



# **LIMITED-SCOPE PERFORMANCE AUDIT REPORT**

## **Kansas Highway Patrol: Evaluating How Much It Costs to Maintain and Operate the Plane Used to Transport State Officials**

### **AUDIT ABSTRACT**

The Kansas Highway Patrol (KHP) maintains and operates the state's executive airplane which the Governor and other state officials use for various in-state and out-of-state travel. Of the 18 state agencies that used the executive plane to travel in fiscal year 2016, the Governor's Office and the University of Kansas were the most frequent users. KHP spent more than \$290,000 to maintain and operate the executive airplane in fiscal year 2016, which was equivalent to about \$4.50 per mile traveled or \$2,400 per flight. Finally, state agencies paid approximately \$80,000 to \$100,000 in fees to use the executive airplane from fiscal years 2014 to 2016, but those fees were not sufficient to cover KHP's full maintenance and operating costs or even the direct cost of a flight.

**A Report to the Legislative Post Audit Committee  
By the Legislative Division of Post Audit  
State of Kansas  
July 2017**

## From the Legislative Post Auditor:

This limited-scope audit was authorized by the Legislative Post Audit Committee at its April 28, 2017 meeting. It addresses the following question: How much does it cost the Kansas Highway Patrol (KHP) to maintain and operate its Beechcraft King Air plane used to transport state officials?

To answer this question, we interviewed KHP staff and reviewed state laws and administrative regulations that specify how the plane can be used. We also analyzed KHP's expenditure data and flight records, agency fees paid for use of the plane, and KHP's maintenance and operating costs for fiscal years 2014, 2015, and 2016. We did not evaluate the purposes of trips that used the executive airplane or if officials reimbursed the state for personal or political trips appropriately, because such evaluation was outside the scope of this limited-scope audit.

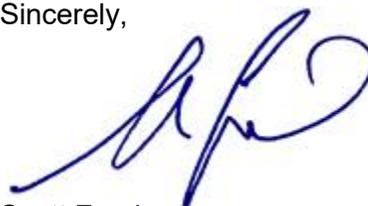
We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Overall, we believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. However, we encountered some data problems that limited our ability to conclude on the exact cost of the executive airplane, as described below.

Generally accepted government auditing standards require us to assess the sufficiency and appropriateness of any computer-processed data we use to support our findings and conclusions. We were unable to ensure the maintenance and operating cost information KHP provided were complete because KHP historically has not tracked the cost of the Beechcraft King Air plane separately from the cost of other aircraft in its fleet. Further, this limited our ability to calculate the precise cost of the executive airplane. We assessed the accuracy of the expenditure data KHP provided, and in our opinion, the data are sufficient and appropriate to support the findings and conclusions in the report. Nonetheless, the costs presented in this report should be viewed as estimates.

Audit standards require that we report on any work we did related to internal controls, but a review of internal controls was not part of the scope of the audit as approved by the Legislative Post Audit Committee.

This audit was requested by Representative Tim Hodge and conducted by Kristen Rottinghaus. Justin Stowe was the audit manager. If you need any additional information about the audit's findings, please contact Kristen at (785) 296-3792.

Sincerely,



Scott Frank  
Legislative Post Auditor  
July 31, 2017

# How Much Does It Cost the Kansas Highway Patrol to Maintain and Operate Its Beechcraft King Air Plane Used to Transport State Officials?

## *Background Information*

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The Kansas Highway Patrol (KHP) owns a 2001 Beechcraft King Air 350 executive airplane that the Governor and other state agency officials can use for travel. KHP has seven aircraft it uses to provide air support and transportation services for law enforcement and other state agencies in Kansas. Six of KHP's aircraft are primarily used for law enforcement activities and emergency services like traffic enforcement, photo surveillance, search and rescue, and disaster relief.

The focus of this audit is on the remaining airplane—a nine-passenger Beechcraft King Air—the state purchased in 2001 and is located in Topeka. *Figure 1* below includes pictures of the exterior and interior of that plane. The Governor and other state officials use the executive airplane for both in-state and out-of-state travel related to official state business, including ribbon-cutting ceremonies, public speaking engagements, and meetings with other public officials. State law also allows the Governor to use the executive airplane for travel to personal or political events.



