

# Special Report

## Arkansas Legislative Audit

### Review of Selected Transactions and Procurements

Arkansas Governor's Office

For the Period May 1, 2023 through December 10, 2023



## INTRODUCTION

This report is issued in response to a request, approved by the Legislative Joint Auditing Committee (LJAC), for Arkansas Legislative Audit (ALA) to review the transactions associated with the purchase of a custom podium<sup>1</sup> by the Governor's Office. A timeline of events surrounding the purchase is provided in **Appendix A**.

## OBJECTIVES

The objectives of this review were to:

1. Establish events surrounding the procurement of, delivery of, and reimbursement for the podium, as well as a road case.
2. Determine the entity with ownership of the podium and road case.
3. Determine a market value for related goods and services, based on specifications included on the vendor's invoice and identified during the review.
4. Review transactions and events related to the podium and road case purchase for propriety and compliance with applicable Arkansas laws.

## SCOPE AND METHODOLOGY

This review was conducted primarily for the period May 1, 2023 through December 10, 2023; additional fieldwork was performed through February 8, 2024. ALA staff reviewed relevant financial information obtained from the Arkansas Administrative Statewide Information System (AASIS), the Governor's Office, and the Department of Transformation and Shared Services (DTSS), as well as communications among the Governor's Office, DTSS, the Secretary of State's Office, and vendors. Additionally, ALA staff reviewed state purchasing card (P-Card) payments to vendors and applicable Arkansas Code. Finally, ALA staff interviewed current and former staff of the Governor's Office, DTSS, the Department of Finance and Administration (DFA), the Secretary of State's Office, and the Republican Party of Arkansas (RPA).

It should be noted that ALA staff contacted three vendors directly to confirm information related to the ordering, procurement, and shipping of the podium and road case and received no response from these vendors. Timelines regarding communications with the vendors, as well as questions submitted to the vendors, are provided in **Appendices B, C, and D**. In addition, ALA Legal Counsel contacted the Governor's Office Legal Counsel on February 2, 2024, to offer the Governor an opportunity to speak with ALA staff regarding this review. The Governor declined the offer to speak with or provide a statement to ALA.

<sup>1</sup> The terms "podium" and "lectern" are often used interchangeably. This report refers to the item purchased as a "podium" because this term was used by vendors on invoices and other supporting documentation. A road case was also purchased and is included in this review.

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## **BACKGROUND**

On January 17, 2023, the Office of the Governor requested from DFA additional appropriation of \$447,245 for fiscal year 2023 for the purchase of “necessary computer equipment and maintenance services”; these funds were referred to and tracked in AASIS as “transition funds.” This request, provided in **Appendix E**, was approved by the Joint Budget Committee of the General Assembly on January 26, 2023.

For the Governor’s inauguration ceremony held on January 10, 2023, a falcon style podium was provided by Salem Strategies, an out-of-state vendor with which the RPA contracted to coordinate inaugural events. After the inauguration, Governor’s Office staff contacted Hannah Stone (representing Salem Strategies) for information on portable podiums and, on February 22, requested a quote for a customized podium similar to the one used in the Governor’s inauguration ceremony. On March 6, Hannah Stone provided a computer draft of a falcon style podium (see **Appendix F**) and estimated the cost to be between \$10,000 and \$15,000, depending on any upgrades or customizations selected, with a turnaround time of 30 to 60 days between order and delivery. The schematics were provided by Harbinger, a company based in Washington, DC. During interviews with ALA, Governor’s Office staff could not recall any other quotes being obtained; however, ALA review revealed that, on March 24, a Governor’s Office staff member contacted an Arkansas-based audio and visual equipment dealer and received quotes for various styles of portable podiums ranging in cost from \$800 to \$1500, lighting systems ranging from \$250 to \$1,000, and sound systems ranging from \$500 to \$3,000.

On April 12, 2023, Governor’s Office staff communicated to Hannah Stone that the purchase of the custom podium had been approved. At this time, Virginia Beckett was added to conversations about moving forward with the podium purchase; later, Virginia Beckett would be involved in the podium purchase as a representative of Beckett Events, an out-of-state vendor. Hannah Stone and Virginia Beckett had email accounts associated with both Salem Strategies and Beckett Events; therefore, it appears they worked with both companies.

Because the podium was being made to custom specifications, Governor’s Office staff indicated that the vendor required payment before production could begin. On May 31, 2023, DTSS staff<sup>2</sup> explained to Governor’s Office staff that state purchasing regulations do not allow prepayment; instead, a purchase order (PO) could be issued, but payment could not be released until the item was delivered. To use “transition funds” allocated to the Governor’s Office, the podium had to be ordered, paid for, and received by June 30, 2023, the end of the state fiscal year. Governor’s Office staff, through discussions with DTSS, determined that a P-Card, rather than a PO, would be utilized to pay for the podium, which did not allow the purchase to be tracked in AASIS and did not require delivery before payment could be released.

## **RESULTS OF REVIEW**

To conduct this review, ALA staff reviewed certain sections of Arkansas Code and applicable Attorney General opinions related to procurement law, disposal of state property, recording of transactions in AASIS, creation and retention of purchasing documentation, use of P-Cards, expenditure of public funds, and certain provisions of the Freedom of Information Act (FOIA).

ALA maintains that the Governor’s Office is an “agency” for the purposes of the General Accounting and Budgetary Procedures Law (GABPL), as specified in Ark. Code Ann. § 19-4-102 and analyzed by and through the following advisory opinions: Op. Att’y Gen. no. 79-117, Op. Att’y Gen. no. 85-160, Op. Att’y Gen. no. 88-062, Op. Att’y Gen. no. 89-098, Op. Att’y Gen. no. 91-416, Op. Att’y Gen. no. 96-224, Op. Att’y Gen. no. 2011-040, Op. Att’y Gen. no. 2014-132, Op. Att’y Gen. no. 2015-015, and Op. Att’y Gen. no. 2016-016.

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<sup>2</sup> Financial transactions for the Governor’s Office are recorded in AASIS by DTSS employees, and documentation supporting those transactions is to be provided by the Governor’s Office and retained by DTSS.

The GABPL states that “[i]t is the policy of the State of Arkansas to: (A) Maintain on a sound financial basis the state and all of its agencies, boards, commissions, departments, and institutions, all referred to in this chapter as ‘agencies’ unless otherwise necessary...” (Ark. Code Ann. § 19-4-102(a)(1)(A)). The reference to “this chapter” includes, for example, Ark. Code Ann. § 19-4-1206.<sup>3</sup> A second purpose for the GABPL is found in Ark. Code Ann. § 19-4-102(b): “to establish a comprehensive system of state budgeting and financial management....”

In Op. Att’y Gen. no. 2011-040, the Attorney General (AG) considered whether the term “state agency,” as used in Ark. Code Ann. § 19-4-1613, included institutions of higher education. The AG noted that Ark. Code Ann. § 19-4-102(a)(1)(A) specifically references “institutions.” The AG also emphasized the legislature’s desire for a comprehensive system and opined as follows:

“It is also the purpose of [the GABPL] to establish a *comprehensive* system of State budgeting and financial management which will further the capacity of the General Assembly to plan and finance the services which it determines the State should provide for its citizens....’ Act 876, § 2(B) (codified at A.C.A. § 19-4-102(b)) (emphasis added). A budgeting and management system that did not include state-supported institutions of higher education could hardly be truly comprehensive.” (Op. Att’y Gen. no. 2011-040)

Occasionally throughout the GABPL, the General Assembly specifically exempted constitutional officers and their employees from the GABPL.<sup>4</sup> Such an exemption does not appear in the subchapters cited throughout the current report, such as Ark. Code Ann. § 19-4-1206, further suggesting that these Code sections apply to the Governor’s Office. In Op. Att’y Gen. no. 2011-040, the AG opined on this topic and said, “If state-supported institutions of higher education were not state agencies for purposes of the GABPL, there would be no need to exempt them from requirements that, by their explicit terms, apply to state agencies only, and otherwise to treat them as state agencies.” This classification promotes a comprehensive budgeting and management system. Thus, ALA’s opinion is that the Governor’s Office is an “agency” for purposes of the GABPL.

## **Objective #1: Establish Events Surrounding the Procurement of, Delivery of, and Reimbursement for the Podium, As Well As a Road Case**

### **Procurement of the Podium**

As discussed in the **Background section on page 2**, subsequent to the Governor taking office in January 2023, Governor’s Office staff entered into conversations with Hannah Stone (representing Salem Strategies) regarding design, cost, and procurement of a custom podium. The purchase was approved by the Governor’s Office in April 2023.

The Governor’s Office received an invoice on May 23, 2023, from Hannah Stone for a “Custom Falcon Podium *39-Inch Custom Falcon Podium, Custom Podium Road Case, Taxes + Shipping*” totaling \$21,475; this invoice is provided in **Appendix G**. Governor’s Office staff contacted Hannah Stone due to the increased cost from the original estimate of \$10,000 to \$15,000. According to electronic communications between Hannah Stone and Governor’s Office staff, the podium designer agreed to discount the invoice by \$3,000 to \$18,475. A second invoice, dated May 30 and provided in **Appendix H**, refers to the cost reduction as a “preferred customer discount.”

As previously mentioned, purchasing regulations called for issuing a PO for the podium, which would have been attached to an “asset shell” (i.e., a placeholder) in AASIS to track the

<sup>3</sup> See Ark. Code Ann. Title 19, Chapter 4, Subchapter 12.

<sup>4</sup> See, e.g., Ark. Code Ann. § 19-4-904(a)(1)(A) regarding travel regulations.

purchase. To use “transition funds,” the podium and road case had to be ordered, paid for, and received by June 30, 2023, the end of the state fiscal year. On June 1, at the request of Governor’s Office staff, DTSS authorized the purchase to be made with a P-Card, which did not allow the purchase to be tracked in AASIS. The following day, DTSS also authorized an increase in the credit limit of the P-Card from \$5,000 to \$25,000 to allow for the purchase.<sup>5</sup>

The Governor’s Office received the final invoice, totaling \$19,029 (see **Appendix I on page I-1**), by email on June 8; this amount included the cost of the podium and road case (\$18,475) and a 3% credit card transaction fee (\$554). While previous invoices were provided by Hannah Stone as a representative of Salem Strategies, the final invoice was sent by Virginia Beckett (representing Beckett Events); Hannah Stone was copied on this email as a representative of Beckett Events (i.e., using a Beckett Events email address), rather than as a representative of Salem Strategies. During interviews with ALA, Governor’s Office staff indicated the Governor questioned the increased cost; Governor’s Office staff explained that the increase in price was due to the inclusion of a road case, shipping costs, and taxes, which were not part of the original quote.

The final invoice (Beckett Events invoice) was approved by the Governor and paid on June 12, 2023, using a P-Card issued to the Executive Assistant to the Governor’s Office Deputy Chief of Staff. Virginia Beckett provided receipt of payment the next day via email and copied Hannah Stone using her Beckett Events email address. The Beckett Events invoice and a QuickBooks receipt are provided in **Appendix I on pages I-1 and I-2**, respectively.

The financial transaction for the purchase of the podium and road case was recorded in AASIS by DTSS staff on June 28, 2023, along with scanned copies of the invoice and QuickBooks receipt from Beckett Events, with a transaction date of June 15, 2023. Electronic payment was made on June 29, 2023, to pay the P-Card balance and cleared on July 5, 2023. The funds utilized to pay the P-Card balance were part of the \$447,245 in “transition funds” appropriated by the General Assembly for the Governor’s Office to be used for the purchase of computer equipment and maintenance services for fiscal year 2023.

ALA staff reviewed selected Governor’s Office expenditures from May 1 to December 20, 2023, for any additional purchases of podiums or road cases and identified no additional related expenditures.

A business expense justification statement, which should have been completed by Governor’s Office staff on the day of purchase, was completed after delivery. This form, which is provided in **Appendix J**, states that the expense was incurred for equipment to assist in communication for state employees as they conduct state business.

### **Delivery of the Podium and Road Case**

On July 31, 2023, Virginia Beckett (Beckett Events) informed Governor’s Office staff via email of the completion of the podium and requested a shipping instruction form for the manufacturer, later identified as Miller’s Presentation Furniture; Hannah Stone was copied on this message using her Beckett Events email address. On August 2, 2023, Governor’s Office staff completed and returned the shipping instruction form, along with a map of the Arkansas State Capitol identifying the delivery location, to Hannah Stone and Virginia Beckett using their Beckett Events email addresses. On the same day, Governor’s Office staff informed the Secretary of State’s Office of the upcoming delivery and requested assistance. On August 9, 2023, the podium was delivered in a wooden, palletized crate to the Arkansas State Capitol via freight carrier and unloaded on the freight dock of the State Capitol. Subsequently, the podium was taken to the Capitol basement before final delivery to the Governor’s Office Suite by staff of the Secretary of State’s Office.

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<sup>5</sup> As of January 17, 2024, the credit limit for the P-Card remained at \$25,000.



On August 9, 2023, the day of delivery, Governor's Office staff inquired with the Secretary of State's Office about the location of the delivery crate. Based on ALA interviews, Governor's Office staff discovered shortly after delivery that the height of the podium did not meet order specifications and anticipated potentially returning the podium for modification, hence the need for the delivery crate. According to Governor's Office staff interviewed on December 21, 2023, the podium had not yet been modified. Additionally, the Governor's Office failed to notify DTSS of the delivery of the podium until DTSS staff inquired about its status on September 11.

ALA staff made multiple attempts, through direct communication and through the Governor's Office, to confirm specific customizations of the podium with Miller's Presentation Furniture, Salem Strategies, and Beckett Events and received no responses. Timelines regarding communications with these vendors, as well as questions submitted by ALA to each vendor, are provided in **Appendices B, C, and D**, respectively. Additionally, the Governor's Office was unable to provide formal purchasing documents or a detailed invoice indicating podium customizations requested at the time of order.

A bill of lading, which contains details of the podium shipment (e.g., weight, class, destinations, dimensions, additional shipping services selected, and manufacturer [Miller's Presentation Furniture]; see **Appendix K**) was attached to the delivery crate and shredded by a member of the Governor's Office staff. During interviews with Governor's Office staff, it was stated that the shredding of the bill of lading was inadvertent. Based on electronic communication with the freight carrier, a replacement copy was acquired by Governor's Office staff on October 18, 2023.

On October 13, 2023, ALA staff sighted and measured the podium in the Governor's Office Suite of the Capitol; a photograph of the podium and measurements taken by ALA are provided in **Exhibit I**. In response to inquiry by ALA staff, Governor's Office staff stated the podium was manufactured with specific height customizations (i.e., the Governor's elbow-resting height) and included a light but did not include a microphone or any electronic components. However, ALA was unable to confirm whether the podium contained all custom features requested due to a lack of documentation. None of the three vendors responded to ALA's attempted communication.

A road case for transporting the podium, which was included on the Beckett Events invoice, was shipped separately.

According to an RPA representative, RPA was in contact with Beckett Events, and the road case was delivered in early October to RPA Headquarters in Little Rock. ALA staff requested shipping documentation for the road case from both the Governor's Office and RPA; neither was able to provide documentation of an exact delivery date. ALA's follow-up communication attempts with an RPA representative were unanswered. ALA staff sighted, photographed, and measured the road case at RPA Headquarters on October 13, 2023, as shown in **Exhibit II on page 6**.



### Reimbursement for the Podium and Road Case

According to RPA representatives and Governor’s Office staff, reimbursement to the State for the podium and road case was initiated via phone call to RPA from Governor’s Office staff on September 14, 2023. Subsequently, Governor’s Office staff submitted a copy of the Beckett Events invoice to RPA. The payment was authorized by RPA on the same day, and a check was issued for \$19,029 (see **Appendix L**). The check was picked up by the Executive Assistant to the Governor’s Office Deputy Chief of Staff and hand-delivered to DTSS. ALA was informed during interviews that this same member of the Governor’s Office staff was asked by the Governor’s Office Deputy Chief of Staff to write “To be reimbursed” on the invoice and QuickBooks receipt from Beckett Events, as shown in **Appendix M**. These documents were then attached to the Treasury receipt documentation in AASIS when the check was deposited in the State Treasury on September 15, 2023.

Prior to a FOIA request related to the podium purchase, made on September 11, 2023, there was no indication the Governor’s Office was seeking reimbursement for the cost of the podium and road case. It also should be noted that, during ALA review of documents, three versions of the invoice from Beckett Events were discovered. Two of the three versions included a notation “To be reimbursed – LH,” while one did not. This matter is further discussed on **pages 10 and 11** of the report.

