presented to and considered by the governor where they are signed into law or disapproved and returned to the originating house.

In addition to the duties specifically assigned to the governor in the constitution, many other duties are assigned by statute and by custom. The governor is also a member of the Board of Public Buildings and the State Board of Fund Commissioners.

Employees and expenditures

Throughout Governor Greitens' term, the office had 23 to 29 full-time employees paid from Governor's office appropriations. In January 2017, by Executive Order 17-04, Governor Greitens created the position of chief operating officer. Other key positions included chief of staff, general counsel,



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legislative director, and policy director. In addition, about 14 Governor's Security Division personnel of the Missouri State Highway Patrol (MSHP) were paid from appropriations of the Governor's office or the MSHP. Additional employees of the Governor's office were paid by other state agencies.

Governor Greitens' and office employees' travel expenses were paid from appropriations of the Governor's office and other sources. During Governor Greitens' term, travel expenditures paid from office appropriations totaled \$130,500. In addition, according to 2018 and 2017 Personal Financial Disclosure Statements filed with the Missouri Ethics Commission, Governor Greitens received out-of-state lodging and travel benefits valued at about \$227,000 for various meetings or political events and about \$99,000 for international trade missions. The trade missions were funded by the Hawthorn Foundation¹ and the Republican Jewish Coalition. The statements also indicated Governor Greitens received gifts for in-state travel from 7 sources.²

The Governor's office incurred legal expenses related to two legal matters near the end of Governor Greitens' term. For one matter related to the office's use of a confidential digital messaging service,³ legal costs through June 2018, totaling about \$201,300, were paid by the Governor's office (\$178,400)⁴ and the State Legal Expense Fund administered by the Attorney General's office (\$22,900). In June 2018, the Office of Administration (OA) declined to pay legal expenses of two outside law firms totaling about \$153,000 related to the Missouri House of Representatives' investigation of Governor Greitens. The OA concluded these legal expenses were not within the purpose of the state appropriations as the services were primarily for the personal benefit of Governor Greitens and not the office.

Additional office expenditures were paid by other state agencies. When audit staff asked Governor's office officials if any office costs were paid from private sources, they indicated they were not aware of any such costs and any costs paid from private sources would have been for personal or political purposes.

¹ The Hawthorn Foundation also funded trade missions of previous governors.

² Personal Financial Disclosure Statements require disclosure of gifts exceeding \$200 but do not require disclosure of gift amounts or purpose.

³ *Sansone v. Greitens*, Cole County Circuit Court Case Number 17AC-CC00635.

⁴ Legal expenses totaling about \$26,700 were paid from fiscal year 2019 appropriations because the fiscal year 2018 appropriations had been fully spent.

Office of Governor Management Advisory Report State Auditor's Findings

1. Payment of Operating Costs by Other State Agencies

As noted in our prior three audit reports, the Governor's office continued to supplement operations by using appropriations of other state agencies, and therefore circumvented the appropriation process established by the General Assembly. As a result, the Governor's office under reported the true costs of operating the office.

Despite receiving increased appropriations in fiscal year 2018, which partially addressed concerns noted in prior audit reports, the Governor's office continued to pay expenses from appropriations of other state agencies. If the Governor's office had not allocated expenses to other state agencies, appropriation authority of the office and mansion would have been exceeded in fiscal years 2018 and 2017, and the Governor's Security Division (GSD) in fiscal year 2017. During Governor Greitens' 17-month term (January 9, 2017 to June 1, 2018), expenses totaling approximately \$1,548,000 were shifted to other state agencies.

During fiscal years 2018 and 2017, the Governor's office received appropriations from the state General Revenue Fund (GRF) and various other funds for the operating costs of the office, mansion, and GSD. Office operating appropriations increased from a total of about \$2.2 million in fiscal year 2017 to \$2.6 million in fiscal year 2018. Prior to fiscal year 2018, all Governor's office operating appropriations were from the GRF. Beginning in fiscal year 2018, to address concerns identified in prior audit reports, the office received additional appropriations from the GRF and several other funds to pay the salaries of 6 additional full-time employee positions. In fiscal year 2019, office operating appropriations were further increased for an additional 5 full-time employees. The mansion appropriation totaled approximately \$100,000 each fiscal year. Appropriations for the GSD operated by the Department of Public Safety (DPS) - Missouri State Highway Patrol (MSHP), were transferred from the MSHP to the Governor's office in fiscal years 2016 and 2017, then transferred back to the MSHP in fiscal year 2018. GSD appropriations totaled approximately \$1.8 million for fiscal year 2017.

1.1 Staffing and GSD costs

State agencies paid personnel and GSD costs totaling at least \$1,201,000 for employees of the Governor's office, mansion, and GSD during Governor Greitens' term. There were 29 employees paid by Governor's office and mansion appropriations as of June 1, 2018.

Governor's office and mansion personnel

The salaries of 16 Governor's office and mansion employees were paid from appropriations of 14 other state agencies during Governor Greitens' term. The Governor's office required the Department of Natural Resources (DNR) to fund the salaries of the Mansion Executive Director, Assistant Director, and Cook; and required the Department of Economic Development to fund the salary of the Director of the Kansas City regional office during Governor Greitens' entire term. In addition, the Governor's office required several state agencies to fund all or part of the salaries of the Chief Operating Officer, three



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boards and commissions personnel, and three constituent services personnel during January to June 2017; and a special assistant, staff assistant, legislative and policy advisor, and two deputy counsel during July 2017 to June 2018. These positions were paid by other state agencies, although the employees in these positions performed duties for the Governor's office, were physically located in offices of the Governor or mansion, and were supervised by Governor's office personnel.

The salaries of the 16 positions paid by other state agencies during Governor Greitens' term are listed in the following table:

State Agency	Amount
Agriculture	\$ 3,511
Corrections	19,793
Economic Development	26,437
Elementary and Secondary Education	10,478
Health and Senior Services	8,111
Higher Education	682
Insurance, Financial Institutions and Professional Registration	32,743
Labor and Industrial Relations	28,623
Mental Health	21,139
Natural Resources	167,767
Office of Administration	203,700
Public Safety	11,887
Revenue	20,974
Social Services	15,391
Total	\$ 571,236

Beginning in fiscal year 2018, Governor's office appropriations increased about \$419,000 for the salaries for the chief operating officer and the boards and commissions and constituent services positions. Beginning in fiscal year 2019, Governor's office appropriations increased about \$292,000 for the salaries for the special assistant, staff assistant, legislative and policy advisor, and deputy counsel positions.

GSD personnel and expenses Despite receiving appropriations for GSD costs, some personnel and other expenses of the GSD continued to be paid from MSHP appropriations. Personnel of the GSD within the MSHP provide security services for the Governor.

