



STATEWIDE REVIEW OF TRAVEL EXPENSES

INTERIM REPORT JANUARY 2015

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STATEWIDE REVIEW OF TRAVEL EXPENSES – INTERIM REPORT SUMMARY

This interim report provides information on the initial phase of our review of statewide travel expenses. In this first phase of our review, we reviewed the Commonwealth's travel policies and analyzed statewide travel expenses for fiscal years 2012 and 2013. We also identified the agencies and universities with the highest expenses and further analyzed their travel expenses and processes.

Statewide travel expenses were almost \$200 million annually in fiscal years 2012 and 2013. When looking at travel expenses by individual agencies, university travel made up approximately two thirds of all travel expenses, while state agency travel only accounted for one-third of expenses.

Statewide Travel Expenses by Type of Agency

	2012		2013	
Travel expenses – Colleges and universities	\$ 124,533,448	65%	\$ 128,380,902	65%
Travel expenses – State agencies	<u>67,083,476</u>	35%	<u>69,248,446</u>	35%
Total Statewide Travel Expenses	\$ 191,616,924		\$ 197,629,348	

When considering the different types of travel expenses, lodging expenses were the largest type of expense followed by expenses for public carriers, which includes expenses for travel on airlines, trains, and buses. These two types of expenses combined account for over half of all statewide travel expenses.

Both the Department of Accounts (Accounts) and the Department of General Services (General Services) have a role in travel processes. Accounts establishes statewide travel policies for executive branch agencies; however, there are some agencies and universities who have the authority to develop their own travel policies, including several who have the most in travel expenses. General Services, another central agency, has a limited role in statewide travel processes. They administer the statewide car rental contract, but this is the only statewide contract related to travel in spite of the amount of travel that occurs and the possibilities for leveraging the state's purchasing power.

Given the significance of university travel, it is not surprising that four of the top five spending agencies were universities – Virginia Tech, University of Virginia – academic (UVA), Virginia Commonwealth University, and George Mason University. Of these, Virginia Tech had the highest travel expenses with over \$42 million in fiscal year 2013, followed by UVA with \$32 million. Many factors affect the nature and amount of travel expenses at each university and these must be considered when analyzing or comparing information between the schools. Some of these factors include types of programs offered by the university, geographic locations of campuses, and the scope of athletic programs.

There were significant differences in how travel expenses were processed and managed at each of the top four universities. This includes the level of automation in the process as well as the use of travel contracts for arranging university travel. Given the significance of university travel expenses, it is likely there are some opportunities for efficiencies through sharing best practices, and we plan to expand on this in the next phase of our review.

Other areas we plan to cover in the next phase of our review include expanding our analysis of travel expenses to include fiscal year 2014 data to identify any additional statewide or agency specific trends. We also plan to analyze different organizational models and approaches to managing travel to include the costs and benefits of contracting, and whether statewide travel contracts would result in savings by leveraging the state's purchasing power. Lastly, we plan to survey agencies and universities on different technologies and strategies they are using to minimize travel expenses. We intend to complete this review and issue a final report on statewide travel expenses by Winter 2016.

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ABOUT THIS REVIEW

The Auditor of Public Accounts originally proposed this review to the Joint Legislative Audit and Review Commission (JLARC) in May 2013. JLARC approved this review as part of our 2014 workplan and we began our work in Spring 2014. This report serves as an interim report and includes information on preliminary work and analysis on statewide travel expenses for fiscal years 2012 and 2013.

Given the scope of the work and several issues identified during the planning phase of the review, we will perform this review in multiple phases. Our intent is to perform additional work and analysis in Spring 2015 that will incorporate fiscal year 2014 travel expense data. The next phase of this review is discussed in more detail in the section entitled “*Overview of Next Phase of This Review.*”

Objectives, Scope and Methodology

The overall objective for this review is to gain an understanding of statewide travel policies and processes and to identify areas for improvement or efficiencies. This includes analysis of statewide travel expenses to further understand the nature of expenses and where they are occurring. The specific objectives for the interim phase of this review were to:

- Gain an understanding of statewide travel requirements and the role of central agencies;
- Analyze statewide travel expense data to gain an understanding of the nature of expenses, both in terms of the types of expenses as well as which agencies and universities spent the most on travel; and
- Gain an understanding of the specific processes and systems used to process and manage travel expenses at certain agencies and universities.

Our review included travel expenses for both executive and judicial branch agencies, including higher education institutions. We did not include certain types of travel-related expenses because the nature of the expenses was not directly related to the objectives of our review. As an example, we did not include expenses related to moving and relocation expenses for state employees, gasoline or fuel expenses, or training and conference registration fees (i.e., related to travel for employee training).

In addition, we did not include travel expenses related to transportation of Medicaid recipients due to the unique nature of the program and its requirements. The Department of Medical Assistance Services handles these costs through contracts with various transportation providers.

In completing work for the interim phase of our review, we contacted staff from both the Department of Accounts and the Department of General Services to gain an understanding of their role in statewide travel processes. We reviewed statewide travel policies in the Commonwealth Accounting Policies and Procedures (CAPP) manual, the Code of Virginia, and the Appropriation Act to gain an understanding of the requirements.

We analyzed statewide travel expenses for fiscal years 2012 and 2013 to gain an understanding of the most significant types of expenses, as well as the agencies and universities with the most significant travel expenses. Based on this analysis, we selected certain agencies and universities for further review. We interviewed staff at each of the individual entities to gain an understanding of their processes for processing and managing travel expenses. We also performed additional analysis on travel expenses for these entities to further understand the nature of their travel and the most significant travel vendors.