In fiscal year 2016, 18 state agencies took 123 flights and traveled more than 65,000 miles on the executive airplane. KHP maintains records of each flight, including the state officials onboard and the number of miles traveled. We reviewed these records to determine how often each state agency used the executive airplane in fiscal year 2016. As *Figure 2* on page 2 shows, the Governor's Office and the University of Kansas used the executive airplane much more frequently than other state agencies, accounting for almost twice as many miles and flights as any of the other agencies. The remaining 16 state agencies used the plane far less frequently.

These measures are estimates of the executive airplane's use which have been prepared by KHP and are not exact. For example, if two agencies shared the same flight, KHP may have divided the number of miles traveled across both agencies, thereby understating the true number of miles each

agency traveled. However, we do not think these variations are significant enough to fundamentally affect the results of our analysis.

<b>Figure 2</b>			
<b>Executive Airplane Usage By Agency (a)</b>			
<b>FY 2016</b>			
State Agency	# of Flights	# of Miles	Usage Fees
Governor's Office	34	13,143	\$20,307
University of Kansas	22	12,677	\$23,735
Department of Transportation	17	7,875	\$12,291
Department of Commerce	12	4,782	\$6,722
Department of Agriculture	10	5,606	\$7,985
Department of Education	7	3,627	\$4,644
Adjutant General	6	2,968	\$3,972
Lt. Governor's Office	6	2,511	\$3,668
Secretary of State	3	2,743	\$4,249
Water Office	3	839	\$1,302
Kansas State University	2	2,436	\$3,655
Pittsburg State University	2	1,357	\$2,035
Highway Patrol	2	1,043	\$3,424
Fort Hays State University	1	1,511	\$2,267
Department of Health & Environment	1	573	\$860
Kansas Lottery	1	539	\$848
Wildlife & Parks	1	342	\$523
Attorney General	1	277	\$436
Maintenance & Training (b)	10	363	N/A
<b>Total</b>	<b>123 (c)</b>	<b>65,212</b>	<b>\$102,923</b>

(a) Flights, miles, and usage fees by agency are estimates which have been prepared by KHP.  
 (b) Includes miles and flights KHP pilots traveled to obtain required training hours and to conduct maintenance checks. KHP does not assess a usage fee for these flights.  
 (c) Number of flights does not add to total because of shared flights (i.e., more than one agency on same flight).  
 Source: Flight records and billing statements prepared by the Kansas Highway Patrol (audited)

**KHP maintains and operates the executive airplane.** KHP became responsible for most of the state's aircraft fleet in the early 1960s because it provides airborne police services to local, state, and federal law enforcement agencies, as well as protective services for the Governor and other state officials. Although KHP was responsible for most of the aircraft fleet, the Department of Administration was responsible for the executive airplane until 2001 when it was transferred to KHP. KHP has a transportation unit that includes pilots and maintenance technicians who are dedicated to maintaining and operating the state's aircraft fleet, including the executive airplane. Additionally, KHP contracts with vendors that provide larger, more complex services such as painting, avionics upgrades, and large-scale engine maintenance.

**State agencies that use the executive airplane pay a fee of \$1.50 per mile traveled, plus any incidental costs.** State officials reserve the executive airplane with KHP's transportation unit. When their travel is completed, KHP staff calculate the cost of the trip as \$1.50 per air mile, plus any incidental expenses such as ramp fees, de-icing fees, and short-leg fees that account for the heightened fuel costs of very short trips. KHP staff bill state agencies for completed travel on a monthly basis. The state agency remits its payment to the state treasury for placement in KHP's

executive aircraft fund. KHP recommends the rate of the usage fee, but staff told us the rate ultimately depends on approval of the Governor's Office. According to KHP staff, the per-mile fee for use of the executive airplane has been \$1.50 since the mid-2000s.