Prior to fiscal year 2016 and in fiscal year 2018, the costs of the GSD were paid entirely from appropriations of the MSHP, and averaged about \$2 million annually.⁵ For fiscal years 2016 and 2017, the Governor's office

⁵ For fiscal years 2014 through 2015 and 2018 (excluding vehicle and fuel costs that continued to be paid from MSHP appropriations)



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received annual appropriations of about \$1.8 million for the GSD's expenses, and the corresponding appropriations of the MSHP were reduced. According to an MSHP official, the Governor's office GSD appropriations were intended for all costs of the GSD except for vehicles and fuel, which was paid from MSHP appropriations. However, the amount appropriated to the Governor's office was not sufficient to cover all GSD costs; and consequently, some costs continued to be paid from appropriations of the MSHP. For fiscal year 2017, GSD personnel, travel, fuel, and other costs totaling approximately \$630,000 were charged to MSHP appropriations. A comparative statement of GSD expenditures from MSHP appropriations is included at Appendix E.

Other personnel

Costs associated with additional personnel that provided services to the Governor's office could not be identified because they did not separately account for and report their time spent on work performed for the Governor's office and/or the mansion. Office of Administration (OA) employees perform budget, purchasing/expenditure, payroll, and capital asset processing duties, and Department of Corrections (DOC) employees supervise inmates working at the mansion. These employees were paid from OA and DOC appropriations.

1.2 Other expenses

During Governor Greitens' term, state agencies paid association dues and other expenses, totaling approximately \$347,000, of the Governor's office and mansion. The Governor's office required 3 agencies to pay the following operating expenses during Governor Greiten's term:

Operating Expenses	Amount
National Governors Association dues:	
Economic Development	\$ 15,330
Office of Administration	130,200
Mansion food and other expenses:	
Natural Resources ¹	155,826
Office of Administration ²	45,959
Total	\$ 347,315

¹ Certain costs of mansion considered to be historical and/or cultural in nature were charged to Department of Natural Resources (DNR) appropriations.

² Wages paid for inmates who worked at the mansion.

Conclusions

The practice of paying Governor's office, mansion, and GSD personnel and expenses from the appropriations of other state agencies makes it difficult to establish accountability for the true and accurate costs of operating the Governor's office. This practice limits accountability and transparency over certain Governor's office expenditures and distorts the operating costs of both the Governor's office and the state agencies paying the Governor's expenses. The Governor's office needs to take measures to reduce office and mansion expenses to ensure expenditures are within the approved appropriation



authority. If the Governor's office receives future appropriations for the GSD, the office should ensure those appropriations are sufficient and work with the MSHP to ensure costs are within appropriation amounts.

Recommendation

The Office of Governor discontinue the practice of using other agency appropriations to pay the operating costs of the Governor's office. The Governor's office should request funding levels sufficient to pay all operating costs of the office and mansion from its own appropriations and ensure expenditures do not exceed office appropriation authority. If other agency personnel perform duties related to the operation of the Governor's office, their time should be recorded and paid from the Governor's office appropriations.

Auditee's Response

Former Governor Greitens' written response, provided by the Deputy Legislative Director to both former Governor Greitens and current Governor Parson, is included at Appendix A.

Current Governor Parson's written response, provided by the General Counsel, is included at Appendix B.

Auditor's Comment

Current Governor Parson's response states the Auditor recommends the Governor request greater appropriations at the expense of the taxpayers and agencies under his purview and the finding fails to account for the structure of the executive branch or acknowledge the fluid and flexible nature of the work many state employees perform. However, the impact of the audit recommendation is not increased costs, rather increased transparency and accountability over Governor's office and state agency costs, which is the intent of the state appropriation process. The Governor's office relationship to the other agencies under his purview does not eliminate this need for transparency or compliance with the appropriation process. Current Governor Parson's response also states the Auditor fails to acknowledge the association dues correlated to and were in support of the operations of the agencies that paid the dues; however, Governor's office personnel did not provide any documentation showing that the association supported these agencies. If such costs support other agencies, detailed documentation should be maintained.

2. Boards and Commissions

As noted in our prior audit report, the Governor's office did not have adequate procedures to ensure vacancies and expired terms on boards, commissions, committees, councils, etc. (boards) were filled timely. In addition, the Governor's office did not address Task Force recommendations to eliminate and consolidate certain boards and board member positions and did not have adequate procedures to ensure board records were complete and accurate.

Boards are created for various purposes by state statute or by a Governor's Executive Order. The governor is required to appoint the majority of the members of the boards, often with the approval of the Missouri Senate. The



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authorizing statutes or executive orders specify member background requirements, the length of terms, and who appoints and approves the members. Members are often required to represent diverse interests and/or specific experiences such as political party affiliation, geographic residence, or profession. Terms are often 3, 4, or 6 years, and members are generally expected to serve until replaced, even after their term expires. Members generally serve without compensation.

Vacancies occur as terms expire and members resign from their positions. The Governor's office is generally made aware of vacancies by the applicable board or the resigning member. The Governor's office reviews each member application and performs background checks on applicants considered for appointment.

The Governor's office maintains records of each board including members' names, terms, and vacant positions; and publishes the information on the Governor's office website. Our review of these records as of October 2018 noted there were approximately 210 boards of which about 160 had vacant and/or expired governor-appointed positions. These boards had about 2,000 positions, of which about 1,500 were governor-appointed positions and about 900 (60 percent) of the positions were vacant or had expired terms.

Changes were made in recent years that eliminated 10 boards and 164 governor-appointed positions. In January 2017, Governor Nixon issued Executive Order 17-01 eliminating 2 boards with a total of 21 governor-appointed positions. In April 2017, Governor Greitens created the Boards and Commissions Task Force to evaluate the need for the existing boards and to make recommendations for improvement. To partially address Task Force recommendations to the General Assembly, Senate Bill 843, Second Regular Session, 99th General Assembly (2018), eliminated 7 boards and 136 governor-appointed positions. In addition, Senate Bill 975, Second Regular Session, 99th General Assembly (2018), eliminated another board with 7 governor-appointed positions. Governor Greitens signed these bills on June 1, 2018 and they became effective in August 2018.

In October 2017, the Task Force recommended the Governor re-evaluate the need for 3 boards and reduce the number of members on 3 boards. Similarly, the Task Force recommended the General Assembly eliminate, consolidate, or reduce the number of members on various boards. In total, the Task Force recommended eliminating about 44 boards and 450 governor-appointed positions. Most reductions recommended by the Task Force, other than the changes previously noted, had not been made as of October 2018.

2.1 Board vacancies and expired terms

The Governor's office did not have adequate procedures to ensure vacant positions and expired terms were filled timely. Our review of board vacancies



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disclosed several boards with significant numbers of vacancies and expired terms.

