

Special Report

Arkansas Legislative Audit

Review of Expenditures for Services Provided to the Arkansas Governor or Governor's Office

Department of Public Safety –
Division of Arkansas State Police

For the Period June 1, 2022 through December 31, 2023



INTRODUCTION

This report is issued in response to a request, approved by the Legislative Joint Auditing Committee, for Arkansas Legislative Audit (ALA) to review expenditures of the Department of Public Safety (DPS) – Division of Arkansas State Police (ASP) for services provided to the Arkansas Governor or the Governor's Office, made confidential by Act 7 of the First Extraordinary Session of 2023 (Act 7).

OBJECTIVES

The objectives of this review were to:

1. Determine the expenditures classified by ASP as exempt from disclosure under the Freedom of Information Act (FOIA) of 1967, as amended by Act 7.
2. Develop an understanding of ASP procedures for preparing quarterly expenditure reports, required by Act 7, for services provided to the Governor by the Executive Protection Detail of ASP.
3. Review the quarterly expenditure reports for accuracy, completeness, and compliance with Act 7.
4. Review expenditures to ensure proper coding and classification, compliance with laws and regulations, and compliance with the public purpose doctrine.

SCOPE AND METHODOLOGY

The review was conducted primarily for the period June 1, 2022 through December 31, 2023; therefore, expenditures related to both the current and previous Governor were included.¹ ALA staff reviewed quarterly reports submitted by ASP to Arkansas Legislative Council (ALC), obtained and reviewed data from the Arkansas Administrative Statewide Information System (AASIS), examined documentation maintained by ASP, and conducted inquiries of ASP staff.

¹Governor Sarah Huckabee Sanders began receiving executive protection as Governor-Elect on November 8, 2022. Former Governor Asa Hutchinson's executive protection ended on January 10, 2023, when Governor Sanders was inaugurated.

ARKANSAS LEGISLATIVE AUDIT
500 Woodlane Street, Suite 172, Little Rock, AR 72201
Phone: 501-683-8600 • Fax: 501-683-8605
www.arklegaudit.gov

Report ID: SPSA61823

Report Date: September 27, 2024



BACKGROUND

Act 422 of 1973, codified at Ark. Code Ann. § 12-8-108, assigned to ASP the responsibility of the safety and security of the Governor and his or her family, the Governor's Mansion and grounds, and the State Capitol building and grounds. Act 7 amended the Code to make the data, records, communications, surveillance footage, security procedures, emergency plans, and other information compiled or possessed by ASP concerning these safety and security duties exempt from disclosure under FOIA. Additionally, Act 7 amended the Code to require ASP to submit to ALC (or to the Joint Budget Committee if the General Assembly is in session) a quarterly report that identifies by month and budget category the expenses incurred by ASP for services provided to the Governor.

RESULTS OF REVIEW

The results of ALA staff review are discussed below by objective.

Objective 1: Determine the Expenditures Classified by ASP as Exempt from Disclosure under FOIA, as Amended by Act 7

ASP has identified three categories of expenditures related to services provided to the Governor as confidential under Act 7: (a) all expenditures coded in AASIS to the executive protection cost center, (b) vehicle fuel and maintenance expenditures from the ASP fleet management system, and (c) aircraft expenditures. As shown in **Exhibit I**, expenditures related to these services provided to the Governor totaled \$4.15 million for the period June 1, 2022 through December 31, 2023.

Exhibit I

**Expenditures for Services Provided to the Governor
Classified by Arkansas State Police as Exempt from Disclosure
Under the Freedom of Information Act (FOIA) of 1967
As Amended by Act 7 of the First Extraordinary Session of 2023
For the Period June 1, 2022 through December 31, 2023**