**KHP uses the usage fees and other sources of funds to pay for the maintenance and operating costs of the executive airplane.** KHP incurs a variety of costs to maintain and operate the plane, including fuel, equipment repair, and insurance. KHP recoups a small percentage of these costs through the usage fee it charges agencies. The remaining costs are funded through KHP's operating fund, federal forfeiture fund, and on-budget aircraft fund. The source of funding for the on-budget aircraft fund is KHP's motor vehicle fund, which includes proceeds from the sale of retired vehicles and a percentage of Kansas title fees. KHP staff estimated they have transferred about \$600,000 per year from the motor vehicle fund to the on-budget aircraft fund to subsidize the cost of maintaining and operating KHP's entire aircraft fleet (not just the executive plane) since fiscal year 2013.

### ***Finding #1: The Kansas Highway Patrol (KHP) Spent More Than \$290,000 to Maintain and Operate the Executive Airplane in Fiscal Year 2016***

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We estimated KHP's annual maintenance and operating costs for the executive airplane for fiscal years 2014 to 2016 by reviewing the agency's flight records, expenditure data, and supporting documentation such as invoices and purchase orders. The following cost amounts should be viewed as estimates for two primary reasons. First, KHP has not tracked maintenance or operating costs for the executive airplane separately from its other aircraft, which required them to manually develop a list of historical costs for this audit. Second, KHP has not tracked staff time in a way that would allow us to determine the portion of a person's time and salary spent on the executive airplane. We worked with KHP staff to develop a method for allocating a portion of staff salaries and benefits to the executive airplane, but that method is not precise and relies on average hourly rates and approximate time estimates. Although the figures are not precise, we think these estimates are sufficient and appropriate to support our overall findings. Additionally, staff told us they created an accounting code to track executive airplane expenditures separately from its other aircraft starting in fiscal year 2017.

**In fiscal year 2016, KHP spent an estimated \$250,000 to operate the executive airplane and about \$40,000 to maintain it.** *Figure 3* on page 4 shows the estimated maintenance and operating costs for fiscal year 2016. As the figure shows, KHP incurred operating expenses for a variety of items, including fuel, pilot and maintenance technician salaries, and pilot training and conference fees. In addition, KHP incurred maintenance expenses for the parts and labor needed to repair and maintain the executive airplane.

<b>Figure 3 KHP's Maintenance and Operating Costs for the Executive Airplane FY 2016</b>	
<b>Expense</b>	<b>Amount</b>
<b>Aircraft Fuel</b> - Costs associated with fuel for the executive airplane	\$109,865
<b>Salaries &amp; Benefits</b> - Costs associated with pilots and maintenance technicians who work on the executive airplane	\$57,100
<b>Training &amp; Conference Fees (a)</b> - Costs associated with training or conference fees for pilots and maintenance technicians	\$46,448
<b>Aircraft Repair &amp; Maintenance</b> - Costs associated with repairing and maintaining the executive airplane	\$43,042
<b>Insurance</b> - Costs associated with insurance for the executive airplane	\$10,795
<b>Meals &amp; Lodging</b> - Costs associated with car rental, meals, and lodging for executive airplane pilots to attend training, conferences, or overnight trips related to a state agency's travel	\$10,766
<b>Dues, Subscriptions, &amp; Database Fees</b> - Costs associated with subscriptions to software, technology, and other tools that pilots use to fly the plane such as flight tracking services, weather services, and navigation software	\$9,860
<b>Miscellaneous Fees</b> - Costs associated with travel to attend training or conferences, cell phone service in the airplane, pilots' annual flight physicals, and food and drink for the airplane	\$3,550
<b>Total</b>	<b>\$291,426</b>
(a) FY 2016 training and conference fees were larger than in previous years because two new pilots received training to fly the executive airplane.	
Source: LPA analysis of estimated expenditure information prepared by the Kansas Highway Patrol	

The costs presented in this figure include all major direct and recurring costs to maintain and operate the executive airplane. They do not include certain fixed costs or overhead expenses such as utilities for the airplane hangar, management staff salaries for the transportation unit, or office administrative costs such as copiers, printing, and office phones. We excluded these costs from our analysis because they are relatively small and would be incurred by KHP even if it was not responsible for the executive airplane. Our cost analysis also excludes large, one-time expenses such as new paint for the plane, because those expenditures are rare and fluctuate significantly over time.