We followed up on 21 boards reviewed during our prior audit with significant numbers of vacancies and expired terms as of May 2016. Executive Order 17-01 and Senate Bills 843 and 975 subsequently eliminated 7 of these boards with 67 governor-appointed positions. Also, the Governor's office made 11 appointments to these boards during Governor Greitens' term. However, as of October 2018, the Governor's office had not timely filled most vacancies and expired terms for the remaining 14 boards.⁶ The 14 boards had 48 vacant governor-appointed positions and 27 governor-appointed positions with expired terms. Ten boards had 1 to 11 vacant governor-appointed positions, and 5 boards had 2 to 6 governor-appointed positions with expired terms since at least May 2016. In total, for the 14 boards, 75 of the 141 (53 percent) governor-appointed positions needed to be addressed. In addition, the Governor's office had not worked with the General Assembly to address the Task Force recommendations to eliminate or consolidate 3 of these boards⁷ with 40 governor-appointed positions.

Procedures to fill board vacancies timely are necessary to ensure boards have sufficient members to function properly. Unfilled vacancies can make it more difficult or impossible for boards to establish a quorum to meet and conduct business. Also, unfilled vacancies may prevent balanced decision making on boards because the backgrounds and interests associated with the vacant positions would not be represented. Not timely replacing members with expired terms appears to violate the intent of statutory term length provisions. For any boards or commissions that are no longer needed, the Governor's office should rescind the related executive order or work with the General Assembly to repeal the related statutes.

2.2 Task Force recommendations

The Governor's office did not address Task Force recommendations.

The Task Force recommended the Governor's office consider reducing the number of members of the Governor's Council on Disability, consolidating the Hispanic Business, Trade, and Culture Commission with another board, and restructuring the Citizens Advisory Committee on Corrections. In

⁶ Governor's Committee to End Homelessness, Missouri Brain Injury Advisory Council, Missouri Citizens' Commission on Compensation for Elected Officials, Missouri Electronic Prior Authorization Committee, Coordinating Board for Higher Education, Missouri Consolidated Health Care Plan Board of Trustees, Missouri Development Finance Board, Petroleum Storage Tank Insurance Fund Board of Trustees, Board of Therapeutic Message, State Highways and Transportation Commission, Missouri Technology Corporation, State Milk Board, State Lottery Commission, and Missouri Housing Development Commission.

⁷ Missouri Brain Injury Advisory Council, Missouri Electronic Prior Authorization Committee, and State Milk Board.



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addition, the Task Force recommended the Governor's office eliminate 24 governor-appointed positions for the Missouri Workforce Development Board, the Statewide Independent Living Council, and the State Interagency Coordinating Council. However, no changes to those boards occurred. As of October 2018, Governor's office records indicated these 6 boards had 101 governor-appointed positions with 90 vacancies or expired terms.

To enhance the efficiency and effectiveness of state boards, the Governor's office should document plans to address the recommendations of the Task Force and take appropriate action to rescind executive orders determined to be obsolete. Documentation should be maintained to support the decisions.

2.3 Incomplete and inaccurate records

The Governor's office did not have adequate procedures to ensure complete and accurate records of board members, vacancies, and expired terms. Formal procedures have not been established to periodically contact the boards for up-to-date board member information. In addition, board records did not indicate the date positions became vacant; and as a result, the Governor's office did not have information regarding the age of vacancies.

Complete, accurate, and up-to-date records regarding board members are necessary for the Governor's office to monitor board vacancies and expired terms, and appoint board members. Without such information, the Governor's office and the public are not aware of vacant positions and expired terms. To ensure records of boards and commissions are up-to-date, procedures should be established to periodically contact boards for current information regarding board members, vacancies, and expired terms and update board records for any new information received. In addition, maintaining records of position vacancy dates would allow the Governor's office to monitor the age of vacancies and prioritize appointment efforts.

Recommendations

The Office of Governor:

- 2.1 Work with the various boards to fill vacancies and expired terms timely. In addition, if boards are no longer needed for the purposes created, the Governor's office should rescind the related executive order or work with the General Assembly to repeal the related statutes.
- 2.2 Address the Boards and Commissions Task Force recommendations and take appropriate actions to reduce, consolidate, or restructure boards as necessary. Documentation should be maintained to support the decisions.
- 2.3 Establish procedures to ensure board and commission records are complete, accurate, and up to date.



Auditee's Response

Former Governor Greitens' written response, provided by the Deputy Legislative Director to both former Governor Greitens and current Governor Parson, is included at Appendix A.

Current Governor Parson's written response, provided by the General Counsel, is included at Appendix B.

Auditor's Comment

- 2.2. Former Governor Greitens' response states the hearings held and testimony received by the Task Force resulted in recommendations and legislation that was passed and signed into law. However, as noted in the finding, the Task Force's report also contained recommendations to the Governor's office that were not addressed.
- 2.3. Former Governor Greitens' response states the recommendation would unnecessarily increase government paperwork and delay future appointments, and current Governor Parson's response states the Governor's office maintains appropriate records. However, as described in the finding, the records were incomplete and inaccurate. Without complete, accurate, and up-to-date records, the Governor's office is unable to properly fulfill its responsibilities related to appointments to boards and commissions.

3. Mansion

As noted in our prior two audit reports, the Governor's office did not ensure the fees charged for mansion events sponsored by outside entities were sufficient to fully recover event costs.

During Governor Greitens' term (January 9, 2017 to June 1, 2018), the Governor's office paid costs of mansion operations and events from multiple funding sources including the mansion and office appropriations, the Mansion Donation Fund, and appropriations of other state agencies. In recent years, the Governor's office spent all or most of its annual mansion appropriation totaling approximately \$100,000. The Mansion Donation Fund was established to accept donations and fees for payment of costs of mansion events and operation costs. In addition, as previously noted, the Governor's office paid some mansion costs from DNR and OA appropriations. During Governor Greiten's term, mansion costs to the state totaled about \$442,000, of which about \$361,000 (82 percent) was paid from appropriations of other state agencies.

Mansion operating costs include salaries, general upkeep of the mansion, food provided to the Governor and his family, and food and entertainment costs associated with various events held at the mansion. For events sponsored by outside entities, the Governor's office charged and deposited fees into the Mansion Donation Fund. During Governor Greitens' term, the mansion held 81 events with 55 hosted by the Governor and 26 sponsored by outside entities. The Governor-hosted events included 17 receptions, 13 dinners, 8



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luncheons, 2 barbeques, 3 breakfasts, 7 meetings, and 5 other public events at the mansion. During this period, the Governor's office received fees totaling approximately \$71,000 for outside events. Governor's office personnel plan, schedule, and manage mansion events. Also, as discussed later in the report, the Governor did not reimburse the state for costs related to the personal consumption of food.