AASIS Expenditure Category	Fiscal Year							Totals
	2022	2023				2024		
	June 6/1/2022 to 06/30/2022	1st Qtr 7/1/2022 to 09/30/2022	2nd Qtr 10/1/2022 to 12/31/2022	3rd Qtr 1/1/2023 to 03/31/2023	4rd Qtr 4/1/2023 to 06/30/2023	1st Qtr 7/1/2023 to 09/30/2023	2nd Qtr 10/1/2023 to 12/31/2023	
Executive Protection Cost Center								
Salary expense	\$ 137,222	\$ 589,146	\$ 561,918	\$ 500,602	\$ 617,876	\$ 507,135	\$ 804,746	\$ 3,718,645
Communication and transportation of commodities	538	1,999	1,591	1,587	1,609	2,498	1,232	11,054
Printing and advertising					179		18	197
Repairing and servicing					3,758	1,247	6,904	11,909
Travel and subsistence	24,788	42,038	16,801	15,612	64,636	32,702	39,239	235,816
Other expenses and services	51	112	122	414	133	112	362	1,306
Commodities, materials, and supplies	4,412	3,403	4,090	3,978	5,207	4,631	7,191	32,912
Refunds, taxes, and claims					937	372		1,309
Low-value asset purchases					3,566		2,998	6,564
Use taxes	11	(24)	24	(2)	2	(3)	3	11
Total Executive Protection Cost Center	167,022	636,674	584,546	522,191	697,903	548,694	862,693	4,019,723
Vehicle Fuel and Maintenance Expenditures	879	2,501	2,698	6,322	9,481	2,863	4,413	29,157
Aircraft Expenditures	13,959	25,876	35,447	4,239	11,983	2,221	12,787	106,512
Total Expenditures Made Confidential by Act 7	\$ 181,860	\$ 665,051	\$ 622,691	\$ 532,752	\$ 719,367	\$ 553,778	\$ 879,893	\$ 4,155,392

Source: Arkansas State Police and Arkansas Administrative Statewide Information System (AASIS) (unaudited by Arkansas Legislative Audit)

Objective 2: Develop an Understanding of ASP Procedures for Preparing Quarterly Expenditures Reports, Required by Act 7, for Services Provided to the Governor by the Executive Protection Detail of ASP

Executive Protection Cost Center

ASP uses AASIS, the statewide accounting system, to process and record financial transactions. Within AASIS, ASP uses cost centers, internal orders, and other coding to capture and track expenditures. To accumulate expenditures directly related to executive protection, ASP uses a list of warrants written in the period coded to the executive protection cost center. These expenditures are largely comprised of the salary expenses of executive protection detail personnel but also include the travel costs of those personnel as well as maintenance and operations expenditures.

Vehicle Fuel and Maintenance Expenditures

ASP uses the fleet management system within AASIS to track expenses directly related to its vehicles, such as fuel and maintenance. To determine executive protection vehicle cost, ASP obtained information from AASIS using the specific fleet numbers and the cost center associated with the specific vehicles designated for the protection and transportation of the Governor and his or her family.

Aircraft Expenditures

Aircraft expenditures are calculated using the actual flight hours obtained from the ASP flight logs applied to the operational cost rates for the applicable aircraft. The cost per hour calculations provided by ASP were \$1,015 and \$655 for its airplane and helicopter, respectively. When contract pilots are needed for flights, the payments for services are included in the expenditures presented.

Expenditures Not Captured

ASP's expenditure calculations are largely cash outlays of the period. ASP did not capture the purchase of vehicles, aircraft, equipment, or weapons, nor did ASP capture any related depreciation of those assets. These purchases generally would have been made from different "unmasked"² cost centers, are subject to FOIA, and are available on the Arkansas Transparency website.

Additionally, executive protection personnel incur fuel and maintenance costs when using vehicles not specifically designated for the protection and transportation of the Governor and his or her family. ASP did not quantify or report these expenditures because ASP does not believe them to be exempt from disclosure under Act 7.

Objective 3: Review the Quarterly Expenditure Reports for Accuracy, Completeness, and Compliance with Act 7

While the confidentiality provisions of Act 7 were retroactive to June 1, 2022, the quarterly reporting requirements of the Act did not become effective until the quarter ended September 30, 2023. Using the procedures provided by ASP, ALA reviewed the reports submitted to ALC for the quarters ended September 30, 2023 and December 31, 2023, and noted the following:

² The Arkansas Transparency website (<https://transparency.arkansas.gov/>) provides vendor names for "unmasked" cost centers. While the expenditure amounts of the executive protection cost center, for example, are available on the Arkansas Transparency website, the vendors are "masked"; therefore, only a generic vendor name of "Arkansas State Police" is reported.

- The \$548,694 in expenditures reported for the quarter ended September 30, 2023 (see **Appendix A on page A-2**), as well as the \$862,693 in expenditures reported for the quarter ended December 31, 2023 (see **Appendix B on page B-2**), were successfully traced to the expenditures made from the executive protection cost center in AASIS.
- The two quarterly reports did not include vehicle fuel and maintenance expenditures, resulting in expenditures being understated by \$2,863 and \$4,413 for the quarters ended September 30, 2023, and December 31, 2023, respectively.
- The two quarterly reports did not include aircraft expenditures, resulting in expenditures being understated by \$2,221 and \$12,787 for the quarters ended September 30, 2023, and December 31, 2023, respectively.