**Furthermore, the plane cost an estimated \$4.50 per mile or \$2,400 per flight in fiscal year 2016.** *Figure 4* on page 5 lists the estimated maintenance and operating costs as well as the number of miles and flights the executive airplane traveled in fiscal years 2014 through 2016. As the figure shows, state officials took 123 flights and traveled more than 65,000 miles on the executive airplane in fiscal year 2016. Consequently, it cost KHP an estimated \$4.50 per mile or \$2,400 per flight to maintain and operate the executive airplane.

**The total, per-mile, and per-flight costs have been consistent over the past three fiscal years.** *Figure 4* on the next page shows KHP's estimated maintenance and operating costs were approximately \$275,000 to \$300,000 in all three fiscal years we reviewed. The executive airplane traveled a similar, but increasing, number of miles during the same period. That caused the cost per mile to decrease between fiscal years 2014 and 2016. At the same time, the cost per flight increased because state agencies traveled longer distances per flight on average. *Appendix A* includes a more detailed breakdown of KHP's expenditures by category for all three fiscal years.

<b>Figure 4</b>			
<b>KHP's Maintenance and Operating Costs</b>			
<b>Per Mile and Per Flight</b>			
<b>FY 2014 - FY 2016</b>			
	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Cost Per Mile</b>			
<b>Total Cost</b>	\$275,998	\$301,001	\$291,426
<b># of Miles Traveled</b>	54,196	62,105	65,212
<b>Cost Per Mile</b>	<b>\$5.09</b>	<b>\$4.85</b>	<b>\$4.47</b>
<b>Cost Per Flight</b>			
<b>Total Cost</b>	\$275,998	\$301,001	\$291,426
<b># of Flights</b>	127	133	123
<b>Cost Per Flight</b>	<b>\$2,173</b>	<b>\$2,263</b>	<b>\$2,369</b>
Source: LPA analysis of flight records and estimated expenditure data prepared by the Kansas Highway Patrol			

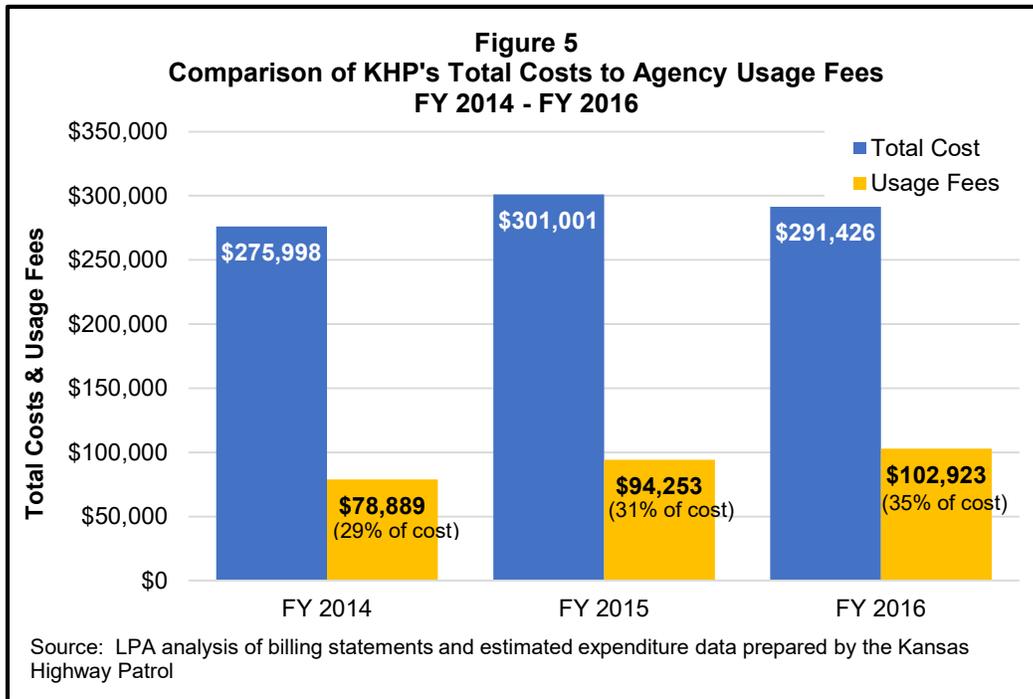
***Finding #2: The Fees State Agencies Paid to Use the Executive Airplane Were Not Sufficient to Cover the Direct Cost of a Flight from Fiscal Years 2014 to 2016***