Costs of the mansion paid by the Mansion Donation Fund, mansion appropriation, and other state agency appropriations during Governor Greitens' 17-month term (January 9, 2017 to June 1, 2018) are presented in the following table.

	Appropriations			Total
	Mansion Donation Fund ¹	Governor's Office and Mansion	Other Agencies ²	
Expenses:				
Salaries	\$ 0	35,599	159,178	194,777
Food	9,558	74,417	55,771	139,746
Other ³	12,593	19,803	146,014	178,410
Total	\$ 22,151	129,819	360,963	512,933
Less Receipts				(70,788)
Total State Costs	\$			442,145

¹ A Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments for the Mansion Donation Fund for the 2 years ended June 30, 2018, is included at Appendix F.

² DNR and OA appropriations (see MAR finding number 1).

³ Includes inmate wages.

Although recommended in the prior two audit reports, the Governor's office did not analyze the costs of outside entity-sponsored events or determine if the fees charged were sufficient to fully recover event costs. In 2017, mansion personnel revised the menu and menu prices. The Mansion Director indicated menu prices increased to reflect higher food costs; however, no documentation was prepared to support the basis for the prices. In addition, the fees for facility usage, labor, and other costs have not been reviewed and updated since 2010.

To ensure the costs of mansion events sponsored by outside entities are fully recovered, the Governor's office should analyze the costs associated with outside events and revise the fee schedule and menu prices as necessary. Such analysis and revisions should be periodically performed and documented.



Recommendation

The Office of Governor analyze the costs associated with outside events and revise the menu prices and fee schedule if necessary. Such analysis and revisions should be periodically performed and documented.

Auditee's Response

Former Governor Greitens' written response, provided by the Deputy Legislative Director to both former Governor Greitens and current Governor Parson, is included at Appendix A.

Current Governor Parson's written response, provided by the General Counsel, is included at Appendix B.

4. Office Policies and Procedures

The Governor's official calendar was not always maintained in a detailed manner. In addition, the Governor's office did not establish a written employee manual or prepare written job descriptions for many positions.

4.1 Governor's calendar

The Governor's calendar was not sufficiently detailed to disclose the business purpose of the official's various activities. The calendar generally noted the date, time, and location of scheduled events, and the person(s) with whom he met, but the business nature of the meeting or event was often not documented.

Good governance and the conduct of state business requires transparency, openness, and accountability. The Governor should maintain an official calendar that adequately details the nature and official duties of all travels and office functions.

4.2 Employee manual

As noted in our prior three audit reports, the Governor's office did not develop a comprehensive written employee manual to address issues such as working hours, performance appraisals, lines of authority, use of state resources, and other items of importance to employees.

A comprehensive employee manual that details policies and procedures can benefit both the office and employees by providing an understanding between management and employees regarding rights and responsibilities. An employee manual can also provide guidance and control for the effective and consistent management of the office, help avoid misunderstandings, and ensure management's policies are fairly and consistently applied to all employees.

4.3 Employee job descriptions

The Governor's office did not prepare written job descriptions for 12 positions, or approximately half of the positions paid from office and mansion appropriations.

Job descriptions are needed to clarify the duties, responsibilities, required qualifications, and reporting relationships of each position to help prevent



misunderstandings among employees and supervisors about performance expectations.

Recommendations

The Office of Governor:

- 4.1 Maintain an official calendar that details the official duties of the Governor's official activities.
- 4.2 Develop a comprehensive written employee manual.
- 4.3 Prepare job descriptions for all positions.

Auditee's Response

Former Governor Greitens' written response, provided by the Deputy Legislative Director to both former Governor Greitens and current Governor Parson, is included at Appendix A.

Current Governor Parson's written response, provided by the General Counsel, is included at Appendix B.

Auditor's Comment

Current Governor Parson's responses to finding numbers 4.2 and 4.3 state it would be impractical and inefficient to reduce the work of the Governor's office to a single employee manual and individual job descriptions. The responses further state the findings exceed the Auditor's mandate to conduct a post-audit and are attempts to manage an agency beyond the Auditor's control. As stated in the finding, these documents are necessary to properly communicate rights and responsibilities to employees and provide guidance and control for the effective and consistent management of the office. Office holders are responsible for ensuring decisions regarding employees are properly documented.

5. Travel

As similarly noted in our prior three audit reports, the Governor's office did not take adequate measures to minimize travel costs or follow state travel policy.

5.1 Airfare

The Governor's office did not always procure commercial airfare in accordance with the state travel policy. During Governor Greitens' term (January 9, 2017 to June 1, 2018), the Governor's office paid for flights on commercial airlines totaling about \$9,500.

For 10 of 11 commercial flights reviewed totaling approximately \$4,200, the Governor's office procured the flights 0 to 19 days prior to the date of the flight. State travel policy (SP-6) requires employees to exercise prudent care in arranging airfare to obtain the lowest feasible fare, and obtain the lowest reasonable, logical airfare at least 21 days in advance. When such advance purchase is not possible, the policy provides that the reason(s) be



documented. The Governor's office did not maintain documentation to justify the deviation from state policy.

5.2 Lodging

The Governor's office often made lodging reservations without performing price comparisons or other procedures to ensure lodging costs were reasonable as required by state travel policy. During Governor Greitens' term, the Governor's office paid approximately \$12,000 in lodging costs from the Governor's office and mansion appropriations.

Most lodging expenses reviewed exceeded Continental United States (CONUS) lodging rates (federal employee per diem maximums, established by the U.S. General Services Administration). We reviewed 9 trips of the Governor and/or office employees for 1 or more nights, and noted lodging costs for 8 of the 9 trips exceeded CONUS rates. The Governor's office did not document price comparisons or other procedures performed, or why the higher lodging cost was necessary and reasonable for any of the 8 trips. In total, the Governor's office paid lodging costs in excess of CONUS rates by approximately \$425 for the 8 trips, or an average of about \$50 per night in excess of CONUS rates.

In cities where multiple hotels or motels are located, lodging can often be procured at rates less than CONUS rates. The state travel policy (SP-6) requires that "in areas where comparable accommodations are available at significantly different prices you should seek prior approval before selecting higher priced lodging and document the reason(s) for selecting the higher priced lodging. Key issues that determine hotel acceptability to the State include accountability, transparency, price, safety, convenience, ease of booking and payment, oversight and issue resolution." The policy also provides that CONUS rates should be used as a benchmark when evaluating lodging costs. Procedures requiring performing price comparisons and ensuring rates do not exceed CONUS rates are necessary to demonstrate compliance with state policies and ensure lodging costs are reasonable. Documentation should be maintained to support any lodging expenses exceeding CONUS rates.