### Objective #2: Determine the Entity with Ownership of the Podium and Road Case

A discussion of relevant law defining the procurement and redistribution of state property is necessary to understand the “life cycle” of the podium and road case.

Ark. Code Ann. § 19-4-1503 allows for two methods of disposal of state property (i.e., removing an asset from AASIS): (1) transfer of property and equipment, including furniture, fixtures, and any and all kinds of office equipment and supplies, from one agency to another if the items are not needed at the time of the transfer or (2) sale of surplus property and equipment of any agency at a reasonable fair value thereof as authorized by Ark. Code Ann. § 25-8-106, which establishes the Marketing and Redistribution (M&R) section of DTSS. Methods of state property disposal are specified in Ark. Code Ann. §§ 19-11-242, 243 and explained in the M&R Regulations promulgated pursuant to that authority. Those methods include the disposal of state property via turn-in document (formerly Surplus Disposal Form [SDF]), certificate of property disposal (CPD), a donation to nonprofit organizations, or an exemption issued by the State Procurement Director.



These referenced Code sections are used in Arkansas Procurement Law (APL) and M&R Regulations and allow the State to track the entire “life cycle” of the procurement of goods and services through AASIS. Based upon interviews conducted by ALA, the Controller of the State of Arkansas (an employee of DFA) opined that the Governor’s Office is exempt from utilizing M&R for disposal because it is a constitutional office. However, the Director of the Office of State Procurement (OSP) stated that he was unclear if the Governor’s Office is exempt from redistribution requirements under M&R Regulations.

Although, as a constitutional office, the Governor’s Office is exempt from procurement law for purchasing, pursuant to Ark. Code Ann. § 19-11-203, ALA maintains that the Office is not exempt from the redistribution requirements of Ark. Code Ann. §§ 19-4-1503, 25-8-106, as interpreted by Op. Att’y Gen. no. 91-416. ALA maintains that the Governor’s Office exemption is limited to Subchapter 2 (Arkansas Procurement Law) of Title 19, Chapter 11, and that the Office is not exempt from Ark. Code Ann. § 25-8-106. Ark. Code Ann. § 25-8-106(b)(2)(A) states that “all state agencies...are required...to utilize the services of the Marketing and Redistribution Section, unless specifically exempted in writing by the State Procurement Director.”

Assets purchased with appropriated state funds should be accounted for in AASIS. As previously noted, purchasing regulations called for issuing a PO for the podium, which would have been attached to an “asset shell” (i.e., a placeholder) in AASIS to track the purchase. Additionally, the Governor’s Office failed to notify DFA and DTSS of the delivery.<sup>6</sup>

When the RPA reimbursed the State for the podium and related costs on September 14, 2023, the podium did not exist as a state asset in AASIS. According to interviews conducted by ALA, staff of DTSS and DFA concluded that an asset would need to be created in AASIS and subsequently removed from the Governor’s Office asset listing to account for the reimbursement from RPA. DTSS and DFA also concluded that a turn-in document submitted to M&R should be used to facilitate this process. On September 25, 2023, DTSS created the asset in AASIS, with a \$0 value, and capitalization date<sup>7</sup> of June 8, 2023, the date of the Beckett Events invoice. On September 27, 2023, a Governor’s Office employee ran an asset report in AASIS; at that time, the podium was still included on the Governor’s Office asset listing. Subsequent discussions between the Governor’s Office and DTSS resulted in the decision by DTSS to remove the podium from AASIS. On October 3, 2023, DTSS, with assistance from DFA, removed the asset using a date of September 14, 2023, the date of the payment from the RPA.

Disposal of the podium and case was never processed through M&R, which is where any change of ownership could have occurred. As previously discussed, the Governor’s Office is exempt from procurement law for purchasing; however, ALA maintains that the Office is not exempt from redistribution requirements of Ark. Code Ann. §§ 19-4-1503, 25-8-106. It should be noted that the Governor’s Office utilized M&R on August 11, 2023, to dispose of other various surplus state property, including two microwaves, an ice and water dispenser, a wooden storage cabinet, a refrigerator, and a tabletop podium.

Staff of the Governor’s Office, DTSS, DFA, and RPA maintained that the custom podium and road case belong to the RPA due to RPA’s reimbursement to the State on September 14, 2023. Additionally, according to RPA staff, the road case belongs to RPA, and the podium will be assessed as personal property of the RPA for 2024.

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<sup>6</sup> On August 15, DFA inquired with the DTSS Administrative Service Manager about the status of the podium and stated that it would need to be capitalized in AASIS when delivered. The DTSS Administrative Services Manager responded that delivery was expected between the end of September and early October. The podium was delivered on August 9, 2023.

<sup>7</sup> “Capitalization date” is the date an asset is assigned value, allowing for it to be depreciated over its useful life.

Nonetheless, as discussed above, the podium and road case were initially paid for with funds appropriated by the General Assembly to the Governor’s Office. The Governor’s Office is considered a constitutional office, and based on Op. Att’y Gen. no. 91-416, Ark. Code Ann. § 19-4-1503 is applicable to it. The Governor’s Office did not follow Ark. Code Ann. §§ 19-4-1503, 25-8-106; did not request an exemption from the State Procurement Director; and did not request credit for state property from DFA. Instead, full payment was directly sought from the RPA. Therefore, ALA maintains that the podium and road case remain state property, based on Op. Att’y Gen. no. 91-416 and Ark. Code Ann. § 19-4-1503.

**Objective #3: Determine a Market Value for Related Goods and Services, Based on Specifications Included on the Vendor’s Invoice and Identified During the Review**

To determine the fair market value of the podium, road case, and other services purchased from Beckett Events by the Governor’s Office, ALA relied on two documents:

- The Beckett Events invoice breakdown, which was provided to the Governor’s Office by Beckett Events on October 9, 2023. As shown in **Appendix N**, the breakdown document lists itemized costs for the podium, road case, podium shipping and delivery, road case delivery, and credit card processing fee. The breakdown document also includes a “consulting fee” not previously disclosed on the Beckett Events invoice.
- The bill of lading (see **Appendix K**).

ALA staff attempted to obtain quotes from vendors for items and services similar to the custom falcon podium and custom reinforced road case, as well as freight shipping and delivery charges for these items. Based on these procedures, costs for (a) the road case, (b) freight shipping of the road case, and (c) freight shipping of the podium appear reasonable.

ALA was unable to determine the reasonableness of the cost of the podium due to custom specifications, nor could ALA determine the reasonableness of the consulting fee noted on the breakdown of the Beckett Events invoice. As reflected in **Appendices B, C, and D**, ALA made numerous attempts via telephone, certified mail, and email to obtain the specific custom features of the podium directly from Miller’s Presentation Furniture, Salem Strategies, and Beckett Events. When ALA’s attempts to obtain responses from the vendors were unsuccessful, ALA requested assistance from the Governor’s Office. The Governor’s Office did not contact Miller’s Presentation Furniture in December 2023 or in January 2024 when requested by ALA. The Governor’s Office provided assistance in November 2023 by sending one email communication to both Hannah Stone and Virginia Beckett containing ALA’s list of proposed questions regarding the podium. ALA contacted the Governor’s Office again on December 18, 2023, and asked Governor’s Office staff to communicate ALA’s proposed questions regarding the podium to the vendors; seek immediate responses from the vendors; and notify ALA of the communication attempts by January 10.

Subsequent to the January 10 deadline, ALA again asked the Governor’s Office to communicate ALA’s questions to the vendors, seek immediate responses, and provide ALA with all communication attempts with the vendors. The Governor’s Office Legal Counsel responded via email to ALA Legal Counsel that the Governor’s Office had not had any additional communication with the vendors. It should be noted that, on November 22, 2023, the Governor’s Office Legal Counsel sent an email to Hannah Stone and Virginia Beckett using their email addresses at both Beckett Events and Salem Strategies. Finally, the Governor’s Office sent one additional email to Hannah Stone and Virginia Beckett in January 2024 but failed to attach ALA’s list of proposed questions regarding the podium. None of the three vendors responded to ALA’s attempted communications.



All three vendors were out-of-state businesses without sufficient personal contacts to the State of Arkansas for which a subpoena to produce records, pursuant to Ark. Code § 10-4-421(a), could have been utilized. Ark. Code § 10-4-421(a) allows the Legislative Auditor, in connection with an audit of any entity of the State, to subpoena records or summon and subpoena a person to appear and produce records in connection with an audit approved by the LJAC. However, there exists no legislative mechanism for which ALA could have required any of the out-of-state vendors to comply with the requests for documentation to support the podium and road case purchase.

It should be noted that similar **non-customized** falcon style podiums can be purchased from online vendors starting at approximately \$7,000, as opposed to the \$11,575 amount allocated to the custom falcon podium listed on the Beckett Events invoice breakdown provided in **Appendix N**.

#### **Objective #4: Review Transactions and Events Related to the Podium and Road Case Purchase for Propriety and Compliance with Applicable Arkansas Laws**

ALA staff noted potential noncompliance with Arkansas Code regarding transactions and events related to the purchase of the podium and road case, as discussed below.

##### **Freedom of Information Act**

ALA's understanding of FOIA compliance procedures used by the Governor's Office and DTSS is based on interviews with DTSS and Governor's Office staff. Financial transactions for the Governor's Office are recorded in AASIS by DTSS employees, and documentation supporting those financial transactions is to be provided by the Governor's Office and retained by DTSS, which routinely receives FOIA requests related to financial transactions of the Governor's Office. When DTSS receives a FOIA request related to financial transactions of the Governor's Office, the requested information is compiled and reviewed by DTSS, and protected information (e.g., personal contact information or individualized banking information) is redacted. The information is then provided to the Governor's Office for further review. Once the Governor's Office review is complete, the information is returned to DTSS and ultimately provided to the FOIA requester by electronic transmission, facsimile, or hard copy, per Ark. Code Ann. § 25-19-105(d)(3), or as otherwise specified in the initial FOIA request.

During the course of the review, ALA staff selected a request for public information related to the podium, as well as two additional requests for information not related to the podium, made under FOIA. For each FOIA response, ALA staff reviewed the documents compiled by DTSS and compared them with the final documents provided to the requester. The three selected "Requests" are discussed individually beginning on **page 10**.

##### *Relevant Arkansas Code Sections*

A basic explanation of relevant Arkansas Code sections is important for understanding how each request for documents included in ALA's review was analyzed.

Ark. Code Ann. § 25-19-105(a)(1)(A) mandates that, except as otherwise specifically provided by this section or by laws specifically enacted to provide otherwise, all public records shall be open to inspection and copying, including without limitation copying through image capture, including still and moving photography and video and digital recording, by any citizen of the State of Arkansas during the regular business hours of the custodian of the records. However, subsection (b) of this statute says it is the specific intent of this section that the following shall not be deemed to be made open to the public under the provisions of this chapter: "(7) Unpublished memoranda, working papers, and correspondence of the Governor, members of the General Assembly, Supreme Court Justices, Court of Appeals Judges and the Attorney General [;]" (Ark. Code Ann. § 25-19-105(b)(7)).

“Custodian” of the record, for purposes of production pursuant to FOIA, is defined at Ark. Code Ann. § 25-19-103(1)(A) and (B) as follows: “except as otherwise provided by law and with respect to any public record, means the person having administrative control of that record.” “Custodian” does not mean a person who holds public records solely for purposes of storage, safekeeping, or data processing for others. Based on interviews with staff of DTSS and the Governor’s Office, DTSS was considered the “custodian” of the record for the financial transactions of the Governor’s Office by both the Governor’s Office staff and DTSS staff. Both DTSS staff and Governor’s Office staff were directly involved in responding to FOIA requests for documents. Op. Att’y Gen. no. 2002-228 states that determining the responsible “custodian” of a record for purposes of FOIA production is a factually specific inquiry, largely determined by who or what entity has “administrative control” over a public record. Clarification may be necessary from the General Assembly in determining the custodian of record for the Governor’s Office.

*Request #1*

DTSS compiled and reviewed documentation in response to a FOIA request, made on September 11, 2023, related to the purchase of the podium or similar equipment, as well as other selected expenditures of the Governor’s Office. Through review of electronic communication of and between the Governor’s Office and DTSS, as well as information obtained during interviews with staff from each office, ALA determined the following regarding the FOIA request:

- DTSS compiled 151 pages of documentation for review on September 11, 2023.
  - ⇒ Upon further review, DTSS staff excluded:
    - 8 invoices related to expenses incurred for events held at the Governor’s Mansion and paid for with Governor’s Mansion funds.
    - 2 invoices related to postage fees.
    - 2 invoices related to custom framing and glass purchase.
    - 1 duplicated invoice.
    - 1 invoice dated December 2022, which was outside the timeframe of the FOIA request.
- DTSS provided to the requester 140 pages of documentation on September 15, 2023.
  - ⇒ 137 documents were originally compiled by DTSS.
  - ⇒ 2 documents (an invoice and reimbursement check) were related to travel expenses of Governor’s Office staff. ALA was unable to determine whether the Governor’s Office had previously provided these documents to DTSS.
  - ⇒ 1 invoice from Beckett Events with the notation “To be reimbursed – LH.” This document is provided in **Appendix O on page O-2** and discussed on **page 11** as **Version B** of the Beckett Events invoice.

**ALA review of the documents DTSS compiled compared to the documents DTSS provided to the requester revealed that DTSS excluded invoices related to postage, custom framing, and glass, all paid for with a Governor’s Office credit card, in potential noncompliance with Ark. Code Ann. § 25-19-105.**

During this review, ALA staff identified three different versions of the same Beckett Events invoice for the podium and road case, as described below:

- Version A:** On September 14, 2023, the Executive Assistant to the Governor’s Office Deputy Chief of Staff (Executive Assistant) delivered the check from RPA, reimbursing the State for the podium and road case, to the DTSS office. The Executive Assistant asked the DTSS Administrative Services Manager to print the documentation related to the podium and road case purchase from AASIS (see **Appendix I**). The invoice and the QuickBooks receipt were printed, and the Executive Assistant then made a notation “To be reimbursed – LH” on both documents. ALA was informed during interviews that the Governor’s Office Deputy Chief of Staff asked the Executive Assistant to make the notation “To be reimbursed.” This version of the Beckett Events invoice (Version A) was provided to the Executive Assistant on September 15 by email from the DTSS Administrative Services Manager and is shown in **Appendix M on page M-1** and in **Appendix O on page O-1**. The version of the QuickBooks receipt containing “To be reimbursed – LH” is provided in **Appendix M on page M-2**. Both of these documents were attached to the Treasury deposit of the RPA payment to the State. Version B of the Beckett Events invoice, discussed below, also contains a handwritten notation “To be reimbursed – LH” that is different in appearance than the notation on Version A.
- Version B:** On the morning of September 15, 2023, the Governor’s Office requested DTSS staff email a copy of the Beckett Events invoice with the added handwritten notation to the Governor’s Office. DTSS staff responded that the invoice would be attached to the Treasury receipt to be sent later in the afternoon. Version B of the Beckett Events invoice includes a handwritten notation “To be reimbursed – LH” and is provided in **Appendix O on page O-2**. Later that same day, DTSS staff sent the Treasury receipt for the podium reimbursement, with a Beckett Events invoice and QuickBooks receipt attached, to the Governor’s Office; the version of the Beckett Events invoice sent from DTSS to the Governor’s Office is referred to as Version A (as discussed above). Version A also includes a handwritten notation “To be reimbursed – LH,” but the notation is different in appearance from the notation on Version B. Version B of the Beckett Events invoice was not attached to the Treasury deposit of the RPA payment to the State.
- Version C:** Version C of the Beckett Events invoice was included in supporting documentation for the transaction in AASIS to record the expenditure and is provided in **Appendix I on page I-1** and in **Appendix O on page O-3**. This version appears to be a copy of the original invoice that was sent from Beckett Events (i.e., Version A) to Governor’s Office staff on June 8, 2023.

Version B of the Beckett Events invoice (with handwritten notation) and Version C (without handwritten notation) were provided to the requester of documents under FOIA. Version A and the QuickBooks receipt, both containing a handwritten notion and both attached to the Treasury receipt, were not provided to the requester of documents under FOIA. During ALA interviews with staff of DTSS and the Governor’s Office, ALA established that the Executive Assistant to the Governor’s Office Deputy Chief of Staff made the handwritten notation “To be reimbursed – LH” to the public record (i.e., Version A and Version B of the Beckett Events invoice) after it was entered into AASIS on June 28, 2023. **ALA maintains this handwritten notation, which altered the public record, potentially conflicts with the language expressed in Ark. Code Ann. § 5-54-121 and interpreted by *Williams v. State*, 346 Ark. 304, 57 S.W.3d 706 (Oct. 25, 2001).**

*Request #2*

DTSS staff gathered and provided 197 pages of documents in response to the second request reviewed. Other than redactions of selected information by DTSS, ALA staff concluded the gathered information was provided to the requester.