It should be noted that ASP's procedures for calculating the expenditures made confidential by Act 7 changed subsequent to presentation to ALC of the quarterly reports mentioned above. Although transactions occurring between January 1, 2024 and March 31, 2024, fall outside the scope of this engagement, they are reflected in the report submitted by ASP to ALC for the quarter ended March 31, 2024; expenditures related to vehicle fuel and maintenance, as well as aircraft usage, were included in this report, as shown in **Appendix C**.

Other than the omission of expenditures from the quarterly reports mentioned above, no further exceptions were noted.

Objective 4: Review Expenditures to Ensure Proper Coding and Classification, Compliance with Laws and Regulations, and Compliance with the Public Purpose Doctrine

Executive Protection Cost Center

ALA reviewed the \$4,019,723 in expenditures coded to the executive protection cost center in AASIS, which included salaries, travel, and other operating costs for the transportation and security of the Governor, and concluded that **these costs were supported by appropriate documentation and complied with relevant state laws and regulations, as well as the public purpose doctrine.**

Vehicle Fuel and Maintenance Expenditures

ALA traced the \$29,157 in expenditures reported for vehicle fuel and maintenance to fuel card transactions for the identified vehicles. **No exceptions were noted.**

Aircraft Expenditures

Testing was also performed on the \$106,512 estimated cost calculations attributed to the usage of ASP's aircraft assets. ALA staff obtained and reviewed ASP flight logs to determine how much of the flight time was used by the former and current Governors with respect to total flight time. Usage percentages for the airplane and helicopter are reflected in **Exhibits II and III on page 5**, respectively.

Subsequent to a recalculation of the estimated costs for the use of ASP aircraft, which included a review of the hourly rate of fuel and maintenance provided by ASP, ASP was unable to provide satisfactory evidence to support the initial hourly rates provided. After additional discussions, ASP agreed that the hourly rates being used were likely outdated and that new rates should be calculated using more current actual costs. Based on multiple variables, such as flight usage and the timing of scheduled maintenance, ASP determined that an hourly rate based on a five-year average of actual cost and flight hours was appropriate. The original hourly rates of \$1,015 and \$655 for use of the airplane and helicopter, respectively, were adjusted to \$1,839 and \$1,287.

A recalculation of the aircraft expenditures using the updated rates was performed and a comparison of that total with the original calculation is presented in **Exhibit IV**. Because of ASP’s use of the outdated hourly rates, the summary of expenditures provided in **Exhibit I on page 2** was understated by \$58,973.

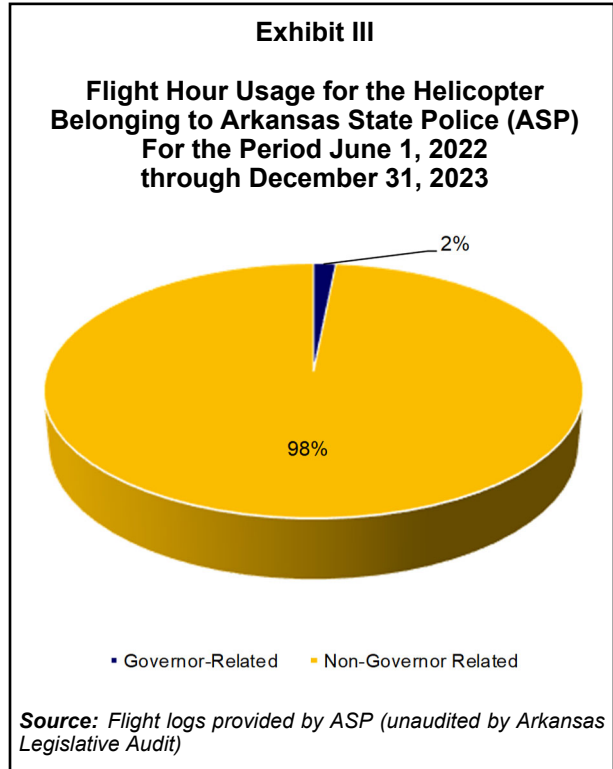
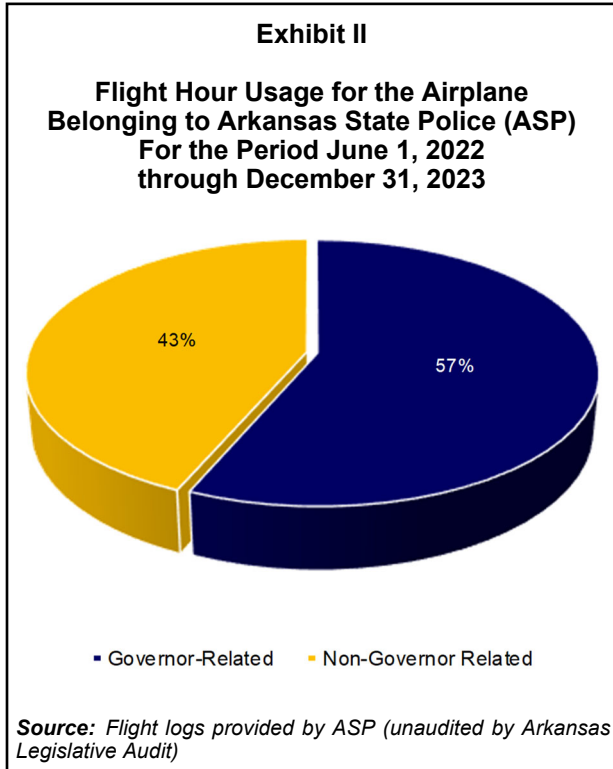