Recommendations

The Office of Governor:

- 5.1 Ensure airfare tickets are purchased at least 21 days in advance in accordance with state policy, and the reason(s) are documented if such advance purchase is not possible.
- 5.2 Require employees to perform price comparisons and ensure rates do not exceed CONUS rates when making lodging arrangements. If it is necessary to exceed CONUS rates, the Governor's office should ensure adequate documentation of the reason is prepared and retained.



Auditee's Response

Former Governor Greitens' written response, provided by the Deputy Legislative Director to both former Governor Greitens and current Governor Parson, is included at Appendix A.

Current Governor Parson's written response, provided by the General Counsel, is included at Appendix B.

6. Use of State Resources for Political and Personal Purposes

State laws are ambiguous and contradictory regarding the use of state resources by the Governor's office for political and personal purposes. Similar to previous governors, the Governor used the security and transportation resources provided by the MSHP for all official, political, and personal activities. The state also paid the personal food costs for the Governor and his family. The Governor did not reimburse the state for any political or personal use of state resources.

Section 43.330, RSMo, allows the governor's security division within the MSHP to ". . . provide transportation, security, and protection for the governor and the governor's immediate family." This section makes no distinction between official state business and events that are personal or political, and it is not clear whether the intent of this legislation was to allow the use of state resources for the Governor's political or personal activities. Article III, Sections 38(a) and 39, Missouri Constitution, prohibit the use of state resources for personal or private gain. In addition, there is no specific provision in state law allowing a state official to use any state resource for anything other than official use.⁸

As a general rule, state resources should be used for a public purpose, for the benefit of the general public, and not for political or personal gain. If the state intends to allow the governor to use state resources for anything other than official state purposes, legislation should be pursued to clearly allow this practice and other related conditions, such as reimbursement, of such use. At a minimum, until such provisions are established, with the possible exception of security, the use of any state resource by the governor for purposes other than official state business should be reimbursed or discontinued.

A similar condition was noted in prior audit reports.

Recommendation

The Office of Governor pursue legislation regarding its use of state resources, including those of the MSHP, for anything other than official use. With the

⁸ Federal executives, such as the President, must abide by various federal rules, regulations, and ethics laws governing the use of federal resources for political use. For example, if a presidential trip includes multiple stops, some for political events and some for official purposes, travel costs are allocated between the campaign and the federal government. The President does not reimburse for any security costs, but he is required to pay for personal items such as food.



possible exception of security, until state law is clarified, the office should require the governor to reimburse the state for the use of state resources for purposes other than official state business (except for de minimis activities) or discontinue such use.

Auditee's Response

Former Governor Greitens' written response, provided by the Deputy Legislative Director to both former Governor Greitens and current Governor Parson, is included at Appendix A.

Current Governor Parson's written response, provided by the General Counsel, is included at Appendix B.

7. Capital Assets

As similarly noted in our prior three audit reports, records and procedures to account for Governor's office and mansion property were not adequate. Office and mansion capital asset record discrepancies noted in prior audits were still not resolved; and as result, capital asset records were incomplete and inaccurate. In addition, annual physical inventories of office assets were not performed.

Office

The Governor's office did not update capital asset records in the statewide accounting system (SAM II) for discrepancies noted in prior year annual physical inventories; and office capital asset records continued to be overstated as a result. As of June 1, 2018, SAM II capital asset records still included the 25 items totaling \$61,000 that office personnel had identified in multiple annual inventories as missing or transferred to another agency, some identified as far back as 2009. In addition, the office did not perform physical inventories during Governor Greitens' term. Excluding the 25 missing and transferred items, office SAM II capital asset records included 14 items valued at approximately \$92,400 as of June 1, 2018.

Mansion

The Governor's office did not update SAM II capital asset records for capital asset additions identified in previous years, and mansion capital asset records were understated as a result. Our three prior audits reported 29 additional items, valued at \$1,000 or more, included on a listing of mansion assets prepared in January 2009, but not recorded in SAM II. As of June 1, 2018, the Governor's office still had not updated the SAM II capital asset records for these items. In addition, the physical inventory performed during June 2017 did not include these items. As of June 1, 2018, a SAM II report of mansion capital assets included 27 items totaling approximately \$66,900.

Records and procedures

The Code of State Regulations, 15 CSR 40-2.031, requires each department to account for all acquisitions and dispositions of equipment items \$1,000 or more, and to maintain adequate capital asset records that contain identification number; description of the item including name, make, model and serial number, where appropriate; acquisition cost; date of acquisition; estimated useful life at the date of acquisition; physical location in sufficient



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

detail to readily locate the item; and method and date of disposition. An annual physical inventory of capital assets is required, and should be reconciled to capital asset records and the prior annual physical inventory, and documentation should be maintained of the physical inventory including the date, personnel performing the procedure, assets verified, and any adjustments needed to the inventory records. In addition, departments are required to establish controls over sensitive items less than \$1,000.

The failure to maintain a complete and accurate inventory listing reduces the control and accountability over capital assets and increases the potential that loss, theft, or misuse will go undetected. In addition, annual inventories are necessary to establish proper accountability over capital assets, and documentation of the physical inventory should be retained to show compliance with state regulations. Discrepancies noted during annual inventories should be promptly investigated and necessary adjustments made to the capital asset records.

Recommendation

The Office of Governor ensure (1) complete and accurate capital asset records are maintained for office and mansion assets, (2) annual physical inventories are conducted and documented for all property, (3) discrepancies noted in annual inventories are promptly investigated and capital assets records properly adjusted, and (4) capital asset records are reconciled to SAM II records.

Auditee's Response

Former Governor Greitens' written response, provided by the Deputy Legislative Director to both former Governor Greitens and current Governor Parson, is included at Appendix A.

Current Governor Parson's written response, provided by the General Counsel, is included at Appendix B.

Auditor's Comment

Former Governor Greitens' response states that office staff performed annual inventory checks. However, the Governor's office could not provide documentation of physical inventories performed during Governor Greitens' term.



Appendix A
Office of Governor
Former Governor Greitens' Response

August 22, 2019

Missouri State Auditor
John Lieser, Audit Manager
State Capitol, Rm 121
Jefferson City, MO 65101

Dear Mr. Lieser:

Please find the below responses to the close-out audit you conducted of Governor Eric Greitens. The numbered paragraphs correspond to the numbered findings contained in the draft report you provided.

1.1 Staffing and GSD costs:

The Governor's office accounted for its operational costs in a manner that properly reflected the nature of the work it performed. All agencies under the purview of the executive branch of the State of Missouri work with and for the Governor in the performance of his duties. Furthermore, as noted by the Auditor, the Governor's office transitioned six FTE in FY 18 and 5 FTE in FY 19 from various agencies into the Governor's Office. These changes were made in coordination with House Budget Chair and Senate Appropriations Chair as a good faith effort to more accurately reflect Governor's office staff.