*Request # 3*

DTSS staff gathered and provided 29 pages of documents in response to the third request reviewed. Other than redactions of selected information by DTSS, ALA staff concluded the gathered information was provided to the requester.

**Financial Management**

Under the authority of Ark. Code Ann. § 19-4-1101(a), expenditures of *all funds deposited into the treasury* shall be subject to examination and approval before the proposed expenditure is approved for payment from such funds [emphasis added]. Based on ALA’s interpretation of Ark. Code Ann. § 19-4-1101(a), the Governor’s Office is subject to Ark. Code Ann. § 19-4-1103, which requires the executive head of a state agency to establish internal controls and procedures to ensure prompt and accurate payment of obligations and establish adequate administrative procedures to ensure that all financial transactions are posted in AASIS in accordance with procedures established by the Chief Fiscal Officer (CFO) of the State. Ark. Code Ann. § 19-4-1103(b) also states that the agency head is responsible for determining that services, materials, supplies, and equipment received comply with specifications indicated on purchase documents and that quantities received, as being indicated on the invoice, agree with those shown on the receiving report. Finally, Ark. Code Ann. § 19-4-1206 requires the bonded disbursing officer of an agency to be held responsible for the proper expenditure of funds under his or her control, which includes certifying that services have been performed or goods received.

**Prepayment for the podium prior to delivery resulted in a potential violation of Ark. Code Ann. § 19-4-1206(b)(3)(B) by the bonded disbursing officer. The Governor’s Office potentially failed to meet requirements of Ark. Code Ann. § 19-4-1103(b) by issuing payment prior to the podium being delivered; failing to notify DTSS of the delivery of the podium, which prohibited the transaction from being properly recorded and capitalized in AASIS; and not having any formal purchasing documents or a detailed invoice prior to payment to ensure the podium met specifications.** Based upon interviews conducted with Governor’s Office staff, the podium does not meet custom height specifications. As to the responsibility for ensuring delivery of goods prior to payment, clarification may be necessary from the General Assembly in defining the disbursing officer of the Governor’s Office.

**Use of Appropriated Funds**

As described in **Appendix E**, the Governor’s Office requested and received additional appropriation “to be used to purchase the necessary computer equipment and maintenance services of the staff of the Governor’s Office” during fiscal year 2023. The increased appropriation of \$447,245, requested by the Governor’s Office and approved by the Joint Budget Committee in January 2023, was allocated among Operating Expenses, Professional Fees, and Capital Outlay in the amounts of \$347,245, \$14,000, and \$86,000, respectively. The podium purchase was applied to Operating Expenses. Ark. Code Ann. § 19-4-522(d)(1) defines “operating expenses” as including but not limited to the following: equipment not capitalized. **ALA staff maintain that Ark. Code Ann. § 19-4-522(d)(1)(N) does not allow for the purchase of equipment subject to capitalization.**



As previously established, the Governor's Office is a "state agency" for purposes of the GABPL cited at Ark. Code Ann. § 19-4-101 et seq. Included as part of the GABPL is an obligation upon the CFO of the State to prescribe and establish a uniform system of perpetual inventory for property and equipment with a central control being established and maintained in DFA (Ark. Code Ann. § 19-4-1501). Subdivision (2) of Ark. Code Ann. § 19-4-1501 calls upon DFA to require that the addition and redistribution of all new property or equipment added be promptly reported upon such forms and in such detail as shall be required. This statutory mandate caused the establishment of the Capital Asset Guidelines for DFA, which outline a standard capitalization threshold for "equipment added to a state agency's asset list." The Capital Asset Guidelines for DFA specify a capitalization threshold for equipment of \$5,000. In order for equipment to be classified as an "operating expense," the equipment may not be capitalized, per Ark. Code Ann. § 19-4-522(d)(1)(N). ALA was unable to locate any statutory provision exempting the Governor's Office from the provisions governing DFA's Capital Asset Guidelines for property, and the audited financial statements of the Governor's Office have historically included this same threshold for recording capital assets for financial statement purposes.

Communication between Governor's Office Staff and DTSS revealed the transaction was to be "error corrected" to Capital Outlay; however, no documentation has been provided to verify the error correction occurred. Ark. Code Ann. § 19-4-522(d)(4) defines "capital outlay" as "including the following expenses but is not necessarily limited thereto by virtue of other classifications recognized by this subchapter: purchase of land, buildings, equipment, furniture, and fixtures; and contractual agreements, all of which are to be capitalized from the maintenance and general operation classification of appropriation."

ALA also questions whether the custom podium and the road case meet the definition of "computer equipment" or "maintenance services" for which the additional appropriation was authorized. While there is special language in Section 80 of Act 199 of the Fiscal Session of 2022 relating to the additional appropriation provided to the Governor's Office, ALA's opinion is that this language is insufficient to restrict the appropriation to the specific purpose of the request submitted to the General Assembly via the Joint Budget Committee. ALA recommends that the General Assembly consider additional language, such as that included in subsection (vi) in Section 40 or Section 41 of Act 199 of the Fiscal Session of 2022, to restrict appropriations provided under the Various Temporary Appropriation for State Agencies and Institutions appropriation section (Section 33 of Act 199 of the Fiscal Session of 2022) in the annual appropriations of the disbursing officer of DFA.

### **Disposal of Surplus Property**

ALA maintains the podium and road case are state property pursuant to Op. Att'y Gen. no. 91-416. As such, the podium and road case should have been disposed of pursuant to the mandates of Ark. Code Ann. § 25-8-106. **The Governor's Office did not request an exemption from the State Procurement Director for disposal of state property or request credit for state property from DFA, in potential noncompliance with Ark. Code Ann. §§ 19-4-1503, 25-8-106.** Instead, the Governor's Office directly sought full payment for the podium and case from the RPA.

### **Document Retention**

**The Governor's Office potentially violated Ark. Code Ann. §§ 19-4-1107(2)(A), 19-4-1108(a) requiring the retention of original documents with the business office of the agency when a Governor's Office staff member shredded the bill of lading.** During interviews with Governor's Office staff, it was stated that the shredding of the bill of lading was inadvertent. Both Code sections mandate retention of original evidences of indebtedness by the business office of the state agency.

Ark. Code Ann. § 19-4-2104 states that no disbursing officer of state funds shall approve any expenditure from maintenance and operations funds for expenses of a constitutional officer or an employee of a constitutional officer unless the request for the expenditure is accompanied by required documentation. The Governor’s Office is required by Ark. Code Ann. § 19-4-2102(a) to file with the disbursing officer “for all expenditures exceeding twenty-five dollars (\$25.00)...documents to substantiate expenditures for transportation, lodging, food, or any other expense to be paid from the maintenance and operations moneys appropriated by the General Assembly.” These documents include a copy of the vendor’s invoice or receipt, a statement of the purpose of the expenditure, and the names of persons for which the expenditure was incurred. The Governor’s Office provided a copy of a business expense justification statement for the purchase of the podium. The form was completed some time after delivery of the podium, rather than on the day it was purchased. **ALA maintains this delayed creation of the business expense justification form is a potential violation of Ark. Code Ann. § 19-4-2104.** Clarification may be necessary from the General Assembly in determining the business office and disbursing officer of the Governor’s Office.

## **SUMMARY**

In response to a request approved by the LJAC, ALA reviewed transactions surrounding the purchase of a custom podium and road case; a timeline of events related to the purchase is provided in **Appendix A**. Governor’s Office communications regarding the purchase were initially with Hannah Stone (representing Salem Strategies); Virginia Beckett (representing Beckett Events) was subsequently included. Both Hannah Stone and Virginia Beckett had email accounts associated with Salem Strategies and Beckett Events; therefore, it appears they worked with both companies.

Salem Strategies provided a draft schematic for a custom podium, prepared by Harbinger; an original estimate of \$10,000 to \$15,000 for a custom podium; and preliminary invoices for the podium ordered (see **Appendices G and H**). However, Beckett Events provided the final invoice, dated June 8, 2023, and totaling \$19,029:

- \$18,475 for the custom falcon podium, custom road case, taxes, and shipping.
- \$554 for a 3% credit card processing fee.

The final invoice from Beckett Events is provided in **Appendix I on page I-1**. During interviews with ALA, Governor’s Office staff indicated the Governor questioned the increased cost from the original estimate. It should be noted that while preliminary invoices were provided by Hannah Stone (Salem Strategies), the final invoice was sent via email by Virginia Beckett (Beckett Events); Hannah Stone was copied on this email as a representative of Beckett Events (i.e., using a Beckett Events email address), rather than as a representative of Salem Strategies. It should also be noted that, during review of documents, ALA discovered three versions of the invoice from Beckett Events. Two of the three versions included a notation “To be reimbursed – LH,” while one did not.

A breakdown of the Beckett Events invoice subsequently provided by Beckett Events to the Governor’s Office on October 9 (see **Appendix N**) indicated the costs as follows:

- \$11,575 for the podium.
- \$2,500 for a consulting fee.
- \$2,200 for the road case.
- \$1,225 for freight shipping and hand delivery of the podium.
- \$975 for freight shipping of the road case.
- \$554 for a 3% credit card processing fee.

ALA determined that the costs for the road case, freight shipping of the road case, and freight shipping of the podium appear reasonable but could not determine the reasonableness of the consulting fee. Additionally, ALA could not determine the reasonableness of the cost of the podium due to lack of vendor responses to ALA's communication attempts and lack of documentation regarding custom specifications. ALA staff made multiple attempts through direct communication with Miller's Presentation Furniture, Salem Strategies, and Beckett Events to confirm specific customizations of the podium and received no responses. Timelines regarding communications with these vendors, as well as questions submitted by ALA to each vendor, are provided in **Appendices B, C, and D**, respectively. Additionally, in November 2023, ALA Legal Counsel requested assistance from the Governor's Office in contacting these vendors with ALA's questions. The Governor's Office provided assistance in November 2023 by sending one email communication to both Hannah Stone and Virginia Beckett containing ALA's list of proposed questions regarding the podium. The Governor's Office did not contact Miller's Presentation Furniture in December 2023 or in January 2024 when requested by ALA. Finally, the Governor's Office sent one additional email to Hannah Stone and Virginia Beckett in January 2024 but failed to attach ALA's list of proposed questions regarding the podium. None of the three vendors responded to ALA's attempted communications.

Governor's Office staff stated to ALA that the podium was manufactured with specific height customizations (i.e., the Governor's elbow-resting height) and included a light but did not include a microphone or any electronic components. However, ALA was unable to confirm this information due to a lack of formal purchasing documents or a detailed invoice listing custom specifications. Additionally, ALA Legal Counsel contacted the Governor's Office Legal Counsel to offer the Governor an opportunity to speak with ALA staff. The Governor declined the offer to speak with or provide a statement to ALA.

On June 12, 2023, a P-Card assigned to the Executive Assistant to the Governor's Office Deputy Chief of Staff, rather than a PO, was used to pay for the podium, road case, and related costs; therefore, these assets were not tracked in AASIS. The funds utilized to pay the P-Card balance were part of \$447,245 in "transition funds" requested from the General Assembly by the Governor's Office to be used to purchase "computer equipment and maintenance services" for fiscal year 2023 (see **Appendix E**). ALA questions whether the podium and road case meet the definition of "computer equipment" or "maintenance services" for which the additional appropriation was authorized.

On August 9, 2023, the day of podium delivery to the Arkansas State Capitol, Governor's Office staff discovered that the height of the podium did not meet order specifications. As of December 21, 2023, the podium had not yet been modified, according to Governor's Office staff. The Governor's Office failed to notify DTSS of the delivery of the podium until DTSS staff inquired about its status on September 11. ALA sighted and measured the podium and road case on October 13 at the Governor's Office Suite of the State Capitol and RPA Headquarters, respectively (see **Exhibit I on page 5** and **Exhibit II on page 6**). Neither Governor's Office staff nor RPA could provide documentation of an exact delivery date for the road case.

At the request of the Governor's Office, RPA reimbursed the State \$19,029 for the podium and related costs on September 14, 2023 (see **Appendix L**). Prior to the FOIA request related to the podium purchase, made on September 11, there was no indication the Governor's Office was seeking reimbursement for the cost of the podium and road case. Additionally, under Op. Att'y Gen. no. 91-416 and Ark. Code Ann. §§ 19-4-1503, 25-8-106, ALA maintains that the podium and road case remain state property and should have been disposed of through M&R.

### **Areas of Potential Noncompliance with State Law**

ALA noted that, in response to a FOIA request, DTSS excluded multiple invoices paid for with a Governor’s Office credit card, in potential noncompliance with Ark. Code Ann. § 25-19-105.

ALA noted the following areas of potential noncompliance by the Governor’s Office:

- Payment for the podium before it was delivered resulted in a potential violation of Ark. Code Ann. § 19-4-1206(b)(3)(B) by the bonded disbursing officer.
- The podium purchase was applied to operating expenses, in potential noncompliance with Ark. Code Ann. § 19-4-522(d)(1)(N), which does not allow for the purchase of equipment subject to capitalization to be allocated to operating expenses.
- DTSS was not notified of the delivery, which prohibited the transaction from being properly recorded and capitalized in AASIS, and formal purchasing documents or a detailed invoice was not obtained prior to payment to ensure the podium met custom height specifications, in potential noncompliance with Ark. Code Ann. § 19-4-1103(b).
- An exemption from the State Procurement Director for disposal of state property was not sought, nor was credit for state property requested from DFA, in potential noncompliance with Ark. Code Ann. §§ 19-4-1503, 25-8-106. Instead, the Governor’s Office directly sought reimbursement for the podium and case from the RPA.
- The bill of lading (see **Appendix K**) was shredded by a member of the Governor’s Office staff, in potential violation of requirements for document retention found in Ark. Code Ann. §§ 19-4-1107(2)(A), 19-4-1108(a).
- The business expense justification statement (see **Appendix J**) was not created by Governor’s Office staff on the day of podium purchase, in potential violation of Ark. Code Ann. § 19-4-2104.
- During review of a FOIA request related to the podium purchase, ALA discovered three versions of the Beckett Events invoice (see **Appendix O**), two of which contained the handwritten notation “To be reimbursed – LH.” The Executive Assistant to the Governor’s Office Deputy Chief of Staff made the handwritten notations, altering the public record after it was entered into AASIS on June 28, 2023, in potential conflict with language expressed in Ark. Code Ann. § 5-54-121 and interpreted by *Williams v. State*, 346 Ark. 304, 57 S.W.3d 706 (Oct. 25, 2001).

### **RECOMMENDATIONS**

ALA recommends that DTSS and its staff comply with FOIA regarding provision of public information to requesters.

ALA recommends that the Governor’s Office:

- Establish adequate internal controls to ensure that payment for purchases is not issued prior to delivery and that all purchases are properly accounted for in AASIS.



- Retain all original documentation related to the purchase and delivery of goods.
- Ensure timely completion of required forms related to expenditures.
- Dispose of state property using methods prescribed by Arkansas Code.
- Ensure that the public record is not altered.
- Comply with FOIA regarding provision of public information to requesters.

ALA recommends that the General Assembly consider:

- Defining the disbursing officer and business office of the Governor's Office, especially regarding the responsibility for ensuring delivery of goods prior to payment.
- Clarifying the custodian of record for the Governor's Office for purposes of FOIA.
- Adding language, such as that included in subsection (vi) in Section 40 or Section 41 of Act 199 of the Fiscal Session of 2022, to restrict appropriations provided under the Various Temporary Appropriation for State Agencies and Institutions appropriation section (Section 33 of Act 199 of the Fiscal Session of 2022) in the annual appropriations of the disbursing officer of DFA.

This report has been forwarded to the Sixth Judicial District Prosecuting Attorney and the Attorney General.

## **MANAGEMENT RESPONSE**

Management's response to the report is provided in its entirety in **Appendix P**. ALA's remarks regarding the management response are provided in **Appendix Q**.