We reviewed KHP’s billing statements to determine how much state agencies paid to use the executive airplane in fiscal years 2014 through 2016. Historically, KHP has not tracked agencies’ usage fees for the executive airplane separate from its other aircraft, so they also assembled this information through a manual process for the purpose of this audit. As a result, the amounts presented below should be viewed as estimates.

**State agencies’ usage fees only covered about 30% to 35% of KHP’s costs to maintain and operate the executive airplane in fiscal years 2014 through 2016.** As described in the background section of this report, KHP charges state agencies a fee for using the executive airplane. That fee is equal to \$1.50 per air mile, plus incidental costs for things like runway fees, de-icing fees, and short-leg fees. *Figure 5* on page 6 compares KHP’s maintenance and operating costs to the usage fees it collected from state agencies in each fiscal year we reviewed. As the figure shows, KHP spent approximately \$275,000 to \$300,000 to maintain and operate the executive airplane in fiscal years 2014 through 2016, but only collected between about \$80,000 and \$100,000 in usage fees. This was equivalent to about 30% to 35% of KHP’s total costs across all three years. *Appendix A* includes the usage fees each agency paid by fiscal year. KHP used operating, federal forfeiture, and on-budget aircraft funds to pay the remaining maintenance and operating costs of the executive airplane.

**Additionally, the usage fees did not cover the direct cost of agencies’ flights on the executive airplane.** The \$1.50 per-mile rate that state agencies pay to use the executive airplane was set in the mid-2000s and has not changed. Those fees did not even cover the fuel costs for the executive airplane, much less the other direct costs of a flight such as pilot salaries and flight-specific maintenance. For example, usage fees covered just 94% of the nearly \$110,000 KHP paid in fuel costs for the executive airplane in fiscal year 2016. Usage fees covered only about 65% to 70% of KHP’s fuel costs in fiscal years 2014 and 2015.

**KHP staff told us the usage fee was not intended to cover the maintenance and operating costs of the executive airplane.** Staff told us they did not think the usage fee was intended to cover the full maintenance and operating costs, though it was intended to help offset at least a portion of the costs. Staff also said KHP has not increased the usage fee in many years because of concerns about charging one administration a higher rate than previous administrations.



## Recommendations

1. To ensure the fees state agencies pay to use the executive airplane are sufficient to cover the direct cost of a flight (page 5), KHP should determine what the direct costs are and set agencies' usage fees accordingly.

## Potential Issues for Further Consideration

We identified one issue that might be worth evaluating in more detail, but because of the limited scope of the audit, we did not have time to fully develop it. Although we had unresolved questions about the following issue, more audit work would be needed to determine if it is a problem.

1. **The statutory language and intent regarding appropriate uses of the executive airplane is not clear.** State law allows the Governor to use the executive airplane for state business, personal, or political travel. However, it is not entirely clear whether the Governor must reimburse the state for the personal or political travel. Additionally, state law does not address whether or how state agency officials other than the Governor can use the executive

airplane. KHP staff told us they believe those state officials may only use the executive airplane for official state business. However, they do not collect information about the purpose of officials' travel and told us individual state agencies are responsible for determining whether the travel is appropriate, and whether the reasons for the travel require an agency official to reimburse the agency for the cost of the flight. Because this is a decentralized process and state law does not provide clear parameters, there is a risk the executive airplane could be used for purposes not originally intended by the Legislature. Additional work in this area could include a more thorough review of past flight logs to determine whether agency officials have used the plane for personal or political reasons, and if so, whether they reimbursed the state for those costs.

## *Agency Response*

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On July 12, 2017 we provided copies of the draft audit report to KHP officials for technical clarifications and an official response.