1.2 Other expenses:

The association fees paid by the Governor correlate to and were in support of the operations of the agencies that expended the appropriations. As with the prior administration, the office accounted for its operational costs in a manner that properly reflected the nature of the work it performed.

2.1 Board vacancies and expired terms:

As the prior administration responded to a nearly identical finding, the Governor's Office worked to ensure that qualified Missourians willing to serve were appointed and nominated for service on various boards and commissions. After nomination, the Governor's Office submitted these individuals for confirmation by the Missouri Senate. It should also be noted that Missouri law allows an appointed individual serving in a term beyond the term's expiration date to retain the full authority to act as a member of the board or commission.



Appendix A

Office of Governor

Former Governor Greitens' Response

The Governor appointed hundreds of qualified nominees to numerous boards and commissions. The Governor's Task Force eliminated obsolete, duplicative, and unnecessary boards and commissions and brought forth legislation introduced in the Missouri General Assembly and signed by the Governor.

2.2 Task Force recommendations:

The Governor's Task Force was led by the Governor's Director of Boards and Commissions, Lt. Governor Parson, and legislative leaders. This task force held countless hearings and took testimony from nearly every board and commission in the state. All meetings were held in an open forum and the discussions therein resulted in the Task Force's recommendation and subsequent legislation that was passed and signed into law. This was outlined in the 27-page report submitted October 31, 2017 (<https://ltgov.mo.gov/wp-content/uploads/2017/10/Boards-and-Commissions-Task-Force-Report-FINAL.pdf>).

2.3 Incomplete and inaccurate records:

The Governor's office ensured that every individual appointed to a board or commission was properly vetted and qualified to serve. The auditor does not show that any appointee was improperly nominated or failed to meet the qualifications to serve. The recommendation put forward by the auditor would only increase unnecessary government paperwork and lead to the delay of future appointments.

3. Mansion:

The Governor's Mansion is a unique facility unlike any other in the State. The Governor's office coordinated with the necessary staff in order to ensure the Mansion operated in an efficient and cost-effective manner.

4.1 Governor's calendar:

The calendar of the Governor accurately accounted for all meetings, events, appearances, and official activities and was properly archived with the Secretary of State per the records retention schedule.

4.2 Employee manual:

Members of the Governor's office were regularly informed of the policies and procedures applicable to their positions and the management of the office. Daily, weekly and monthly staff meetings were utilized to reinforce the policies and procedures, and to answer any questions.

4.3 Employee job descriptions:

Numerous written job descriptions were provided to the auditor. Additionally, all members of the Governor's office were fully informed of the duties and responsibilities of their positions, as well as performance expectations. Daily, weekly, and monthly staff meetings were utilized to address any issues.

5.1 Airfare:



Appendix A
Office of Governor
Former Governor Greitens' Response

The Governor's office followed state travel policy to every extent possible and made every effort to ensure the most cost-effective means when unplanned travel situations arose.

5.2 Lodging:

The Governor's office followed state travel policy and made every effort to ensure the most cost-effective means when unplanned travel situations arose.

6. Use of State Resources for Political and Personal Purposes:

The Governor's Office followed all state laws and regulations regarding the use and expenditure of state resources, consistent with previous governors. The Governor is on duty at all times.

7. Capitol Assets

Governor's Office staff and Mansion employees performed annual inventory checks.

Respectfully,

A handwritten signature in black ink that reads "Jeffrey Earl".

Jeff Earl
Deputy Legislative Director



Appendix B
Office of Governor
Current Governor Parson's Response

STATE CAPITOL
201 W. CAPITOL AVENUE, ROOM 216
JEFFERSON CITY, MISSOURI 65101



(573) 751-3222
WWW.GOVERNOR.MO.GOV

Michael L. Parson

GOVERNOR
STATE OF MISSOURI

August 23, 2019

Missouri State Auditor's Office
John Lieser, Audit Manager
State Capitol, Room 121
Jefferson City, MO 65101

Dear Sir:

Please accept these responses to the post-audit you conducted of the Governor's Office. The numbered paragraphs correspond to the numbered findings contained in the draft of the report you provided.

1.1 Staffing and GSD costs:

The Auditor recommends the Governor request greater appropriations at the expense of the taxpayers and the agencies under his purview. The Auditor posits a clear delineation is required to separate when agency employees are conducting their assigned work compared to when they are supplementing other operations. The Auditor's finding fails to acknowledge the fluid and flexible nature of the work many state employees perform in order to prevent inefficiencies or gaps in service to the State. The Governor's office accounted for its operational costs in a manner that properly reflected the nature of the work it performed. All agencies under the purview of the chief executive officer of the State of Missouri work with and for the Governor in the performance of his duties. Agencies request appropriations and the legislature approves appropriations in accordance with the budget process. To the extent the Auditor disagrees with the budgeting and appropriations process she is welcome to offer legislative proposals or provide constructive testimony during budget hearings.

1.2 Other expenses:

The Auditor posits the Governor used agency appropriations to pay for dues and association fees. The Auditor fails to acknowledge the dues and association fees correlated to and were in support of the operations of the agencies who expended the appropriations. The Governor directs and supervises all operations of executive agencies under his purview and this finding fails to account for the structure of the executive branch.



Appendix B Office of Governor Current Governor Parson's Response

2.1 Board vacancies and expired terms:

The Governor works to ensure qualified individuals are nominated for service and the application, vetting, and confirmation process takes considerable time. The Auditor's recommendation offers no specifics as to how the process should be expedited. The Auditor posits there are Boards and Commissions that should be eliminated and she is encouraged to offer legislative proposals to accomplish this goal.

2.2 Task Force recommendations:

See comments in under 2.1.

2.3 Incomplete and inaccurate records:

The Governor's Office maintains appropriate records to track vacancies on Boards and Commissions. The information concerning all Boards and Commissions is available online for public access.

3. Mansion:

The Governor has implemented this recommendation upon taking office. The Governor's Mansion is facility unlike any other owned by the State. The Mansion serves multiple and various purposes. The Governor's Office coordinates with the relevant staff in order to ensure the Mansion is operated in an efficient and cost-effective manner.

4.1 Governor's calendar:

The Governor acknowledges this recommendation.

4.2 Employee manual:

The Auditor fails to cite to any authority mandating an employee manual. Such a task should fall under the purview and discretion of the office holder in order to allow employee job flexibility in acknowledgement of the myriad of tasks that each employee performs. It would be impractical and inefficient to reduce the work of the Governor's Office to a single comprehensive manual given fluid nature of the work. This finding exceeds the Auditor's mandate to conduct a post-audit and is an attempt to manage an agency beyond the Auditor's control.