# Appendices

**Appendix A** – Arkansas Governor’s Office – Timeline of Events Related to the Procurement of, Delivery of, and Reimbursement for a Custom Podium and Road Case – For the Period January 17, 2023 through February 8, 2024

**Appendix B** – Arkansas Legislative Audit (ALA) – Timeline of Communication Attempts Regarding Miller’s Millworks (dba Miller’s Presentation Furniture) and Questions Provided – For the Period October 25, 2023 through January 23, 2024

**Appendix C** – Arkansas Legislative Audit (ALA) – Timeline of Communication Attempts Regarding Salem Strategies and Questions Provided – For the Period November 17, 2023 through January 11, 2024

**Appendix D** – Arkansas Legislative Audit (ALA) – Timeline of Communication Attempts Regarding Beckett Events and Questions Provided – For the Period November 17, 2023 through January 11, 2024

**Appendix E** – Arkansas Governor’s Office – Request for Additional Appropriation – January 17, 2023

**Appendix F** – Draft Schematics of a Falcon Style Podium – Provided by Salem Strategies – March 6, 2023

**Appendix G** – Salem Strategies Invoice – May 23, 2023

**Appendix H** – Salem Strategies Invoice – May 30, 2023

**Appendix I** – Beckett Events Invoice (June 8, 2023) and QuickBooks Receipt (June 12, 2023)

**Appendix J** – Arkansas Governor’s Office – Business Expense Justification Statement

**Appendix K** – Bill of Lading for Podium Shipment

**Appendix L** – Republican Party of Arkansas – Check Payable to the State of Arkansas for Reimbursement of Podium and Related Costs

**Appendix M** – Beckett Events Invoice and QuickBooks Receipt – Attached in AASIS to Treasury Deposit – September 15, 2023

**Appendix N** – Breakdown of Beckett Events Invoice – Provided by Beckett Events to the Arkansas Governor’s Office – October 9, 2023

**Appendix O** – Comparison of Three Versions of the Beckett Events Invoice

**Appendix P** – Management Response

**Appendix Q** – Arkansas Legislative Audit (ALA) – Remarks Regarding the Management Response

## Appendix A

### Arkansas Governor's Office Timeline of Events Related to the Procurement of, Delivery of, and Reimbursement for a Custom Podium and Road Case For the Period January 17, 2023 through February 8, 2024

2023	Event
January 17	The Governor's Office requested from the Department of Finance and Administration (DFA) additional appropriation of \$447,245 for fiscal year 2023 for the purchase of "necessary computer equipment and maintenance services."
January 26	The additional appropriation, referred to and tracked in the Arkansas Administrative Statewide Information System (AASIS) as "transition funds," were approved by the Joint Budget Committee of the General Assembly.
Early February	At the request of the Governor's Office Director of Public Affairs, the Governor's Office Deputy Director of Public Affairs contacted Hannah Stone (Salem Strategies) to request information on portable podiums.
February 22	The Governor's Office requested a quote from Hannah Stone (Salem Strategies) for a podium similar to the one provided by Salem Strategies and used during the Governor's inauguration ceremony.
March 6	Hannah Stone (Salem Strategies) provided the Governor's Office with a draft podium design and estimated cost of \$10,000 to \$15,000.
March 24	The Governor's Office Deputy Director of Public Affairs obtained a range of prices for podiums, lighting systems, and sound systems from an Arkansas-based vendor.
April 12	The Governor's Office Deputy Director of Public Affairs communicated approval of the podium purchase to Hannah Stone (Salem Strategies).
April 13	Hannah Stone added Virginia Beckett (Beckett Events) to conversations about the podium purchase. <b>(Note 1)</b>
Early to mid May	The Governor's Office and Hannah Stone (Salem Strategies) exchanged multiple communications regarding podium measurements.
May 23	The Governor's Office received an invoice from Hannah Stone (Salem Strategies) for \$21,475 for the podium, a road case, taxes, and shipping. The Governor's Office Director of Public Affairs sent an email to Hannah Stone (Salem Strategies) questioning the increased cost over the quote of \$10,000 to \$15,000 given on March 6.
May 27	The Governor's Office Director of Public Affairs sent a follow-up email to Hannah Stone (Salem Strategies) questioning the increased cost over the quote of \$10,000 to \$15,000 given on March 6.
May 30	The Governor's Office received a second invoice from Hannah Stone (Salem Strategies) for \$18,475.
May 31	The Department of Transformation and Shared Services (DTSS) Controller explained by email to the Executive Assistant to the Governor's Office Deputy Chief of Staff that state purchasing regulations do not allow prepayment for purchases; instead, a purchase order (PO) could be issued for the podium purchase, but payment could not be released until the item was delivered.
June 1	At the request of Governor's Office staff, DTSS authorized the purchase to be made with a Purchasing Card (P-Card).
June 2	DTSS Chief of Staff authorized an increase in the credit limit of a P-Card from \$5,000 to \$25,000 to accommodate the purchase of the podium; this P-Card was assigned to the Executive Assistant to the Governor's Office Deputy Chief of Staff. <b>(Note 2)</b>
June 8	The Governor's Office received a final invoice for the podium purchase, totaling \$19,029, from Virginia Beckett (Beckett Events). Hannah Stone was copied on this email as a representative of Beckett Events (i.e., using a Beckett Events email address), rather than as a representative of Salem Strategies.
Early June	The Governor questioned the increased cost of the podium over the original estimate of \$10,000 to 15,000. The Governor approved the final purchase amount for the podium, and the invoice was paid using the P-Card.
June 13	Virginia Beckett (Beckett Events) provided receipt of payment for the podium to the Governor's Office via email and copied Hannah Stone using her Beckett Events email address.
June 28	The DTSS Administrative Services Manager recorded the final transaction for purchase of the podium in AASIS, with a transaction date of June 15, 2023, along with the invoice and QuickBooks receipt from Beckett Events.
June 29	Electronic payment was made to pay the balance on the P-Card.

Appendix A (Continued)

2023	Event
July 5	The payment for the P-Card balance cleared the bank.
July 31	Virginia Beckett (Beckett Events) informed the Governor's Office Deputy Director of Public Affairs via email that the podium was complete and requested the Governor's Office complete and return a shipping instruction form; Hannah Stone was copied on this message using her Beckett Events email address.
August 2	The Executive Assistant to the Governor's Office Deputy Chief of Staff completed and returned shipping instruction documents and a map of the Arkansas State Capitol to Hannah Stone and Virginia Beckett using their Beckett Events email addresses. The Secretary of State's Office was also informed of the upcoming delivery, and the assistance of its staff was requested by the Governor's Office.
August 9	<p>The podium was delivered in a wooden, palletized crate to the Arkansas State Capitol via freight carrier, unloaded on the freight dock of the State Capitol, and taken to the basement before final delivery to the Governor's Office Suite by staff of the Secretary of State's Office.</p> <p>The Executive Assistant to the Governor's Office Deputy Chief of Staff contacted the Secretary of State's Office to ask whether it still possessed the wooden shipping crate due to the podium not meeting order specifications and potentially needing to be returned for modification.</p>
August 11	The Governor's Office utilized Marketing and Redistribution (M&R) to dispose of various surplus state property, including two microwaves, an ice and water dispenser, a wooden storage cabinet, a refrigerator, and a tabletop podium.
August 15	<p>DFA inquired with the DTSS Administrative Service Manager about the status of the podium and stated that it would need to be capitalized in AASIS when delivered.</p> <p>Unaware that the podium was delivered on August 9, the DTSS Administrative Services Manager responded that delivery was expected between the end of September and early October.</p>
September 11	<p>DTSS received a request for public information related to the podium under the Freedom of Information Act (FOIA).</p> <p>The DTSS Administrative Services Manager emailed the Executive Assistant to the Governor's Office Deputy Chief of Staff to inquire about the status of the podium and was informed that it was delivered on August 9.</p> <p>DTSS compiled 151 pages of documentation in response to the FOIA request.</p>
September 14	<p>The Governor's Office Deputy Chief of Staff asked the Republican Party of Arkansas (RPA) to reimburse the State for the podium purchase. <b>(Note 3)</b></p> <p>RPA issued a check to the State for \$19,029.</p> <p>The Executive Assistant to the Governor's Office Deputy Chief of Staff picked up the check from RPA and hand-delivered the check to the DTSS Administrative Services Manager for deposit into the State Treasury.</p> <p>While at the DTSS Office, the Executive Assistant to the Governor's Office Deputy Chief of Staff asked the DTSS Administrative Services Manager to print a copy of the Beckett Events invoice and QuickBooks receipt from AASIS and made a notation "To be reimbursed - LH" on the invoice and QuickBooks receipt. ALA was informed during interviews that the Governor's Office Deputy Chief of Staff asked the Executive Assistant to make the notation "To be reimbursed." The report refers to this version of the invoice as Version A. <b>(Note 4)</b></p>
September 15	<p>The Governor's Office requested that the Executive Assistant to the Governor's Office Deputy Chief of Staff email a copy of the Beckett Events invoice with the added handwritten notation to the Governor's Office. DTSS staff responded that the invoice would be attached to the Treasury receipt to be sent later in the afternoon.</p> <p>The check from RPA was deposited into the State Treasury, and an invoice and QuickBooks receipt from Beckett Events (referred to in the report as Version A) were attached to the Treasury receipt documentation.</p> <p>DTSS staff sent the Treasury receipt for the podium reimbursement, with a Beckett Events invoice and QuickBooks receipt (Version A) attached, to the Governor's Office.</p> <p>DTSS provided 140 pages of documentation to the requester in response to the FOIA request made on September 11. <b>(Note 5)</b></p>
September 25	The DTSS Chief of Staff instructed the DTSS Administrative Services Manager to create an asset in AASIS for the podium, with a \$0 value and capitalization date of June 8, 2023, the date of the Beckett Events invoice.
September 27	A Governor's Office employee ran an asset report in AASIS; the podium was still included on the Governor's Office asset listing.



## Appendix A (Continued)

2023	Event
October 3	With the assistance of DFA, the DTSS Administrative Services Manager removed the asset from AASIS using a date of September 14, 2023, the date of the reimbursement from RPA.
October 9	The Governor's Office received a breakdown of the invoice from Beckett Events in anticipation of a request for an audit, according to the Governor's Office Deputy Chief of Staff.
October 12	The Executive Committee of the Legislative Joint Auditing Committee (LJAC) approved a request for Arkansas Legislative Audit (ALA) to review the purchase of the podium from Beckett Events for the use of the Governor's Office.
October 13	The full LJAC approved the request for ALA to review the purchase of the podium from Beckett Events for the use of the Governor's Office. ALA staff sighted and measured the podium and road case at the Governor's Office Suite in the Arkansas State Capitol and the Headquarters of the RPA, respectively.
October 16	ALA requested from DTSS and the Governor's Office supporting documentation, as well as internal and external communications, regarding the purchase and delivery of the podium and road case; DTSS provided the Beckett Events invoice and QuickBooks receipt related to the purchase. <b>(Note 6)</b>
October 18	The Executive Assistant to the Governor's Office Deputy Chief of Staff received a replacement copy of the bill of lading for the podium from the freight carrier.
October 19	The Governor's Office provided supporting documentation requested by ALA on October 16.
2024	Event
February 2	ALA Legal Counsel contacted the Governor's Office Legal Counsel to offer the Governor an opportunity to speak with ALA staff regarding this review.
February 8	The Governor's Office Legal Counsel responded that the Governor declined the offer to speak with or provide a statement to ALA.
Date Unknown	The road case was delivered to RPA Headquarters; it was sighted by ALA on <b>October 13</b> . The Governor's Office completed a business expense justification statement some time after delivery; the form should have been completed on the day of purchase. The Governor's Office requested a breakdown of the invoice from Beckett Events; it was received on <b>October 9</b> . The Executive Assistant to the Governor's Office Deputy Chief of Staff shredded the bill of lading for the podium. The Executive Assistant to the Governor's Office Deputy Chief of Staff requested a copy of the bill of lading for the podium from the freight carrier; it was received on <b>October 18</b> .
<p><b>Note 1:</b> Both Hannah Stone and Virginia Beckett had email accounts associated with Salem Strategies and Beckett Events; therefore, it appears they worked with both companies.</p> <p><b>Note 2:</b> As of January 17, 2024, the credit limit on the P-Card remained at \$25,000.</p> <p><b>Note 3:</b> Prior to the FOIA request made on September 11, 2023, there was no indication the Governor's Office was seeking reimbursement for the cost of the podium and road case.</p> <p><b>Note 4:</b> During ALA review of documents provided by DTSS in response to the September 11 FOIA request, ALA discovered that there were three versions of the Beckett Events invoice, identified and discussed in the report as Versions A, B, and C.</p> <p><b>Note 5:</b> Version B of the Beckett Events invoice (with the handwritten notation "To be reimbursed - LH") and Version C of the Beckett Events invoice (without the handwritten notation) were provided to the requester of documents under FOIA. Version A of the Beckett Events and the QuickBooks receipt, both containing the handwritten notation, were not provided to the requester. Additionally, Version A contains a handwritten notation "To be reimbursed - LH" that is different in appearance than the notation on Version B.</p> <p><b>Note 6:</b> Neither the Governor's Office nor the RPA was able to provide documentation of an exact delivery date for the road case. ALA's follow-up communication attempts with the RPA representative were unanswered.</p>	

**Sources:** Financial information obtained from AASIS, the Governor's Office, and DTSS; communications among the Governor's Office, DTSS, Secretary of State's Office, and vendors; ALA interviews with current and former staff of the Governor's Office, DTSS, DFA, the Secretary of State's Office, and RPA (unaudited by ALA)

## Appendix B

### Arkansas Legislative Audit (ALA) Timeline of Communication Attempts Regarding Miller's Millworks (dba Miller's Presentation Furniture) and Questions Provided For the Period October 25, 2023 through January 23, 2024

2023	Event
October 25	ALA initiated conversation via telephone with Miller's Presentation Furniture and spoke with the General Manager. ALA requested the best contact method for questions and was provided the general email inbox for correspondence.
October 31	ALA Legal Counsel initiated a conversation via telephone with the General Manager, who provided a personal email address for correspondence. ALA sent proposed questions to this email address later that afternoon.
November 14	ALA Legal Counsel had a follow up telephone call with the Office Administrator, who was instructed by the Owner to refer all calls about this issue to the Owner. ALA Legal Counsel requested to speak to the Owner but was told the Owner was unavailable at that time. A message was left requesting a return telephone call, but none was received.
November 17	ALA sent the proposed questions via certified mail to the attention of the Owner, with a requested response date of December 5, 2023.
November 27	The certified letter containing the proposed questions was picked up from the Post Office and signed for by the Office Administrator.
December 18	ALA Legal Counsel asked the Governor's Office to communicate the ALA proposed questions to Miller's Presentation Furniture, seek immediate responses, and provide confirmation of the attempts by January 10.
2024	Event
January 10	The deadline for confirmation of communication attempts with Miller's Presentation Furniture passed without response from the Governor's Office.
January 11	ALA Legal Counsel again asked the Governor's Office to communicate ALA's questions with Miller's Presentation Furniture, seek immediate responses, provide confirmation of the attempts, and provide all communication with Miller's Presentation Furniture since December 18, 2023. The Governor's Office did not comply with this request.
January 23	ALA Legal Counsel contacted the New York Attorney General, Buffalo Regional Office, and explained to the Senior Attorney over Consumer Fraud Division the basis of ALA's review of the podium purchase, the need for information from the manufacturer, and the lack of response from the manufacturer. The Senior Attorney responded that nothing could be done legally to compel the manufacturer to answer ALA's questions.

Arkansas



Sen. David Wallace  
Senate Chair  
Sen. John Payton  
Senate Vice Chair

Rep. Jimmy Gazaway  
House Chair  
Rep. Richard Womack  
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF  
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE  
ARKANSAS LEGISLATIVE AUDIT

November 17, 2023

Miller's Millworks  
d/b/a Miller's Presentation Furniture  
29 N Lake Avenue  
Bergen, NY 14416

Mr. Greg Lumb:

This letter confirms our telephone calls to your company dated October 31, 2023, and November 14, 2023. Specifically, Arkansas Legislative Audit ("Audit") staff communicated with Office Manager Brenda Whitney and Sales Executive Jonathan Finch on October 31, 2023. During that phone call, staff requested details of a podium shipped by your company to the Arkansas State Capitol on August 9, 2023. During the October 31, 2023, telephone call, Mr. Finch indicated he would communicate with you and respond once completed. We sent Mr. Finch a follow-up email communication after this phone call.

As of November 14, 2023, Audit's previous communications were unanswered, so on that date staff called and spoke to Ms. Whitney. During this call, staff gave all contact information to Ms. Whitney, based on her statement that she had been "instructed to refer all calls about this issue to owner, Greg Lumb." Again, during this telephone call staff left contact information for you.

As of today, Audit has not received a response to our requests for communication about the sale of your podium to the State of Arkansas. Please note, continuing failure to respond by you and your company will be noted in our official investigative report to the Arkansas Legislative Joint Auditing Committee. Arkansas law, codified at *Ark. Code Ann. § 10-4-403(d)(1)*, states that the Legislative Auditor *shall have access at all times to and have the authority to examine any record or documentation relating to transactions with these public entities or subdivisions of the state, regardless of the nature, custodian, or location of those records.*

We respectfully request that you respond to our requests for supporting documentation about the sale of this podium to the State of Arkansas, by close of regular business on December 5, 2023.