Exhibit IV

**Expenditure Calculation Variance for Aircraft Belonging to Arkansas State Police
For the Period June 1, 2022 through December 31, 2023**

Aircraft Expenditure Calculation Variance	Fiscal Year								Totals
	2022	2023				2024			
	June 6/1/2022 to 06/30/2022	1st Qtr 7/1/2022 to 09/30/2022	2nd Qtr 10/1/2022 to 12/31/2022	3rd Qtr 1/1/2023 to 03/31/2023	4rd Qtr 4/1/2023 to 06/30/2023	1st Qtr 7/1/2023 to 09/30/2023	2nd Qtr 10/1/2023 to 12/31/2023		
Original Calculation	\$ 13,959	\$ 25,876	\$ 35,447	\$ 4,239	\$ 11,983	\$ 2,221	\$ 12,787	\$ 106,512	
Adjusted Calculation	22,697	41,044	54,488	6,382	16,516	3,375	20,983	165,485	
Aircraft Expenditures Over(under)stated	\$ (8,738)	\$ (15,168)	\$ (19,041)	\$ (2,143)	\$ (4,533)	\$ (1,154)	\$ (8,196)	\$ (58,973)	

Source: Recalculation of aircraft expenditures using original and adjusted hourly costs provided by Arkansas State police (unaudited by Arkansas Legislative Audit)

Search for Expenditures Not Properly Coded to Executive Protection

In response to the risk that expenditures could have been omitted from the report presented in **Exhibit I on page 2**, ALA conducted additional procedures for cost center coding in the annual financial report of the Department of Public Safety for the year ended June 30, 2023, which included expenditures made from all ASP cost centers. ALA also reviewed, on a test basis, travel from known executive protection detail personnel to obtain greater assurance that ASP's population of expenditures was complete. **No additional executive protection expenditures were noted as a result of this additional testing.**

CONCLUSION

Based on this review, ALA staff concluded that ASP has developed a reasonable methodology for accumulating, calculating, and reporting the expenditures made confidential by Act 7 of the First Extraordinary Session of 2023. While the first two quarterly reports submitted to ALC did not include expenditures for vehicle fuel and maintenance or for aircraft costs, subsequent reports included expenditures for those categories.

Furthermore, review of the \$4,019,723 in expenditures from the executive protection cost center indicated no instances of noncompliance with state laws or regulations or with the public purpose doctrine. Finally, ASP initially used outdated hourly cost rates for fuel and maintenance for its airplane and helicopter, which caused expenditures reflected in **Exhibit I** to be understated by \$58,973.

THIS PAGE LEFT INTENTIONALLY BLANK

Appendix A

Department of Public Safety – Arkansas State Police
Report of Expenses Incurred by the Executive Protection Detail
For Services Provided to the Governor
For the Quarter Ended September 30, 2023



COL. MIKE A. HAGAR
Secretary

State of Arkansas
Governor Sarah Huckabee Sanders

DEPARTMENT OF PUBLIC SAFETY

1 State Police Plaza Drive
Little Rock, Arkansas 72209
Office: (501) 618-8235

I.09(b)

October 13, 2023

Hon. Terry Rice, Arkansas Legislative Council Co-Chair
Hon. Jeff Wardlaw, Arkansas Legislative Council Co-Chair
1 Capitol Mall, Fifth Floor
Little Rock, AR 72201

Dear Senator Rice and Representative Wardlaw:

As directed by Act 7 of 2023, Section 2, the Department of Public Safety shall report on a quarterly basis that identifies by month and budget category the expenses incurred by the Executive Protection Detail for services provided to the Governor.