KHP officials generally agreed with the audit's findings and recommendation. They plan to calculate the direct costs of the executive airplane and present a proposal to increase usage fees to the Governor's administrative staff. The full text of KHP's response is on file and available from Legislative Post Audit.

**APPENDIX A**

**Total Costs and Agency Usage Fees for the Executive Airplane, Fiscal Years 2014 - 2016**

This appendix summarizes KHP’s maintenance and operating costs and the usage fees they collected from state agencies for the executive airplane in fiscal years 2014 through 2016. As described in earlier sections of this report, the amounts presented here should be viewed as estimates.

<b>Appendix A-1 KHP's Maintenance and Operating Costs for the Executive Airplane FY 2014 - FY 2016</b>			
<b>Expense</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Aircraft Fuel</b> - Costs associated with fuel for the executive airplane	\$120,162	\$131,752	\$109,865
<b>Salaries &amp; Benefits</b> - Costs associated with pilots and maintenance technicians who work on the executive airplane	\$48,448	\$65,003	\$57,100
<b>Training &amp; Conference Fees (a)</b> - Costs associated with training or conference fees for pilots and maintenance technicians	\$14,882	\$15,994	\$46,448
<b>Aircraft Repair &amp; Maintenance</b> - Costs associated with repairing and maintaining the executive airplane	\$61,579	\$55,769	\$43,042
<b>Insurance</b> - Costs associated with insurance for the executive airplane	\$10,795	\$10,795	\$10,795
<b>Meals &amp; Lodging</b> - Costs associated with car rental, meals, and lodging for executive airplane pilots to attend training, conferences, or overnight trips related to a state agency's travel	\$7,074	\$4,398	\$10,766
<b>Dues, Subscriptions, &amp; Database Fees</b> - Costs associated with subscriptions to software, technology, and other tools that pilots use to fly the plane such as flight tracking services, weather services, and navigation software	\$7,948	\$12,921	\$9,860
<b>Miscellaneous Fees</b> - Costs associated with travel to attend training or conferences, cell phone service in the airplane, pilots' annual flight physicals, and food and drink for the airplane	\$5,110	\$4,369	\$3,550
<b>Total</b>	<b>\$275,998</b>	<b>\$301,001</b>	<b>\$291,426</b>
(a) FY 2016 training and conference fees were larger than in previous years because two new pilots received training to fly the executive airplane.			
Source: LPA analysis of estimated expenditure information prepared by the Kansas Highway Patrol			

**Figure A-2  
Executive Airplane Usage Fees By Agency  
FY 2014 - FY 2016**

<b>Agency</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
University of Kansas	\$15,203	\$14,673	\$23,735
Governor's Office	\$26,105	\$29,668	\$20,307
Department of Transportation	\$7,576	\$8,055	\$12,291
Department of Agriculture	\$3,280	\$4,816	\$7,985
Department of Commerce	\$4,175	\$5,864	\$6,722
Department of Education	\$360	\$2,555	\$4,644
Secretary of State	\$544	\$4,770	\$4,249
Adjutant General	\$1,368	\$0	\$3,972
Lt. Governor's Office	\$1,620	\$2,207	\$3,668
Kansas State University	\$1,793	\$3,730	\$3,655
Highway Patrol	\$0	\$755	\$3,424
Fort Hays State University	\$0	\$0	\$2,267
Pittsburg State University	\$771	\$771	\$2,035
Water Office	\$3,985	\$5,328	\$1,302
Department of Health & Environment	\$0	\$1,784	\$860
Kansas Lottery	\$1,510	\$6,409	\$848
Wildlife & Parks	\$0	\$1,584	\$523
Attorney General	\$4,549	\$1,285	\$436
Board of Healing Arts	\$2,011	\$0	\$0
Corporation Commission	\$2,343	\$0	\$0
Board of Indigents Defense	\$193	\$0	\$0
Insurance Department	\$1,363	\$0	\$0
Department of Revenue	\$140	\$0	\$0
<b>Total</b>	<b>\$78,889</b>	<b>\$94,253</b>	<b>\$102,923</b>
Source: Billing statements prepared by the Kansas Highway Patrol (audited)			