Thank you for your attention to this matter. Should you have further questions or concerns, please do not hesitate to contact me or assistant staff attorney, Emily White.

Sincerely,  
  
D. Franklin Arey, III, Legal Counsel  
Arkansas Legislative Audit

## Appendix B (Continued)

Questions related to the custom podium/lectern shipped to the State Capitol of Arkansas on or around August 3<sup>rd</sup>, 2023 (custom podium/lectern).

1. Would you please describe the process for ordering a custom podium/lectern? How long does the process usually take? Does your company offer any consulting or design services for custom podiums? If so, please describe any consulting or design services provided for the custom podium/lectern?
2. Who was the reseller of the custom podium/lectern?
3. Did your company help facilitate the shipping of this custom podium/lectern? If so, how?
4. Did your company pay the freight invoice and pass it along to the reseller? If not, do you know who paid for the shipping and the costs?
5. What were the payment terms to the reseller (prepay, Net 10/30, etc.)? And was there any early payment discount?
6. If your company required prepayment for the custom podium/lectern, is that a normal business practice?
7. When and how did the reseller pay their invoice (check, credit card, money order, etc.)? Would you please provide any documentation of the payment?
8. Did the reseller provide specific instructions for the construction of the custom podium/lectern? If so, would you please provide them?

## Appendix B (Continued)

9. What was the proposed timeline for the order of the custom podium/lectern?
  
10. Has your company done business with this reseller before?
  
11. Has your company made custom "falcon" style podium/lecterns before?
  
12. Did the reseller contact you after delivery with any issues regarding the specifications of the podium/lectern? If so, please describe the request and any solution offered.
  
13. Were any additional parts requested to be made after this initial delivery? If so, what was the cost, and who paid for it?
  
14. If there were any additional parts made, have those parts been shipped? If so, where were they shipped?
  
15. Was your company contracted to provide a carrying case for the custom lectern/podium? If so, would you please provide the details of the order, including but not limited to, orders, specifications, quotes, invoices, and shipping documents? If not, do you know who produced the custom carrying case for the lectern/podium?
  
16. Based on your companies experience with the fabrication of custom podiums/lecterns, how intricate was this design? Was this a very complex order?
  
17. Would you please provide any other manufacturing details about this custom podium/lectern that I may not have asked, and you believe to be relevant?



## Appendix B (Continued)

List of requested documents for the custom podium/lectern shipped to the State Capitol of Arkansas on or around August 3<sup>rd</sup>, 2023 (custom podium/lectern).

1. Original Order, including, but not limited to, the date, reseller, and terms.
2. List any custom specifications including, but not limited to, dimensions, weight, wood type, paint color, laminate material, electronics, sound features, and any additional accessories.
3. The original quoted price, and final quoted price, along with any reasons for changes of the price.
4. The original and any subsequent invoice sent to the reseller regarding this custom podium/lectern.
5. All shipping related documents for the custom podium/lectern, including but not limited to, bill of lading, shipping quotes, contracts, invoices, shipping insurance, proof of delivery, etc.
6. Any warranty customary with this style of custom podium/lectern from your company, and any warranty information to the added-on electronics or communication devices.
7. Instruction manual for this style of podium, particularly one with custom features such as this custom falcon.
8. A comparable price list for podium/lecterns of this style and stature sold from your company.
9. Any other manufacturing details about this style of podium in general as sold from your company.
10. Any other information that your company feels may be relevant for our audit report.

**Source:** ALA internal documents

## Appendix C

### Arkansas Legislative Audit (ALA) Timeline of Communication Attempts Regarding Salem Strategies and Questions Provided For the Period November 17, 2023 through January 11, 2024

2023	Event
November 17	ALA asked the Governor's Office Legal Counsel to forward by November 21, 2023, a list of questions, proposed by ALA, to Salem Strategies via email. This list of questions included a signature line for both the Governor's Office staff and Salem Strategies.
November 21	The Governor's Office Legal Counsel emailed ALA's proposed questions to Hannah Stone (Salem Strategies) and Virginia Beckett (Beckett Events) using their email addresses at both Salem Strategies and Beckett Events; however, Governor's Office staff did not sign the document. <b>(Note)</b>
November 22	The Governor's Office Legal Counsel emailed a signed copy of the ALA proposed questions to Hannah Stone and Virginia Beckett using their email addresses at both Salem Strategies and Beckett Events.
November 27	ALA sent via certified mail a copy of the same questions to the Panama City Beach, Florida, mailing address listed on the original Salem Strategies invoice, with a requested response date of December 12, 2023.
December 18	USPS tracking stated, "No Access to Delivery Location"; return to sender was requested. ALA sent the same questions via FedEx Priority Overnight to mailing addresses for Salem Strategies in both Alexandria, Virginia, and Panama City Beach, Florida. ALA Legal Counsel asked the Governor's Office to communicate ALA's proposed questions with Salem Strategies, seek immediate responses, and provide confirmation of the attempts by January 10.
December 19	A signature was obtained during delivery via FedEx of ALA's questions to the mailing address in Alexandria, Virginia.
December 20	A signature was obtained during delivery via FedEx of ALA's questions to the mailing address in Panama City Beach, Florida.
2024	Event
January 10	The deadline for confirmation of communication attempts with Salem Strategies passed without response from the Governor's Office.
January 11	ALA Legal Counsel again asked the Governor's Office to communicate ALA's questions with Salem Strategies, seek immediate responses, provide confirmation of the attempts, and provide all communication with Salem Strategies since December 18, 2023. The Governor's Office Legal Counsel responded via email that the Governor's Office had not had any additional communication with the third-party vendors. Additionally, the Governor's Office said it would forward ALA's questions to Salem Strategies, as was done on November 22, 2023. However, the documentation provided by the Governor's Office of its subsequent communication with Salem Strategies did not include evidence of an attachment of ALA's questions.
<b>Note:</b> Both Hannah Stone and Virginia Beckett had email accounts associated with Salem Strategies and Beckett Events; therefore, it appears they worked with both companies.	

Arkansas



Sen. David Wallace  
Senate Chair  
Sen. John Payton  
Senate Vice Chair

Rep. Jimmy Gazaway  
House Chair  
Rep. Richard Womack  
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF  
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE  
ARKANSAS LEGISLATIVE AUDIT

November 27, 2023

Hannah Stone  
Salem Strategies, LLC  
7541 Shady Glen Trl  
Panama City Beach, FL 32413  
[hannah@salemstrategiesllc.com](mailto:hannah@salemstrategiesllc.com)

*Re: Arkansas Legislative Audit Investigation No.: SP0500123*

Dear Ms. Stone:

Please consider this correspondence a formal request for information in the above reference investigation. Attached please find our standard Third-Party Vendor Request for Information Form. We ask that you complete and route back to our offices within ten (10) business days, or by December 12, 2023.

Because the Arkansas Governor's Office is/was your client, we took the additional step of requesting that office sign off on our request for information. We took this step to avoid any unnecessary delay regarding client privacy or disclosure concerns by either you or the Governor's Office. As you can see, Chief Legal Counsel Courtney Kennedy signed and acknowledged our request and forwarded you this same document on November 22, 2023 via electronic mail.

Please route your completed form and any additional responsive documents to our address on this letterhead. You may return all responsive documents to my attention.

Should you have further questions or concerns, please do not hesitate to contact me. Thank you for your consideration of this matter.

With kindest regards,

  
Emily White, J.D.  
Arkansas Legislative Audit

FORM TO CONFIRM 3<sup>RD</sup> PARTY VENDOR  
REQUEST FOR INFORMATION

Beckett Events, LLC  
Attn: Virginia Beckett  
Hannah Stone  
2115 21<sup>st</sup> Rd N.  
Arlington, VA 22201  
[virginia@beckettevents.com](mailto:virginia@beckettevents.com)  
[hannah@beckettevents.com](mailto:hannah@beckettevents.com)  
[virginia@salemstrategiesllc.com](mailto:virginia@salemstrategiesllc.com)  
[hannah@salemstrategiesllc.com](mailto:hannah@salemstrategiesllc.com)

GREETINGS: Your assistance is requested to provide the following documentation to Arkansas Legislative Audit, pursuant to *Ark. Code Ann. § 10-4-403(a)* and *§ 10-4-411(a)* and *§ 10-4-416(a)(1)* and *§ 10-4-416(b)(1)*. Please initial in the appropriate spot and attach the requested documentation.

1. Please provide the purchase order in reference to the Custom Falcon Podium/lectern, delivered to the Arkansas State Capitol on August 9, 2023 ("Custom Falcon Podium").

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

2. Please provide any and all quotes or bids submitted from your company for the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

3. Please provide any and all quotes or bids submitted to your company for the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

4. Please provide any and all itemized invoices from your company for the Custom Falcon Podium.

Vendor Response:

Appendix C (Continued)

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

5. Please provide any and all itemized invoices to your company for the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

6. Please provide any and all itemized specification lists for the features of the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

7. Please provide any and all packaging labels or packaging slips for the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

8. Please provide any and all shipping documents in your possession for the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

9. Please provide any and all pricing lists from your company for the features of the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

10. Please provide any and all pricing lists submitted to your company for the features of the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

11. Please provide any and all warranty documentation for the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

12. Please provide a copy of the instruction manual for the Custom Falcon Podium.



Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

13. Please provide any and all communications with the manufacturer or any agent of the manufacturer regarding the specifications, price list and/or features of the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

14. Please provide any and all communications with the shipping agent for the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

15. Please provide any and all communications with any other manufacturer, shipping agent or event coordinator/planner, or any agent thereof, regarding the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

16. Please provide the purchase order in reference to the Custom Podium Road Case, as included on the Beckett Events LLC invoice #1074, dated June 8, 2023 ("Custom Podium Road Case").

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

17. Please provide any and all quotes or bids submitted from your company for the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

18. Please provide any and all quotes or bids submitted to your company for the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

19. Please provide any and all itemized invoices from your company for the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

Appendix C (Continued)

20. Please provide any and all itemized invoices to your company for the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents.                      \_\_\_\_\_ Documents attached.

21. Please provide any and all itemized specification lists for the features of the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents.                      \_\_\_\_\_ Documents attached.

22. Please provide any and all packaging labels or slips for the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents.                      \_\_\_\_\_ Documents attached.

23. Please provide any and all shipping documents in your possession for the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents.                      \_\_\_\_\_ Documents attached.

24. Please provide any and all pricing lists from your company for the features of the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents.                      \_\_\_\_\_ Documents attached.

25. Please provide any and all pricing lists submitted to your company for the features of the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents.                      \_\_\_\_\_ Documents attached.

26. Please provide any and all warranty documentation for the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents.                      \_\_\_\_\_ Documents attached.

27. Please provide a copy of the instruction manual for the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

28. Please provide any and all communications with the manufacturer or any agent of the manufacturer regarding the specifications, price list and/or features of the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

29. Please provide any and all communications with the shipping agent for the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

30. Please provide any and all communications with any other manufacturer, shipping agent or event coordinator/planner, or any agent thereof, regarding the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

31. Please provide any and all documents including, but not limited to invoices and/or receipts, establishing proof of paid or remitted sales and use taxes for both the Custom Falcon Podium and the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

The above referenced request for information is submitted by agreement of this office. Although we have conducted a comprehensive, detailed search of our records, other documents are necessary and should be produced to the following agency. Please maintain open communication with Arkansas Legislative Audit, should your assistance be requested in the future, regarding this investigation.

We request your assistance in locating and providing the above referenced information.

Courtney Kennedy  
(Office of the Governor of the State of Arkansas)

11-22-23  
(Date)

Chief Legal Counsel  
(Title)

Appendix C (Continued)

\_\_\_\_\_  
(Vendor)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Title)

Please sign and return this form with all responsive documents within ten (10) business days, directly to the Arkansas Legislative Audit at;

500 Woodlane Street  
Suite 172  
Little Rock, AR 72201-1099

## Appendix D

### Arkansas Legislative Audit (ALA) Timeline of Communication Attempts Regarding Beckett Events and Questions Provided For the Period November 17, 2023 through January 11, 2024

2023	Event
November 17	ALA asked the Governor's Office Legal Counsel to forward, by November 21, 2023, a list of questions, proposed by ALA, to Beckett Events via email. This list of questions included a signature line for both the Governor's Office staff and Beckett Events.
November 21	The Governor's Office Legal Counsel emailed ALA's proposed questions to Hannah Stone and Virginia Beckett using their email addresses at both Beckett Events and Salem Strategies; however, Governor's Office staff did not sign the document. <b>(Note)</b>
November 22	The Governor's Office Legal Counsel emailed a signed copy of ALA's proposed questions to Hannah Stone and Virginia Beckett using their email addresses at both Beckett Events and Salem Strategies.
November 27	ALA sent via certified mail a copy of the same questions to the Arlington, Virginia, mailing address listed on the original Beckett Events invoice, with a requested response date of December 12, 2023.
December 7	The last updates posted via U.S. Postal Service tracking indicated the mailed item was moving through network, in transit to next facility, and arriving late.
December 18	ALA Legal Counsel asked the Governor's Office to communicate ALA's questions with Beckett Events, seek immediate responses, and provide confirmation of the attempts by January 10.
2024	Event
January 5	ALA sent the same questions via FedEx Priority Overnight to the mailing address in Arlington, Virginia.
January 8	Signatures were obtained during delivery of ALA's questions to the mailing address in Arlington, Virginia.
January 10	The deadline for confirmation of communication attempts with Beckett Events passed without response from the Governor's Office.
January 11	<p>ALA Legal Counsel again asked the Governor's Office to communicate ALA's questions with Beckett Events, seek immediate responses, provide confirmation of the attempts, and provide all communication with Beckett Events since December 18, 2023.</p> <p>The Governor's Office Legal Counsel responded via email that the Governor's Office had not had any additional communication with the third-party vendors. Additionally, the Governor's Office said it would forward ALA's questions to Beckett Events, as was done on November 22, 2023. However, the documentation provided by the Governor's Office of its subsequent communication with Beckett Events did not include evidence of an attachment of ALA's questions.</p>
<b>Note:</b> Both Hannah Stone and Virginia Beckett had email accounts associated with Salem Strategies and Beckett Events; therefore, it appears they worked with both companies.	



Arkansas



Sen. David Wallace  
Senate Chair  
Sen. John Payton  
Senate Vice Chair

Rep. Jimmy Gazaway  
House Chair  
Rep. Richard Womack  
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF  
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE  
ARKANSAS LEGISLATIVE AUDIT

November 27, 2023

Virginia Beckett  
Beckett Events, LLC  
2116 21<sup>st</sup> Road N.  
Arlington, VA 22201  
[virginia@beckettevents.com](mailto:virginia@beckettevents.com)

*Re: Arkansas Legislative Audit Investigation No.: SP0500123*

Dear Ms. Beckett:

Please consider this correspondence a formal request for information in the above reference investigation. Attached please find our standard Third-Party Vendor Request for Information Form. We ask that you complete and route back to our offices within ten (10) business days, or by December 12, 2023.

Because the Arkansas Governor's Office is/was your client, we took the additional step of requesting that office sign off on our request for information. We took this step to avoid any unnecessary delay regarding client privacy or disclosure concerns by either you or the Governor's Office. As you can see, Chief Legal Counsel Courtney Kennedy signed and acknowledged our request and forwarded you this same document on November 22, 2023 via electronic mail.

Please route your completed form and any additional responsive documents to our address on this letterhead. You may return all responsive documents to my attention.

Should you have further questions or concerns, please do not hesitate to contact me. Thank you for your consideration of this matter.

With kindest regards,

A handwritten signature in blue ink, appearing to read "Emily White".

Emily White, J.D.  
Arkansas Legislative Audit

FORM TO CONFIRM 3<sup>RD</sup> PARTY VENDOR  
REQUEST FOR INFORMATION

Beckett Events, LLC  
Attn: Virginia Beckett  
Hannah Stone  
2115 21<sup>st</sup> Rd N.  
Arlington, VA 22201  
[virginia@beckettevents.com](mailto:virginia@beckettevents.com)  
[hannah@beckettevents.com](mailto:hannah@beckettevents.com)  
[virginia@salemstrategiesllc.com](mailto:virginia@salemstrategiesllc.com)  
[hannah@salemstrategiesllc.com](mailto:hannah@salemstrategiesllc.com)

GREETINGS: Your assistance is requested to provide the following documentation to Arkansas Legislative Audit, pursuant to *Ark. Code Ann. § 10-4-403(a)* and *§ 10-4-411(a)* and *§ 10-4-416(a)(1)* and *§ 10-4-416(b)(1)*. Please initial in the appropriate spot and attach the requested documentation.