4.3 Employee job descriptions:

The Auditor fails to cite to any authority mandating job descriptions. Such a task should fall under the purview and discretion of the office holder in order to allow employee job flexibility in acknowledgement of the myriad of tasks that each employee performs. It would be impractical and inefficient to reduce each job to a written description given fluid nature of the work. This finding exceeds the Auditor's mandate to conduct a post-audit and is an attempt to manage an agency beyond the Auditor's control.



Appendix B
Office of Governor
Current Governor Parson's Response

5.1 Airfare:

The Governor and his staff follow state travel policy and work to ensure airfare is purchased in a timely cost effective manner.

5.2 Lodging:

The Governor and his staff follow state lodging policy and work to ensure lodging is purchased in a cost effective manner.

6. Use of State Resources for Political and Personal Purposes:

The Governor adheres to relevant state statutes concerning the use of state resources. To the extent the Auditor finds these statutes need to be amended she is welcome to offer legislative proposals to accomplish this goal.

7. Capitol Assets

The Governor's Office and Mansion staff will continue to perform annual inventory checks.

If I may be of any future assistance please feel free to contact me.

Respectfully,

Christopher K. Limbaugh
General Counsel
Office of the Governor, Michael L. Parson

Appendix C-1

Office of Governor
 Statement of Appropriations and Expenditures
 Period July 1, 2017 to June 1, 2018

	Appropriation Authority	Expenditures	Encumbered	Uncommitted Appropriations
GENERAL REVENUE FUND				
National Guard Emergency	\$ 4,000,001	2,227,077	0	1,772,924
Operation of state-owned facilities, utilities, systems furniture, and structural modifications - Expense and Equipment	383,655	371,924	4,243	7,488
Special Audits	30,000	0	0	30,000
Constituent Services	79,454	57,285	2,578	19,591
Chief Operating Officer	113,987	104,512	4,701	4,774
Boards and Commissions	48,247	25,423	3,904	18,920
Mansion	99,199	80,975	1,167	17,057
Governor's Office ¹	2,126,258	1,722,680	167,646	235,932
Total General Revenue Fund	<u>6,880,801</u>	<u>4,589,876</u>	<u>184,239</u>	<u>2,106,686</u>
VOCATIONAL REHABILITATION FUND				
Boards and Commissions	1,592	1,592	0	0
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS ADMINISTRATION FUND				
Constituent Services	19,989	14,395	648	4,946
Chief Operating Officer	1,495	1,364	62	69
Boards and Commissions	5,153	5,153	0	0
Total Department of Labor and Industrial Relations Administration Fund	<u>26,637</u>	<u>20,912</u>	<u>710</u>	<u>5,015</u>
DEPARTMENT OF MENTAL HEALTH FEDERAL FUND				
Boards and Commissions	3,435	3,435	0	0

Appendix C-1

Office of Governor
 Statement of Appropriations and Expenditures
 Period July 1, 2017 to June 1, 2018

	Appropriation Authority	Expenditures	Encumbered	Uncommitted Appropriations
DIVISION OF JOB DEVELOPMENT AND TRAINING FUND				
Constituent Services	8,395	0	0	8,395
Boards and Commissions	4,964	0	0	4,964
Total Division of Job Development and Training Fund	13,359	0	0	13,359
ELEVATOR SAFETY FUND				
Boards and Commissions	978	978	0	0
GAMING COMMISSION FUND				
Boards and Commissions	6,475	6,475	0	0
VETERANS COMMISSION CAPITAL IMPROVEMENT TRUST FUND				
Boards and Commissions	6,475	6,475	0	0
DEPARTMENT OF NATURAL RESOURCES COST ALLOCATION FUND				
Constituent Services	12,550	9,041	407	3,102
Chief Operating Officer	3,518	3,220	146	152
Boards and Commissions	14,600	14,600	0	0
Total Department of Natural Resources Cost Allocation Fund	30,668	26,861	553	3,254
STATE FACILITIES MAINTENANCE AND OPERATION FUND				
Chief Operating Officer	3,882	3,552	161	169
Boards and Commissions	4,579	4,579	0	0
Total State Facilities Maintenance and Operation Fund	8,461	8,131	161	169

Appendix C-1

Office of Governor
 Statement of Appropriations and Expenditures
 Period July 1, 2017 to June 1, 2018

	Appropriation Authority	Expenditures	Encumbered	Uncommitted Appropriations
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS, AND PROFESSIONAL REGISTRATION ADMINISTRATIVE FUND				
Constituent Services	12,710	9,158	412	3,140
Chief Operating Officer	1,201	1,100	50	51
Total Department of Insurance, Financial Institutions, and Professional Registration Administrative Fund	13,911	10,258	462	3,191
DEPARTMENT OF ECONOMIC DEVELOPMENT ADMINISTRATION FUND				
Constituent Services	10,617	7,649	344	2,624
Boards and Commissions	6,279	6,279	0	0
Total Department of Economic Development Administration Fund	16,896	13,928	344	2,624
DIVISION OF CREDIT UNIONS FUND				
Boards and Commissions	859	859	0	0
DIVISION OF FINANCE FUND				
Boards and Commissions	1,718	1,718	0	0
DEAF RELAY SERVICE AND EQUIPMENT DISTRIBUTION PROGRAM FUND				
Boards and Commissions	859	859	0	0
INSURANCE DEDICATED FUND				
Boards and Commissions	1,718	1,718	0	0
CHEMICAL EMERGENCY PREPAREDNESS FUND				
Boards and Commissions	627	627	0	0
PROFESSIONAL REGISTRATION FEES FUND				
Boards and Commissions	29,200	29,200	0	0
BOILER AND PRESSURE VESSELS SAFETY FUND				
Boards and Commissions	627	627	0	0

Appendix C-1

Office of Governor
 Statement of Appropriations and Expenditures
 Period July 1, 2017 to June 1, 2018

	Appropriation Authority	Expenditures	Encumbered	Uncommitted Appropriations
MISSOURI EXPLOSIVES SAFETY ACT				
ADMINISTRATION FUND				
Boards and Commissions	277	277	0	0
GUARANTY AGENCY OPERATING FUND				
Constituent Services	1,147	818	37	292
Boards and Commissions	344	344	0	0
Total Guaranty Agency Operating Fund	1,491	1,162	37	292
AGRICULTURE PROTECTION FUND				
Constituent Services	2,569	1,849	83	637
Chief Operating Officer	917	837	38	42
Boards and Commissions	7,730	7,730	0	0
Total Agriculture Protection Fund	11,216	10,416	121	679
Total All Funds	\$ 7,058,280	4,736,384	186,627	2,135,269

¹ Legal expenses totaling approximately \$26,700 were paid from fiscal year 2019 appropriations because the fiscal year 2018 appropriations were fully spent.