Enclosed is the report for the quarter July 1, 2023 through September 30, 2023. If you have any questions, please contact this office at (501) 618-8333.

Sincerely,

A handwritten signature in blue ink that reads "Col. Mike A. Hagar #235".

Colonel Mike Hagar
Secretary

**Department of Public Safety
Arkansas State Police
Executive Protection Detail
July 1, 2023 - September 30, 2023**

Transparency Description	July	August	September	Total
Regular Salaries/Overtime/Fringe	181,069.92	166,343.18	159,721.83	507,134.93
02 Telecommunications Wireless	969.62	1,104.82	423.30	2,497.74
Public Facility M&O	1,247.02	0.00	0.00	1,247.02
02 Meals	0.00	1,924.50	0.00	1,924.50
02 Lodging	11,848.94	4,793.09	1,423.15	18,065.18
02 Common Carrier	1,281.60	3,146.20	5,460.18	9,887.98
02 Ground Transportation	2,121.62	425.15	0.00	2,546.77
02 Other Travel Expense	117.46	63.00	0.00	180.46
02 Gas Purchases - Travel	0.00	97.37	0.00	97.37
Laundry Uniform Service	30.60	51.00	30.60	112.20
Office Supplies	0.00	79.53	138.79	218.32
02 Firearms, Public Safety Military Supplies	0.00	15.94	0.00	15.94
02 Officer Uniforms	0.00	216.26	725.37	941.63
Kitchen Janitorial Supplies	0.00	136.81	0.00	136.81
02 Cartridge Toner Ink	0.00	649.27	0.00	649.27
02 Software Subscriptions	856.98	856.98	951.50	2,665.46
License & Permits	0.00	190.00	182.00	372.00
Total	199,543.76	180,093.10	169,056.72	548,693.58

Source: Documentation for meeting of the Arkansas Legislative Council (ALC) held November 17, 2023, and available at <https://www.arkleg.state.ar.us/> (unaudited by Arkansas Legislative Audit)

Appendix B

Department of Public Safety – Arkansas State Police
Report of Expenses Incurred by the Executive Protection Detail
For Services Provided to the Governor
For the Quarter Ended December 31, 2023

H.10(b)



COL. MIKE A. HAGAR
Secretary

State of Arkansas
Governor Sarah Huckabee Sanders

DEPARTMENT OF PUBLIC SAFETY

1 State Police Plaza Drive
Little Rock, Arkansas 72209
Office: (501) 618-8235

January 5, 2024

Hon. Terry Rice, Arkansas Legislative Council Co-Chair
Hon. Jeff Wardlaw, Arkansas Legislative Council Co-Chair
1 Capitol Mall, Fifth Floor
Little Rock, AR 72201

Dear Senator Rice and Representative Wardlaw:

As directed by Act 7 of 2023, Section 2, the Department of Public Safety shall report on a quarterly basis that identifies by month and budget category the expenses incurred by the Executive Protection Detail for services provided to the Governor.

Enclosed is the report for the quarter October 1, 2023 through December 31, 2023. If you have any questions, please contact this office at (501) 618-8333.

Sincerely,

Colonel Mike Hagar
Secretary

Appendix B (Continued)