1. Please provide the purchase order in reference to the Custom Falcon Podium/lectern, delivered to the Arkansas State Capitol on August 9, 2023 ("Custom Falcon Podium").

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

2. Please provide any and all quotes or bids submitted from your company for the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

3. Please provide any and all quotes or bids submitted to your company for the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

4. Please provide any and all itemized invoices from your company for the Custom Falcon Podium.

Vendor Response:

Appendix D (Continued)

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

5. Please provide any and all itemized invoices to your company for the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

6. Please provide any and all itemized specification lists for the features of the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

7. Please provide any and all packaging labels or packaging slips for the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

8. Please provide any and all shipping documents in your possession for the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

9. Please provide any and all pricing lists from your company for the features of the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

10. Please provide any and all pricing lists submitted to your company for the features of the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

11. Please provide any and all warranty documentation for the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

12. Please provide a copy of the instruction manual for the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

13. Please provide any and all communications with the manufacturer or any agent of the manufacturer regarding the specifications, price list and/or features of the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

14. Please provide any and all communications with the shipping agent for the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

15. Please provide any and all communications with any other manufacturer, shipping agent or event coordinator/planner, or any agent thereof, regarding the Custom Falcon Podium.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

16. Please provide the purchase order in reference to the Custom Podium Road Case, as included on the Beckett Events LLC invoice #1074, dated June 8, 2023 ("Custom Podium Road Case").

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

17. Please provide any and all quotes or bids submitted from your company for the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

18. Please provide any and all quotes or bids submitted to your company for the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

19. Please provide any and all itemized invoices from your company for the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

Appendix D (Continued)

20. Please provide any and all itemized invoices to your company for the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents.                      \_\_\_\_\_ Documents attached.

21. Please provide any and all itemized specification lists for the features of the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents.                      \_\_\_\_\_ Documents attached.

22. Please provide any and all packaging labels or slips for the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents.                      \_\_\_\_\_ Documents attached.

23. Please provide any and all shipping documents in your possession for the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents.                      \_\_\_\_\_ Documents attached.

24. Please provide any and all pricing lists from your company for the features of the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents.                      \_\_\_\_\_ Documents attached.

25. Please provide any and all pricing lists submitted to your company for the features of the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents.                      \_\_\_\_\_ Documents attached.

26. Please provide any and all warranty documentation for the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents.                      \_\_\_\_\_ Documents attached.

27. Please provide a copy of the instruction manual for the Custom Podium Road Case.

Vendor Response:



\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

28. Please provide any and all communications with the manufacturer or any agent of the manufacturer regarding the specifications, price list and/or features of the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

29. Please provide any and all communications with the shipping agent for the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

30. Please provide any and all communications with any other manufacturer, shipping agent or event coordinator/planner, or any agent thereof, regarding the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

31. Please provide any and all documents including, but not limited to invoices and/or receipts, establishing proof of paid or remitted sales and use taxes for both the Custom Falcon Podium and the Custom Podium Road Case.

Vendor Response:

\_\_\_\_\_ No responsive documents. \_\_\_\_\_ Documents attached.

The above referenced request for information is submitted by agreement of this office. Although we have conducted a comprehensive, detailed search of our records, other documents are necessary and should be produced to the following agency. Please maintain open communication with Arkansas Legislative Audit, should your assistance be requested in the future, regarding this investigation.

We request your assistance in locating and providing the above referenced information.

Courtney Kennedy  
(Office of the Governor of the State of Arkansas)

11-22-23  
(Date)

Chief Legal Counsel  
(Title)

Appendix D (Continued)

\_\_\_\_\_  
(Vendor)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Title)

Please sign and return this form with all responsive documents within ten (10) business days, directly to the Arkansas Legislative Audit at:

500 Woodlane Street  
Suite 172  
Little Rock, AR 72201-1099

Appendix E

Arkansas Governor's Office  
Request for Additional Appropriation  
January 17, 2023



STATE OF ARKANSAS  
SARAH HUCKABEE SANDERS  
GOVERNOR

January 17, 2023

Larry W. Walther, Secretary  
Department of Finance and Administration  
1509 West 7th Street, Room 401  
Little Rock, AR 72201

RE: State Fiscal Year 2023 Appropriation Increase Request

Dear Secretary Walther,

I respectfully request your approval for additional appropriation authorized under Section 33 of Act 199 of 2022, in the amount of \$447,245. This appropriation will be used to purchase the necessary computer equipment and maintenance services for the staff of the Governor's Office.

No additional funding will be needed to support this appropriation request.

Business Area:	0034	
Functional Area:	CNST	
Funds Center:	001	
Fund:	HSC3400	
Commitment Item:	502:00:02	\$347,245
	506:00:10	\$14,000
	512:00:11	\$86,000

I appreciate your consideration in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Sarah Sanders".

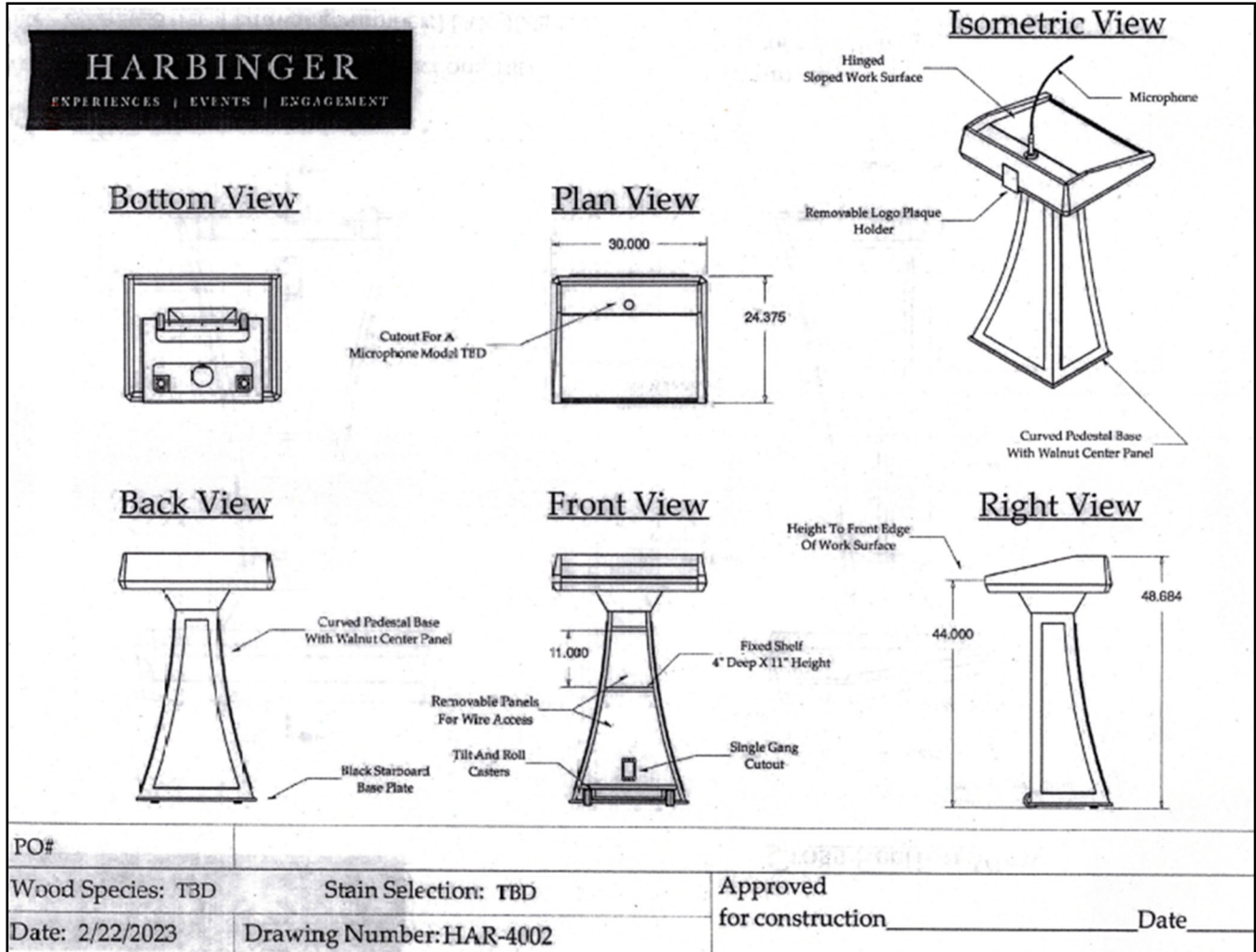
Sarah Huckabee Sanders

State Capitol Building • Little Rock, AR 72201  
Telephone: (501) 682-2345  
[www.governor.arkansas.gov](http://www.governor.arkansas.gov)

Source: Website of the Arkansas General Assembly (unaudited by Arkansas Legislative Audit)

Appendix F

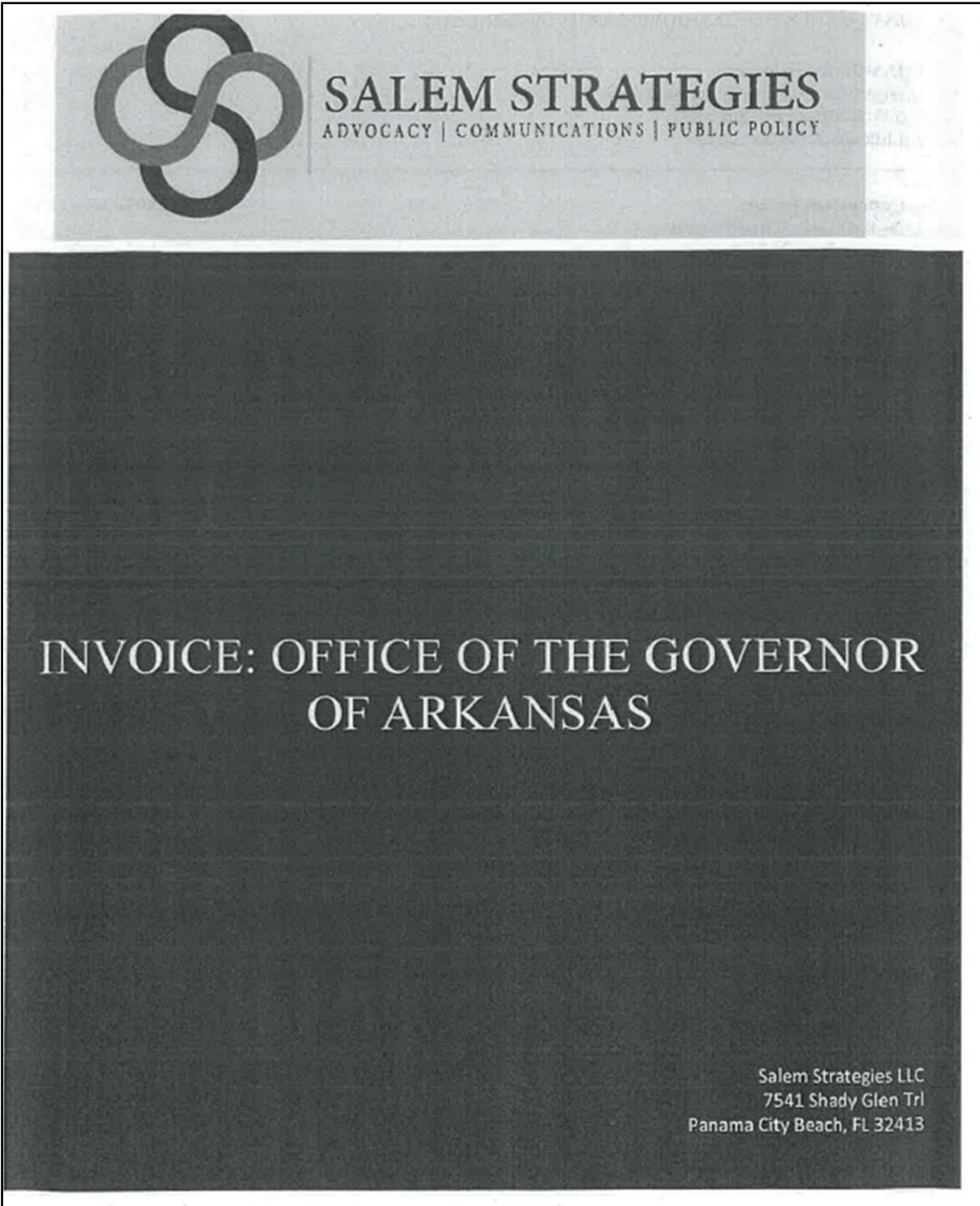
Draft Schematics of a Falcon Style Podium  
 Provided by Salem Strategies  
 March 6, 2023



Source: Arkansas Governor's Office (unaudited by Arkansas Legislative Audit)

Appendix G

Salem Strategies Invoice  
May 23, 2023



Appendix G (Continued)

INVOICE: OFFICE OF THE GOVERNOR OF ARKANSAS

**INVOICE** for Account:  
Office of the Governor of Arkansas  
500 Woodlane Street, Suite 250  
Little Rock, Arkansas 72201

---

Custom Falcon Podium	\$21,475.00
<i>39-Inch Custom Falcon Podium</i>	
<i>Custom Podium Road Case</i>	
<i>Taxes + Shipping</i>	
Advance & Travel Expenses	
<i>Ground Transportation</i>	\$0
<i>Ride Share</i>	\$0
<i>Hotels</i>	\$0
<i>Flights</i>	\$0
<hr/> <i>receipts available upon request</i>	\$21,475.00

Payments can be made via wire  
transfer to the following account:  
Salem Strategies LLC  
Origin Bank  
3921 Elm Street  
Choudrant, Louisiana



Source: Arkansas Governor's Office (unaudited by Arkansas Legislative Audit)



Appendix H

Salem Strategies Invoice  
May 30, 2023



**SALEM STRATEGIES**  
ADVOCACY | COMMUNICATIONS | PUBLIC POLICY

**INVOICE: OFFICE OF THE GOVERNOR  
OF ARKANSAS**

Salem Strategies LLC  
7541 Shady Glen Trl  
Panama City Beach, FL 32413





Appendix I

Beckett Events Invoice (June 8, 2023) and QuickBooks Receipt (June 12, 2023)

**Beckett Events LLC**  
2115 21st Rd N,  
Arlington, VA 22201 US  
+1 2872101833  
virginia@beckettevents.com



**INVOICE**

**BILL TO**  
Office of the Governor of Arkansas  
500 Woodlane Street  
Suite 250  
Little Rock, Arkansas 72201

**INVOICE** 1074  
**DATE** 06/08/2023  
**TERMS** Due on receipt  
**DUE DATE** 06/08/2023

DATE		DESCRIPTION	QTY	RATE	AMOUNT
06/08/2023	Services	Custom Falcon Podium 39-Inch Custom Falcon Podium Custom Podium Road Case Taxes and Shipping	1	18,475.00	18,475.00
06/08/2023	Services	3% Credit Card Processing Fee	1	554.25	554.25
<b>BALANCE DUE</b>					<b>\$19,029.25</b>

Payment by Check, Wire, or ACH is preferred.

Banking Information:  
Bank of America  
5201 Wisconsin Ave. NW  
Washington, DC 20015

Account Number:  
[REDACTED]

Routing Number:  
[REDACTED]

Page 1 of 1



Payment receipt

You paid \$19,029.25

to Beckett Events LLC on 6/12/2023

Invoice no.	1074
Invoice amount	\$19,029.25
Total	\$19,029.25

No additional transfer fees or taxes apply.

Status	Paid
Payment method	Credit Card
Authorization ID	ARUKOASB97973887

Thank you



Beckett Events LLC

+1 2672101933

virginia@beckettevents.com

2116 21st Rd N., Arlington, VA 22201

**Payment services brought by:**  
Intuit Payments Inc.  
2700 Coast Avenue, Mountain View, CA  
94043  
Phone number 1-888-536-4801  
NMLS #1098819

For more information about Intuit  
Payments' money transmission licenses,  
please visit  
[https://www.intuit.com/legal/licenses/payment-  
licenses/](https://www.intuit.com/legal/licenses/payment-licenses/).

**Source:** Arkansas Governor's Office and the Arkansas Administrative Statewide Information System (AASIS) (unaudited by Arkansas Legislative Audit)

Appendix J

Arkansas Governor's Office  
Business Expense Justification Statement



STATE OF ARKANSAS  
SARAH HUCKABEE SANDERS  
GOVERNOR

Business Expense Justification Statement  
Pursuant to A.C.A. §19-4-2102

For any all purchases of transportation, lodging, food, or any other expense, please provide:

Employee name: Office Staff

Date of expense: 6/12/23

Amount of expense: 19,029.25

Place of expense: Beckett Events

Nature of expense: Podium

The purpose of the expenditure (please check at least 1 box).