Appendix C-2

Office of Governor
 Statement of Appropriations and Expenditures
 Period January 9, 2017 to June 30, 2017

	Uncommitted Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND			
National Guard Emergency	\$ 3,999,513	845,093	3,154,420
Operation of state-owned facilities, utilities, systems furniture, and structural modifications - Expense and Equipment	62,941	62,335	606
Special Audits	30,000	0	30,000
Mansion	30,801	30,801	0
Governor's Office	1,013,281	1,013,281	0
Governor's Security Detail Personal Services	885,997	884,456	1,541
Governor's Security Detail Expense and Equipment	3	0	3
Total General Revenue Fund	<u>6,022,536</u>	<u>2,835,966</u>	<u>3,186,570</u>
DEPARTMENT OF ECONOMIC DEVELOPMENT - COMMUNITY DEVELOPMENT FUND			
Ferguson Commission ¹	<u>275,000</u>	0	275,000
DEPARTMENT OF SOCIAL SERVICES			
FEDERAL FUND			
Ferguson Commission ¹	500,000	0	500,000
Total All Funds	<u>\$ 6,797,536</u>	<u>2,835,966</u>	<u>3,961,570</u>

¹ The costs of the Ferguson Commission were funded by Community Development Block Grant monies through the Department of Economic Development and the Department of Social Services, and from financial support from the Missouri Higher Education Loan Authority and various private donors. Consequently, no monies were expended from the Governor's office appropriations.

Appendix D

Office of Governor
Comparative Statement of Expenditures (From Appropriations)

	Year Ended June 30,				
	2018	2017	2016	2015	2014
Governor's office: ¹					
Salaries and wages	\$ 2,110,633	1,720,662	1,808,186	1,788,211	1,797,638
Travel, in-state ²	16,272	269,888	130,349	191,420	165,659
Travel, out-of-state	11,843	8,648	51,247	64,480	68,411
Supplies	46,423	52,221	33,903	48,942	42,140
Professional development	832	2,008	11,932	5,955	7,983
Communication services and supplies	58,863	9,180	37	0	264
Services:					
Professional	203,221	42,170	5,598	6,212	11,006
Maintenance and repair	718	0	280	0	33
Equipment					
Office	2,023	1,563	429	2,156	1,635
Other	30,610	16,811	0	0	0
Equipment rental and leases	480	731	560	680	480
Agency provided food	4,792	27,376	1,671	2,298	1,517
Miscellaneous expenses	38	0	0	417	0
Refunds	1,120	0	0	0	0
Total office expenditures	<u>2,487,868</u>	<u>2,151,258</u>	<u>2,044,192</u>	<u>2,110,771</u>	<u>2,096,766</u>
Mansion: ¹					
Salaries and wages	28,575	28,533	27,600	24,070	23,689
Travel, in-state	0	24	0	136	0
Travel, out-of-state	0	0	1,146	0	0
Supplies	11,762	8,179	14,197	27,263	11,079
Services:					
Professional	2,474	14,167	8,658	8,494	4,454
Maintenance and repair	22	0	0	0	0
Equipment:					
Office	1,047	557	336	903	0
Other	2,976	0	2,721	3,344	0
Agency provided food	49,796	47,739	43,747	34,375	50,116
Total mansion expenditures	<u>96,652</u>	<u>99,199</u>	<u>98,405</u>	<u>98,585</u>	<u>89,338</u>
Governor's Security Division (GSD): ³					
Salaries and fringe benefits	0	1,751,260	1,660,460	0	0
Travel, in-state	0	15,861	9,932	0	0
Travel, out-of-state	0	50,976	54,721	0	0
Supplies	0	1,000	3,101	0	0
Professional development	0	160	160	0	0
Total security expenditures	<u>0</u>	<u>1,819,257</u>	<u>1,728,374</u>	<u>0</u>	<u>0</u>
Other:					
National Guard emergency	2,226,199	845,581	1,074,384	3,482,826	65,210
Building lease payments	382,892	399,345	361,031	365,223	343,540
Special audits	0	0	22,838	27,078	0
Total Expenditures	<u>\$ 5,193,611</u>	<u>5,314,640</u>	<u>5,329,224</u>	<u>6,084,483</u>	<u>2,594,854</u>

¹ Governor's office and Mansion expenditures do not include expenses paid by other state agencies and Mansion expenditures do not include expenses paid from the Mansion Donation Fund (see Appendix F).

² Includes costs paid in June 2017 totaling \$97,863 for flights on state aircraft by former Governor Nixon during October 2016 to January 2017.

³ In fiscal years 2017 and 2016, the Governor's office was appropriated about \$1.8 million for Governor's Security Division (GSD) personnel and expenses; however, some costs continued to be paid from appropriations of the Department of Public Safety - Missouri State Highway Patrol (MSHP). For all other years presented, all costs of the GSD were paid from MSHP appropriations (see Appendix E).

Appendix E

Office of Governor
 Department of Public Safety - Missouri State Highway Patrol
 Governor's Security Division (GSD)
 Comparative Statement of Expenditures (From Appropriations)

	Year Ended June 30, ¹				
	2018	2017	2016	2015	2014
Salaries and fringe benefits	\$ 1,893,743	500,462	192,269	1,862,699	1,708,567
Travel, in-state	66,723	42,368	10,095	28,629	20,158
Travel, out-of-state	142,812	54,389	110,469	118,873	67,246
Fuel and utilities	37,495	32,827	22,522	33,194	41,208
Supplies	2,540	170	105	66	664
Professional development	640	0	1,600	2,400	550
Communication services and supplies	0	0	0	0	100
Equipment:					
Computer	0	44	0	0	30
Motorized	76,136	0	0	74,919	77,379
Other	4,204	165	0	0	0
Miscellaneous expenses	637	17	50	47	0
Total Expenditures	\$ <u>2,224,930</u>	<u>630,442</u>	<u>337,110</u>	<u>2,120,827</u>	<u>1,915,902</u>

¹ In fiscal years 2017 and 2016, the Governor's office was appropriated about \$1.8 million for GSD personnel and expenses (see expenditures at Appendix D); however, some costs continued to be paid from appropriations of the Department of Public Safety - Missouri State Highway Patrol (MSHP). For all other years presented, all costs of the GSD were paid from MSHP appropriations.

Source: Missouri State Highway Patrol

Appendix F

Office of Governor

Mansion Donation Fund¹

Comparative Statement of Receipts, Disbursements, and Changes in Cash and Investments

	Year Ended June 30,	
	2018	2017
Receipts	\$ 47,142	23,646
Disbursements	15,119	9,280
Receipts Over (Under) Disbursements	32,023	14,366
Cash and Investments, July 1	32,002	17,636
Cash and Investments, June 30	\$ 64,025	32,002

¹ The Mansion Donation Fund is a revolving fund established within the State Facility Maintenance and Operation Fund. The purpose of the fund is to accept donations and fees for payment of costs of mansion events and operating costs.