**Department of Public Safety
Arkansas State Police
Executive Protection Detail
October 1, 2023 - December 31, 2023**

Transparency Description	October	November	December	Total
Regular Salaries/Overtime/Fringe	261,886.89	172,085.78	370,773.81	804,746.48
02 Use Tax	3.45	(115.66)	115.66	3.45
02 Low Value Assets (MODIFIED)		2,998.04		2,998.04
02 Telecommunications Wireless	384.18	423.74	423.74	1,231.66
02 Printing		17.62		17.62
Public Facility M&O	0.00	6,904.05		6,904.05
02 Meals	1,548.32	984.12	807.33	3,339.77
02 Lodging	6,665.04	5,606.85	6,507.19	18,779.08
02 Common Carrier	0.00	4,632.31	4,211.89	8,844.20
02 Ground Transportation	1,997.81	5,492.02	293.55	7,783.38
02 Other Travel Expense	0.00	0.00	30.37	30.37
02 Parking Fees		23.00	0.00	23.00
02 Gas Purchases - Travel	155.65	258.96		414.61
Association Membership Dues		250.00		250.00
Laundry Uniform Service	30.60	51.00	30.60	112.20
Office Supplies	438.84	(0.96)	17.04	454.92
02 Firearms, Public Safety Military Supplies	298.00	1,456.66		1,754.66
02 Clothing & Related Items		200.00		200.00
02 Officer Uniforms	293.01	213.51	60.83	567.35
Kitchen Janitorial Supplies	45.84	227.25	208.06	481.15
DP Supplies		139.04		139.04
02 Cartridge Toner Ink	0.00	(10.73)		(10.73)
Desktop, Laptops, and Accessories		619.86		619.86
02 Software Subscriptions	994.75	951.50	1,038.00	2,984.25
License & Permits	0.00			0.00
09 Conference & Seminar Fees			25.00	25.00
Total	274,742.38	203,407.96	384,543.07	862,693.41

Source: Documentation for meeting of the Arkansas Legislative Council (ALC) held January 26, 2024, and available at <https://www.arkleg.state.ar.us/> (unaudited by Arkansas Legislative Audit)

Appendix C

Department of Public Safety – Arkansas State Police
Report of Expenses Incurred by the Executive Protection Detail
For Services Provided to the Governor
For the Quarter Ended March 31, 2024

H.13(a)



COL. MIKE A. HAGAR
Secretary

State of Arkansas
Governor Sarah Huckabee Sanders

DEPARTMENT OF PUBLIC SAFETY

1 State Police Plaza Drive
Little Rock, Arkansas 72209
Office: (501) 618-8235

April 5, 2024

Hon. Terry Rice, Arkansas Legislative Council Co-Chair
Hon. Jeff Wardlaw, Arkansas Legislative Council Co-Chair
1 Capitol Mall, Fifth Floor
Little Rock, AR 72201

Dear Senator Rice and Representative Wardlaw:

As directed by Act 7 of 2023, Section 2, the Department of Public Safety shall report on a quarterly basis that identifies by month and budget category the expenses incurred by the Executive Protection Detail for services provided to the Governor.

Enclosed is the report for the quarter January 1, 2024 through March 31, 2024. If you have any questions, please contact this office at (501) 618-8333.

Sincerely,

Colonel Mike Hagar
Secretary

**Department of Public Safety
Arkansas State Police
Executive Protection Detail
January 1, 2024 - March 31, 2024**

Transparency Description	January	February	March	Total
Regular Salaries/Overtime/Fringe	199,441.74	199,665.47	231,392.83	630,500.04
02 Use Tax	0.00	(9.09)	9.09	0.00
02 Telecommunications Wireless	881.85	5,548.93	899.87	7,330.65
02 Printing	0.00	71.69	0.00	71.69
Public Facility M&O	0.00	576.50	577.03	1,153.53
02 Meals	994.52	1,034.29	0.00	2,028.81
02 Lodging	476.64	21,332.42	0.00	21,809.06
02 Common Carrier	5,073.77	19,112.21	0.00	24,185.98
02 Ground Transportation	28,336.34	1,410.39	0.00	29,746.73
02 Other Travel Expense	24.60	0.00	0.00	24.60
02 Parking Fees	0.00	108.00	0.00	108.00
02 Gas Purchases - Travel	43.45	83.26	0.00	126.71
Laundry Uniform Service	30.60	61.20	40.80	132.60
Office Supplies	13.80	153.96	0.00	167.76
02 Furnish/Accessory	282.41	0.00	0.00	282.41
02 Officer Uniforms	0.00	79.10	252.70	331.80
Kitchen Janitorial Supplies	104.11	1,518.58	144.02	1,766.71
02 Cartridge Toner Ink	0.00	61.86	0.00	61.86
02 Software Subscriptions	1,038.00	1,081.25	1,081.25	3,200.50
Total	236,741.83	251,890.02	234,397.59	723,029.44

* Vehicle Fuel/Maintenance Cost 797.11 1,770.94 862.83

 **Aircraft Cost 3,811.50 4,537.50 0.00

Source: Documentation for meeting of the Arkansas Legislative Council (ALC) held May 31, 2024, and available at <https://www.arkleg.state.ar.us/> (unaudited by Arkansas Legislative Audit)