- Expenses incurred for meals, gas, and/or lodging purchased in conjunction with state travel.
- Expenses incurred for office supplies for general use of employees of the Governor's Office to conduct state business.
- Expenses incurred for equipment to assist in communication for state employees as they conduct state business.
- Expenses incurred to enable state employees of the Governor's Office to remain quickly informed of state and national news and able to respond in an efficient manner.
- Expenses incurred to enable state employees to conduct the job of the Governor's Office to keep citizen informed of the state's policies, priorities, and agendas, which often require work hours and/or travel outside of the standard work week.
- Lunch meeting to discuss state business. Specifically, \_\_\_\_\_
- Other: \_\_\_\_\_

If expense was for someone other than the employee, the business relationship with the person for who the expense was incurred, including their identity, title, and any other information to establish a relationship with the state:


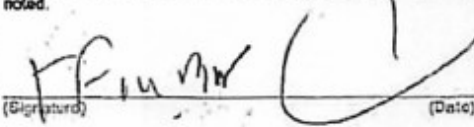
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Please include a copy of the receipt.

Source: Arkansas Governor's Office (unaudited by Arkansas Legislative Audit)

Appendix K

Bill of Lading for Podium Shipment

SHIP FROM		SHIP TO		FREIGHT CHARGES BILL TO					
Name: Millers Presentation Furniture Address: 29 N Lako Ave City/State/Zip: BERGEN,NY 14416 Ph: 5854941420 Contact: Andy Travis		Name: Arkansas State Capitol Address: 500 Woodlane Street City/State/Zip: LITTLE ROCK,AR 72201 Ph: 501-883-6436 Contact: Laura Hamilton		Name: Worldwide Express Address: 2323 Victory Avenue Ste 1600 City/State/Zip: Dallas, TX 75219					
Bill of Lading Number: 202016739 Carrier Name: TFORCE FREIGHT SCAC: UPGF Pro number:		Location# FOB: <input type="checkbox"/>		Freight Charge Terms: (freight charges are prepaid by Worldwide Express unless indicated otherwise) <input type="checkbox"/> Master Bill of Lading: with attached underlying Bill Of Lading WWE Number: W914503362					
SPECIAL INSTRUCTIONS: For assistance, please Email nyfreight@wwex.com Handling Instructions: *** Notify before delivery *** SHOCKWATCH PROTECTED **DO NOT STACK** Pickup Instructions: Delivery Instructions: Hours 8am-4:30pm M-F On Site Contact: Laura Hamilton Back-Up Contact: Jeff Baldwin Delivery Service(s): Liftgate Delivery, Notify Before Delivery									
LIMITATIONS OF LIABILITY APPLY. SUBJECT TO LIMITS OF LIABILITY OF THE CARRIER'S RULES TARIFF. CUSTOMER SERVICE 1-800-333-7400 ODOMETER      ARRIVE      DEPART      DESTINATION  Tforce Freight 564 800 121 RCH									
REFERENCE NUMBER INFORMATION									
REFERENCE	# PKGS	REFERENCE	# PKGS	Total # of Pkgs					
CARRIER INFORMATION									
HANDLING UNITS		PIECES		WEIGHT LBS	I.M. X	COMMODITY DESCRIPTION <small>Commodities requiring special or additional care or attention in handling or stowing must be so marked and packaged to ensure safe transportation with ordinary care. See section 2(e) of NMFC Item 353.</small>	LTL ONLY #		
QTY	TYPE	QTY	TYPE				NMFC#	CLASS	
1	CRT	1	CRT	280		Wooden Furniture, 30(L) x 36(W) x 58(H) DO NOT STACK	82270-8	100	
1		1		280		Grand Total			
Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of property as follows: The agreed or declared value of the property is specifically stated by the shipper to be not exceeding per						COD Amount: \$ Fee Terms: 3rd Party WWE Remit Address:	Acceptable Forms of Payment: <input type="checkbox"/> Bank Certified Check <input type="checkbox"/> Company Check <input type="checkbox"/> Personal Check <input type="checkbox"/> Money Order		
Note: Liability limitation for loss or damage in this shipment may be applicable. See 49 U.S.C. 14706(c)(1)(A) and (B)						RECEIVED, subject to individually determined rates or contracts that have been agreed upon in writing between the carrier and Worldwide Express Operations, LLC, a registered motor carrier/broker, pursuant to 49 USC 1410(b) and all applicable state and federal regulations.			
SHIPPERS SIGNATURE / DATE This is to certify that the above-named materials are properly classified, described, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the Department of Transportation.				Trailer Loaded: <input type="checkbox"/> By Shipper <input type="checkbox"/> By Driver	Freight Counted: <input type="checkbox"/> By Shipper <input type="checkbox"/> By Driver/pallet <input checked="" type="checkbox"/> By Driver/Pieces	CARRIER SIGNATURE / PICKUP DATE Carrier acknowledges receipt of packages and required placards. Carrier certifies emergency response information was made available and for carrier has DOT emergency response guidebook or equivalent documentation in vehicle. Property described above is received in good order, except as noted.			
Andy Travis 08/03/2023 (Signature) (Date)				 (Signature) (Date)					

Source: Arkansas Governor's Office (unaudited by Arkansas Legislative Audit)

Appendix L

Republican Party of Arkansas  
Check Payable to the State of Arkansas for Reimbursement of Podium and Related Costs

1029

REPUBLICAN PARTY OF ARKANSAS  
SPECIAL PROJECTS ACCOUNT 1  
PH. 479-531-3430  
1201 W 6TH ST  
LITTLE ROCK, AR 72201-3019

DATE 9/14/23 81-43/829


PAY TO THE ORDER OF State of Arkansas \$ 19,029.25

Nineteen thousand twenty nine dollars and 25/100 cents DOLLARS

FOR \_\_\_\_\_

Simmons Bank  
MEMBER FDIC

Ashley Welles [Signature] MP



Source: Republican Party of Arkansas (unaudited by Arkansas Legislative Audit)

Appendix M

Beckett Events Invoice and QuickBooks Receipt  
Attached in AASIS to Treasury Deposit  
September 15, 2023

**Beckett Events LLC**

2115 21st Rd N,  
Arlington, VA 22201 US  
+1 2672101903  
virginia@beckettevents.com



INVOICE

BILL TO  
Office of the Governor of Arkansas  
500 Woodlane Street  
Suite 250  
Little Rock, Arkansas 72201

INVOICE 1074  
DATE 06/08/2023  
TERMS Due on receipt  
DUE DATE 06/08/2023

DATE		DESCRIPTION	QTY	RATE	AMOUNT
06/08/2023	Services	Custom Falcon Podium 39-Inch Custom Falcon Podium Custom Podium Road Case Taxes and Shipping	1	18,475.00	18,475.00
06/08/2023	Services	3% Credit Card Processing Fee	1	554.25	554.25
BALANCE DUE					<b>\$19,029.25</b>


*To  
Be  
reimbursed  
-UH*

Payment by Check, Wire, or ACH is preferred.

Banking Information:  
Bank of America  
5201 Wisconsin Ave., NW  
Washington, D.C. 20015

Account Number:  
[REDACTED]  
Routing Number:  
[REDACTED]  
Page 1 of 1



 **intuit quickbooks.**

Payment receipt

**You paid \$19,029.25**


to Beckett Events LLC on 6/12/2023

Invoice no.	1074
Invoice amount	\$19,029.25
Total	\$19,029.25

No additional transfer fees or taxes apply.

Status	Paid
Payment method	Credit Card
Authorization ID	ARUKOASB97973887

Thank you

 *TB Be Refunded -UH*

**Beckett Events LLC**

+1 2672101933

virginia@beckettevents.com  
2116 21st Rd N., Arlington, VA 22201

**Payment services brought by:**  
Intuit Payments Inc.  
2700 Coast Avenue, Mountain View, CA  
94043  
Phone number 1-888-536-4801  
NMLS #1098819

For more information about Intuit Payments' money transmission licenses, please visit <https://www.intuit.com/legal/licenses/payment-licenses/>.

**Source:** Arkansas Administrative Statewide Information System (AASIS) (unaudited by Arkansas Legislative Audit)

**Appendix N**

**Breakdown of Beckett Events Invoice  
Provided by Beckett Events to the Arkansas Governor's Office  
October 9, 2023**


<b>INVOICE 1074 - BREAKDOWN</b>	
<b>CUSTOM FALCON PODIUM &amp; ROAD CASE</b>	
Custom Falcon Podium - 39" Custom Measurement	\$ 11,575.00
Custom Reinforced Road Case	\$ 2,200.00
Freight Shipping and Hand Delivery - Podium	\$ 1,225.00
Freight Shipping - Road Case	\$ 975.00
Consulting Fee	\$ 2,500.00
<b>TOTAL</b>	<b>\$ 18,475.00</b>
3% Credit Card Processing Fee	\$ 554.25
<b>INVOICE TOTAL</b>	<b>\$ 19,029.25</b>

*Source: Arkansas Governor's Office (unaudited by Arkansas Legislative Audit)*

## Appendix O

### Comparison of Three Versions of the Beckett Events Invoice

#### Version A

<p><b>Beckett Events LLC</b>                  2115 21st Rd N,                  Arlington, VA 22201 US                  +1 2672101903                  virginia@beckettevents.com</p>																							
<b>INVOICE</b>																							
<p><b>BILL TO</b>                  Office of the Governor of Arkansas                  500 Woodlane Street                  Suite 250                  Little Rock, Arkansas 72201</p>		<p><b>INVOICE</b>      1074  <b>DATE</b>          06/08/2023  <b>TERMS</b>        Due on receipt  <b>DUE DATE</b>    06/08/2023</p>																					
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">DATE</th> <th style="text-align: left;">DESCRIPTION</th> <th style="text-align: left;">QTY</th> <th style="text-align: left;">RATE</th> <th style="text-align: left;">AMOUNT</th> </tr> </thead> <tbody> <tr> <td>06/08/2023</td> <td>Services Custom Falcon Podium 39-Inch Custom Falcon Podium Custom Podium Road Case Taxes and Shipping</td> <td>1</td> <td>18,475.00</td> <td>18,475.00</td> </tr> <tr> <td>06/08/2023</td> <td>Services 3% Credit Card Processing Fee</td> <td>1</td> <td>554.25</td> <td>554.25</td> </tr> <tr> <td colspan="3" style="text-align: right;"><b>BALANCE DUE</b></td> <td colspan="2" style="text-align: right;"><b>\$19,029.25</b></td> </tr> </tbody> </table>	DATE	DESCRIPTION	QTY	RATE	AMOUNT	06/08/2023	Services Custom Falcon Podium 39-Inch Custom Falcon Podium Custom Podium Road Case Taxes and Shipping	1	18,475.00	18,475.00	06/08/2023	Services 3% Credit Card Processing Fee	1	554.25	554.25	<b>BALANCE DUE</b>			<b>\$19,029.25</b>		<div style="border: 1px solid black; padding: 10px;"> <p><b>Version A</b> (also found in <b>Appendix M</b> on page <b>M-1</b>) - On September 14, 2023, the Executive Assistant to the Governor's Office Deputy Chief of Staff (Executive Assistant) asked the DTSS Administrative Services Manager to print the documentation related to the podium and road case purchase from the Arkansas Administrative Statewide Information System (AASIS). <u>The invoice and the QuickBooks receipt were printed, and the Executive Assistant then made a notation "To be reimbursed – LH" on both documents. ALA was informed during interviews that the Governor's Office Deputy Chief of Staff asked the Executive Assistant to make the notation "To be reimbursed."</u> Version A was provided to the Executive Assistant on September 15 by email from the DTSS Administrative Services Manager. The handwritten notation "To be reimbursed – LH" on Version A is different in appearance than the notation on Version B. This document <u>was not</u> provided to the requester of documents under FOIA.</p> </div>		
DATE	DESCRIPTION	QTY	RATE	AMOUNT																			
06/08/2023	Services Custom Falcon Podium 39-Inch Custom Falcon Podium Custom Podium Road Case Taxes and Shipping	1	18,475.00	18,475.00																			
06/08/2023	Services 3% Credit Card Processing Fee	1	554.25	554.25																			
<b>BALANCE DUE</b>			<b>\$19,029.25</b>																				
<p>Payment by Check, Wire, or ACH is preferred.</p> <p>Banking Information:                  Bank of America                  5201 Wisconsin Ave., NW                  Washington, D.C. 20015</p> <p>Account Number:                  [REDACTED]                  Routing Number:                  [REDACTED]</p> <p>Page 1 of 1</p>																							


To Be Reimbursed

-UH

**Version A** (also found in **Appendix M** on page **M-1**) - On September 14, 2023, the Executive Assistant to the Governor's Office Deputy Chief of Staff (Executive Assistant) asked the DTSS Administrative Services Manager to print the documentation related to the podium and road case purchase from the Arkansas Administrative Statewide Information System (AASIS). The invoice and the QuickBooks receipt were printed, and the Executive Assistant then made a notation "To be reimbursed – LH" on both documents. ALA was informed during interviews that the Governor's Office Deputy Chief of Staff asked the Executive Assistant to make the notation "To be reimbursed." Version A was provided to the Executive Assistant on September 15 by email from the DTSS Administrative Services Manager. The handwritten notation "To be reimbursed – LH" on Version A is different in appearance than the notation on Version B. This document was not provided to the requester of documents under FOIA.

Version B

**Beckett Events LLC**  
 2116 21st Rd N,  
 Arlington, VA 22201 US  
 +1 2672101933  
 virginia@beckettevents.com



**INVOICE**

**BILL TO**  
 Office of the Governor of Arkansas  
 500 Woodlane Street  
 Suite 250  
 Little Rock, Arkansas 72201

**INVOICE** 1074  
**DATE** 06/08/2023  
**TERMS** Due on receipt  
**DUE DATE** 06/08/2023

DATE		DESCRIPTION	QTY	RATE	AMOUNT
06/08/2023	Services	Custom Falcon Podium 39-Inch Custom Falcon Podium Custom Podium Road Case Taxes and Shipping	1	18,475.00	18,475.00
06/08/2023	Services	3% Credit Card Processing Fee	1	554.25	554.25
<b>BALANCE DUE</b>					<b>\$19,029.25</b>

*TB Be Reimbursed -LH*

Payment by Check, Wire, or ACH is preferred.


Banking Information:  
 Bank of America  
 5201 Wisconsin Ave., NW  
 Washington, DC 20015

Account Number:  
 [REDACTED]  
 Routing Number:  
 [REDACTED] (ACH)  
 [REDACTED] (Wire)  
 Page 1 of 1

**Version B** - On the morning of September 15, 2023, the Governor's Office requested DTSS staff email a copy of the Beckett Events invoice with the added handwritten notation to the Governor's Office. DTSS staff responded that the invoice would be attached to the Treasury receipt to be sent later in the afternoon. Later that same day, DTSS staff sent the Treasury receipt for the podium reimbursement, with a Beckett Events invoice and QuickBooks receipt attached, to the Governor's Office; the version of the Beckett Events invoice sent from DTSS to the Governor's Office (Version A) also includes a handwritten notation, but the notation is different in appearance from the notation on Version B. Version B of the Beckett Events invoice was not attached to the Treasury deposit of the RPA payment to the State. Version B was provided in response to the September 11 FOIA request.

Version C

**Beckett Events LLC**  
 2115 21st Rd N,  
 Arlington, VA 22201 US  
 #1 2872101933  
 virginia@beckettevents.com



**INVOICE**

**BILL TO**  
 Office of the Governor of Arkansas  
 500 Woodlark Street  
 Suite 250  
 Little Rock, Arkansas 72201

**INVOICE** 1074  
**DATE** 06/08/2023  
**TERMS** Due on receipt  
**DUE DATE** 06/08/2023

DATE		DESCRIPTION	QTY	RATE	AMOUNT
06/08/2023	Services	Custom Falcon Podium 39-Inch Custom Falcon Podium Custom Podium Road Case Taxes and Shipping	1	18,475.00	18,475.00
06/08/2023	Services	3% Credit Card Processing Fee	1	554.25	554.25
<b>BALANCE DUE</b>					<b>\$19,029.25</b>

Payment by Check, Wire, or ACH is preferred.

Banking Information:  
 Bank of America  
 5201 Wisconsin Ave. NW  
 Washington, DC 20015

Account Number:  
 [REDACTED]  
 Routing Number:  
 [REDACTED]

Page 1 of 1

**Version C - Also included in Appendix I on page I-1, this invoice was attached to the transaction in AASIS to record the expenditure. This document was provided to the requester of documents under FOIA.**

Source: Arkansas Governor's Office and AASIS (unaudited by Arkansas Legislative Audit)

## Appendix P

### Management Response

March 29, 2024

RE: Governor's Office Response to Arkansas Legislative Audit Report

Summary:

No laws were broken by the Governor's Office (GO). Even this deeply flawed report by Arkansas Legislative Audit (ALA) acknowledges:

- The podium and travel case are real and exist;
- The podium was custom built based on specific height requirements;
- The podium and travel case were not found to be part of some "payment scheme;"
- The podium and travel case price was not found to be unreasonable;
- The GO paid for the items in June 2023 and made the decision to reimburse the state for the items with private funds in September 2023, lawfully transferring ownership to the Republican Party of Arkansas (RPA); and
- The GO has taken actions to improve its internal procedures.

The GO welcomed this audit, encouraged the General Assembly to complete it quickly, and was cooperative and accommodating to ALA's requests. It was a waste of taxpayer resources and time that resulted in exactly what the GO said: the office lawfully purchased a podium and travel case. It was later determined that RPA should lawfully purchase it. No laws were broken. No fraud was committed.

Here is what the ALA report overlooks:

- The GO is not a "state agency." Rather, it is a constitutional office under the law, thereby exempting the office from the majority of agency accounting and budgetary procedures, statutory capitalization requirements, and procurement rules for disposing of assets;
- The GO was lawfully allowed to use state funds, appropriated by the General Assembly for proper and efficient operation, to purchase the items;
- A copy of the bill of lading was provided to ALA;
- Prior to ALA conducting its work, the GO had already implemented improved procedures, which included completing Business Expense Justification Statements; and
- A handwritten note on an invoice, absent a false alteration, is not a violation of law.

The following pages outline how ALA failed in its application and reading of the law.



Additional Response to Statements by ALA:

#1: *Payment for the podium before it was delivered resulted in a potential violation of A.C.A § 19-4-1206(b)(3)(B) by the bonded disbursing officer.*

**Response:**

ALA asserts the GO is an “agency” for purposes of state accounting and budgetary procedures. ALA is wrong. To find otherwise would violate the most basic principles of statutory interpretation and our constitutional order. The General Assembly makes their intent crystal clear in Act 678 of 2019:

*Section 2: Legislative intent*

*(b) It is not the intent of the General Assembly to:*

*(1) Make the constitutional officers and agencies state agencies for purposes of state accounting and budgetary procedures...*

When the General Assembly establishes standards governing constitutional officers, it does so with precision—not incidentally. More often than constitutional officers are specifically excluded from requirements, they are specifically included. Some obvious examples are provided below.

- A.C.A. § 19-4-202 states that “Legislative Council shall have the authority to call before it . . . any constitutional officer or administrative head of any state agency.” The statute makes a clear distinction between administrative heads of state agencies and constitutional officers.
- In A.C.A. § 19-4-305, the State Chief Fiscal office is tasked with preparing a preliminary budget report including the budget requests of the “legislative branch, the judicial branch, the elective constitutional officers,” constitutionally independent state agencies (AGFC & ARDoT), and all “other” state agencies.
- The very text of Title 19, Chapter 4 does not define the Governor as an agency, but instead as a constitutional officer in A.C.A. § 19-4-2101.

As well, throughout Title 19, Chapter 4, the GO and state agencies are referred to separately.

- The state Chief Fiscal Officer (CFO) is given two separate duties. First, he is to “Assist the Governor[.]” Second, he is to “Assist agencies.” A.C.A. § 19-4-301.
- The Governor is authorized to demand “hearings, if required, with the administrative head . . . of any agency.” A.C.A. § 19-4-201.



- The Governor-elect is allowed to require "reasonable aid, assistance, or personnel" from the "administrative head of any agency." A.C.A. § 19-4-202.
- A.C.A. § 19-4-502 tasks the state CFO with "Review[ing] postaudits of state agencies conducted by the Legislative Joint Auditing Committee and advis[ing] the Governor."

Finally, ALA's interpretation would subject all of Arkansas' independently elected constitutional officers to the will of the Secretary of the Department of Finance and Administration (DFA).

- State accounting law allows for "agency heads" to be removed "by appropriate legal proceedings" if they do not follow the financial mandates of the Secretary of DFA. A.C.A. § 19-4-1304. Failing to follow such instructions is "misfeasance."
- If Title 19, Chapter 4, Subchapter 15 were to include constitutional officers as "agencies," the Secretary of DFA would have near total control of the furniture of the constitutional officers of Arkansas.
- If a constitutional officer faced a budget shortfall, the Secretary of DFA would have the ability to forcibly lower the salary of that constitutional officer or their employees. A.C.A. § 19-4-1210.
- Title 19, Chapter 4, Subchapter 19 requires all "state agencies" to submit all requests for federal funds for grants, aid, and reimbursement (outside of research grants) to "be submitted to the Department of Finance and Administration prior to their submission to the granting source." A.C.A. § 19-4-1901. Currently, no constitutional officer applies this statute to themselves.

The drastic change in the interpretation of the applicability of Title 19 to the GO by ALA is not only new, it is incorrect.

#2: *The podium purchase was applied to the operating expenses, in potential noncompliance with A.C.A. § 19-4-522(d)(1)(N), which does not allow for the purchase of equipment subject to capitalization to be allocated to operating expenses.*

**Response:**

This section of law does not apply to a constitutional office. Expenses under this statute "shall cover items of expense necessary for the proper and efficient operation." A.C.A. § 19-4-522(a). The purchase of a podium for a governor who spends up to eight years traveling the state in public appearances is necessary for proper and efficient operation.

ALA also improperly claims that A.C.A. § 19-4-501, *et. seq.* applies to the GO. Historically, constitutional offices have only been held to A.C.A. § 19-4-2101, *et. seq.* or to portions of the statutes that specifically state they apply to a constitutional office. In the case of this specific section, not only does it not specifically state it applies to the GO, but it also gives various duties to the CFO of DFA, who reports to and works for the Governor. ALA's

interpretation of these statutes gives a state agency power and control over the elected Constitutional officer of the executive branch, which is not the intent of the General Assembly. The purchase of the podium and travel case was fully authorized, fully appropriated, and fully transparent.

*#3: DTSS was not notified of the delivery, which prohibited the transaction from being properly recorded and capitalized in AASIS, and formal purchasing documents or a detailed invoice was not obtained prior to payment to ensure the podium met custom height specifications, in potential noncompliance with A.C.A. § 19-4-1103(b).*

**Response:**

As explained in response #1, A.C.A. § 19-4-1103(b) does not apply to constitutional offices, only agencies. The podium is not required to be capitalized by the GO, thus falls under the definition of "equipment not capitalized," and was a proper purchase.

*#4: An exemption from the State Procurement Director for disposal of state property was not sought, nor was credit for state property requested from DFA, in potential noncompliance with A.C.A. §§ 19-4-1503, 25-8-106. Instead, the Governor's Office directly sought reimbursement for the podium and case from the RPA.*

**Response:**

The majority of Title 19 is not applicable to constitutional offices as explained in the response to #1. Although the GO has utilized Marketing and Distribution Section (M&R) when items no longer have use to the GO, the office is not legally mandated to do so. It is imperative to note that both A.C.A. §§ 19-4-1503 and 25-8-106 only hold relevance if the GO is deemed a "state agency," which it is not. In support of this position, ALA acknowledges that the State Controller, a former auditor and supervising auditor for Arkansas Legislative Audit, "opined that the Governor's Office is exempt from utilizing M&R for disposal because it is a constitutional office." P. 7. Despite that, ALA opined that the exemption does not apply.

Title 25 outlines the procedures for Arkansas State Government and given there is no definition of a "state agency" in the relevant chapter (Chapter 8), it is necessary to look to other sections of Title 25. Title 25, Chapter 15, explicitly excludes Governor from the definition of an agency: "'Agency' means a board, commission, department, officer, or other authority of the government of the State of Arkansas, whether within, or subject to review by, another agency, *except the General Assembly, the courts, and the Governor.*" A.C.A. §§ 25-15-202(2)(A) and 25-15-401(1)(A)(emphasis added).

As in Title 19, Chapter 4, in Title 25, Chapter 8, the GO is not a state agency. Regardless of category, this purchase was fully authorized, fully appropriated, and fully transparent.



5: *The bill of lading was shredded by a member of the Governor's Office staff, in potential violation of requirements for document retention found in A.C.A. §§ 19-4-1107(2)(A), 19-4-1108(a).*

**Response:**

The bill of lading was inadvertently misplaced. Once the misplacement was discovered, GO staff immediately procured a replacement copy of the bill of lading, which was provided to ALA. Further, the document retention policies of this state do not apply to constitutional officers such as the Governor; they apply to state agencies. See response to #1 for discussion of why the GO is not an agency and is not bound by this portion of Title 19, Chapter 4.

#6: *The business expense justification statement was not created by the Governor's Office staff on the day of the podium purchase, in potential violation of A.C.A. § 19-4-2104.*

**Response:**

In an effort to further comply with the intent of the law, the GO now completes Business Expense Justification Statements prior to a purchase over \$25 being made.

#7: *During a review of a FOIA request related to the podium purchase, ALA discovered three versions of the Beckett Events invoice, two of which contained a handwritten notation "To be reimbursed - LH." The Executive Assistant to the Governor's Office Deputy Chief of Staff made the handwritten notations, altering the public record after it was entered into AASIS on June 28, 2023, in potential conflict with language expressed in A.C.A. § 5-54-121 and interpreted by Williams v. State, 346 Ark. 304, 57 S.W.3d 706 (2001).*

**Response:**

A violation of A.C.A. § 5-54-121 requires a false alteration, but ALA's report includes no mention of facts to support this crucial element. Making handwritten notes on invoices and receipts is a common bookkeeping practice and has been historically utilized in state government.

A.C.A. § 5-54-121 is completely, and in every respect, irrelevant to the notation made. ALA relies on Williams v. State to conclude a potential violation of A.C.A. § 5-54-121, but the facts of this case only reinforce the irrelevance of the statute. In Williams v. State, a Sheriff used state funds to pay for meals for himself, his deputies, and their wives. He then submitted a request for meal reimbursement. Later, the Sheriff added an additional document, in an effort to receive reimbursement, which stated that two businessmen also attended the dinner. This was untrue: the two businessmen never existed. The Sheriff was prosecuted for tampering with a public record because he created a document (i.e. a public record), with a lie on it (that two businessmen attended the dinner) in order to receive an illicit financial benefit from the state.

This case is completely inapplicable and misapplied in the audit report. The original invoice for the podium (Version C) was attached to the transaction in AASIS to record the expenditure. This invoice currently exists in its original form in AASIS. Later, on September 14, 2023, when the method of payment was determined to be changed and a check submitted, a handwritten note documenting the pending change was added to a copy of the invoice (Version A) and submitted to AASIS.

The first aspect of the statute requires that an individual tampered with the invoice *with the purpose* to impair its "verity, legibility, or availability." It's important to note that no changes to the invoice were made; no writing was obscured; no amounts or language was edited. That leaves the only available "purpose" that the *verity* of the invoice was impaired. Verity is defined as "the quality or state of being true or real." The note was added to the invoice at the time the check was submitted to clarify that it was, in fact, that specific invoice that the check was reimbursing. Once the check cleared the bank on September 15, 2023, it was considered "reimbursed." Therefore, at the time the notation was made, the invoice was awaiting reimbursement, and the notation was factually accurate i.e. had verity. There was no violation of the statute.

The second aspect of the statute requires that an individual made a "false entry" or that the invoice be "falsely altered." The handwritten note on the invoice more accurately and correctly explained the status of the invoice in real-time (it was awaiting reimbursement). Thus, the notation was not false. There was no violation of the statute.

ALA spends a significant amount of time analyzing the existence of multiple invoices. The very retention of the original invoice is evidence that this is not fraud. Version A, the original invoice (without handwriting), still exists in AASIS and was not removed when Version C (with handwriting) was added. Version B was created for the Governor's Office in-office record keeping and was released pursuant to a FOIA request. A public record was not "altered." ALA insinuates that because the state changed the method of payment - this is tampering with a public document. This could not be more wrong. The Governor's Office has the authority to change a payment method, which was done and documented clearly.

**Conclusion:**

The Legislative Audit Special Report exonerates the Governor's Office. The podium and travel case were fully authorized, fully transparent, and fully appropriated. A handwritten note, absent a false alteration, is not a violation of law, and no court has ever held otherwise. No laws were broken. No fraud was committed.

## Appendix Q

### Arkansas Legislative Audit (ALA) Remarks Regarding the Management Response

#### Reasonableness of Podium Cost

As discussed on page 8 of the report, ALA was unable to determine the reasonableness of the podium cost due to custom specifications. ALA made repeated attempts to obtain the specific custom specifications of the podium from three vendors, and none responded.

#### Applicability of the General Accounting and Budgetary Procedures Law

As stated in Op. Att’y Gen. no. 89-098, “The General Accounting and Budgetary Procedures Law [GABPL] is an expansive act, covering the entire Chapter Four of Title Nineteen of the Arkansas Code Annotated. It dictates fiscal policies of the state agencies.... There is no general definition section defining ‘agencies.’” The GABPL applies to constitutional officers (COs), unless otherwise exempted (Op. Att’y Gen. no. 91-416), and declares the State’s policy to be “maintaining on a sound financial basis the state and all of its agencies...” (Ark. Code Ann. § 19-4-102(a)(1)(A)). When the General Assembly intended to exempt COs from sections of this law, it did so expressly and clearly. See, e.g., Ark. Code Ann. § 19-4-607(a) (annual operations plans); -801 (definition of “state agency” with regard to cash funds, noted in Op. Att’y Gen. nos. 93-321 and 2017-058); and -901(a)(1)(A) (travel rules).

Act 678 of the Regular Session of 2019 (Act 678) applies to two Code sections of the GABPL: Ark. Code Ann. §§ 19-4-201 and -807. Uncodified language of Section 2(a)(1) of Act 678 states that it is the General Assembly’s intent “[t]o provide for additional transparency in the budgeting and expenditures used by constitutional officers and agencies.” If the GABPL did not apply to COs in this instance, there would be no need to craft additional transparency. Section 2(a)(3) states that it is the intent of the General Assembly to “ensure that the state and the public have the necessary information to determine whether state funds are being used in an appropriate and fiscally responsible manner.” Further, codified Section 4 of Act 678 imposes greater – not less – accountability for COs through specific subchapters of the GABPL.

A cardinal rule in dealing with a statutory provision is to give it a consistent and uniform interpretation (*Morris v. McLemore*, 313 Ark. 53, 55, 852 S.W.2d 135, 136 (1993)). “Statutes should be construed so that the body of the statutory law forms a consistent, harmonious and sensible whole” (Michael W. Mullane, *Statutory Interpretation in Arkansas*. 2005 Ark. L. Notes 73, 100). A “consistent, harmonious and sensible” reading limits Section 2(b)(1) to the terms of Act 678; if the General Assembly intended a broader application, it could have plainly said so. Furthermore, if the General Assembly intends to exempt COs from any or all provisions of the GABPL, it possesses the necessary means to do so.

Additionally, applying Act 678 to all subchapters of the GABPL is contrary to subsequent appropriation acts of the General Assembly. The most recent appropriation act for the Governor’s Office is Act 855 of the Regular Session of 2023. In Section 7, the General Assembly directs that “the restrictions of...the General Accounting and Budgetary Procedures Law...where applicable...shall be strictly complied with in disbursement” of appropriated funds. This same section consistently addressed the Governor’s Office as “an agency.” A sensible reading of this language is that, like other COs, the Governor’s Office is subject to the GABPL unless expressly exempted. See Op. Att’y Gen. nos. 89-098, 91-416, and 00-060. ALA has applied similar subchapters of the GABPL to other COs and reported findings accordingly as distantly as 2006 and as recently as 2023.

## **Appendix Q (Continued)**

Furthermore, applying the GABPL to all agencies of the state, constitutional or otherwise, accomplishes the goal of having adequate accounting for all fiscal transactions and provides for the uniform, consistent treatment of expenditures for appropriation purposes (e.g., goods received by agencies in fiscal year 2024 are paid for with fiscal year 2024 appropriation; all equipment purchases greater than a set amount are charged to capital outlay appropriation as opposed to operating expense).

Arkansas Legislative Audit will continue to follow the General Assembly's enactments and apply the General Accounting and Budgetary Procedures Law to constitutional officers, unless expressly exempted.