Travel Expense Data Used in this Review

As discussed above, we obtained and analyzed statewide travel expense data for fiscal years 2012 and 2013. The majority of the travel expense data came directly from the statewide accounting system, the Commonwealth Accounting and Reporting System (CARS). There are certain data limitations with the information in CARS, which required us to obtain travel expenses data directly from university financial systems in some cases.

The data limitations in CARS specifically relate to universities designated as Level III universities. The Level III designation is discussed in more detail later in this report in the section entitled *“Overview of the Travel Process in the Commonwealth.”* Generally, these universities are only required to report summary information in CARS and are not required to report local fund activity. Local fund activity is financial activity not recorded in CARS, such as university auxiliary enterprise activities. As a result of these limitations, travel expense data for these universities came directly from the university’s financial system, which includes local fund activity. Our office already obtains data from the university financial systems in the performance of the annual financial statement audits; therefore, we did not have to request additional data from the universities.

OVERVIEW OF THE TRAVEL PROCESS IN THE COMMONWEALTH

Travel occurs for a variety of reasons in state government and can be a significant expense for many agencies as well as colleges and universities. Employees may have to travel as part of meeting their day-to-day job responsibilities or to obtain training and professional development. In addition, colleges and universities have unique programs and activities that may also require travel such as research and development activities, athletic team travel, and study abroad programs. While travel expenses may be a significant expense for certain agencies and universities, there are some entities with very little travel due to the nature of the programs or mission of the agency.

This section presents an overview of statewide travel processes to provide an understanding of the requirements as well as a general understanding of how the process works. It includes information on statewide travel policies and the role of the Department of Accounts and the Department of General Services, both central agencies. It also discusses how travel expenses are recorded and classified in the state's financial reporting systems and the use of charge cards in the travel process.

Statewide Travel Policies

The Department of Accounts (Accounts) is generally responsible for establishing statewide travel policies for executive branch agencies. There are several executive branch agencies, mainly universities, who have the authority to develop their own travel policies. In addition, Judicial, Legislative, and Independent agencies may establish their own policies subject to the relevant laws and their governing bodies.

Certain universities, as well as Judicial, Legislative and Independent agencies, can establish their own travel policies.

Statewide travel policies for executive branch agencies are primarily set forth by Accounts in the CAPP Manual. These policies also apply to cabinet members and their staff as well as Executive Branch boards and commissions. Agencies may implement policies that are more restrictive, subject to approval by the agency head.

There are some additional travel policies set forth in the Appropriation Act and the Code of Virginia, which apply to all agencies and universities. These relate to when and how travel is reimbursed, the applicable rates for reimbursement, and the acceptable format for reimbursement requests. In addition, the Department of General Services establishes requirements specifically over the use of state-owned vehicles for travel.

As discussed above, the CAPP Manual is the primary source for statewide travel policies. Generally, these policies require that travel costs be limited to those expenses necessary to provide essential services to the citizens. These policies also discuss that there are several factors to consider – economy, prudence, and the necessity of travel. The CAPP Manual further requires travelers to

seek ways to reduce the cost of travel. The relevant sections of the CAPP manual that set specific statewide travel policies are summarized below:

CAPP Manual Section 20335 - Travel Regulations

This section establishes overall travel policy including the travel reimbursement process and travel planning. It also sets specific requirements over lodging, meals, and incidental travel expenses, including allowable limits based on in- and out-of-state locations. Transportation policies are also established in this section, including travel using a vehicle as well as public transportation (e.g. airplane train, bus). Additional policies are applicable when using a state-owned vehicle, and these policies are established by the Department of General Services.

CAPP Manual Section 20336 - Agency Travel Processing

This section establishes policies over the use of travel advances, both temporary and permanent. Temporary travel advances are short-term and generally repaid within 30 days of the travel. Permanent travel advances are to be used when it is not feasible to use a travel charge card. This section also provides additional information on the travel expense reimbursement process.

CAPP Manual Section 20355 - Purchasing Charge Card

This section sets policies over purchasing charge cards, also called small purchase charge cards. The requirements prohibit the use of the card for travel expenses with the exception of airline tickets, mass transit tickets, certain car rentals, and direct billed accommodations.

CAPP Manual Section 20360 - Travel Charge Card

Policies over the use of travel charge cards are set forth in this section, which distinguishes between two types of cards – an individual travel card and an agency airline travel card.

As mentioned earlier, certain universities may also establish their own travel policies based on specific agreements with the state. The Commonwealth classifies higher education institutions into one of three levels of financial and administrative operational authority. The highest level of financial and administrative operational authority, classified as Level III, is granted to an institution through a “management agreement” between the institution’s Board of Visitors, the Governor, and the General Assembly.

Level III institutions have operational authority in the areas of capital outlay, information technology, procurement, human resources, and finance. As a result, these universities are not required to follow the CAPP Manual and can establish their own travel policies. The College of

William and Mary, the University of Virginia, Virginia Tech, and Virginia Commonwealth University have been designated with Level III status. For these institutions, Accounts reviews their travel policies and will comment on any departures from the CAPP manual that could have a financial effect.

University travel policies have one additional aspect to consider. Frequently, Universities have programs funded with special grant or contract funds. In these cases, the terms and conditions of the individual grant or contract would apply to any travel expenses. In situations where the grant or contract does not address travel requirements, either the CAPP manual requirements or the university's policies would apply, whichever is relevant based on the university's designation.

Role of the Department of General Services

The Department of General Services (General Services) is generally responsible for statewide procurement and contracting; however, they have a limited role related to travel in the Commonwealth. General Services is responsible for the administration of the statewide auto rental contract (currently with Enterprise) which employees are required to use when cost beneficial. This is currently the only statewide contract related to travel expenses.

General Services, through their central procurement unit, is responsible for procuring the contract, and the Office of Fleet Management Services (Fleet) performs contract administration duties and manages this statewide contract. Fleet requires state employee travelers to use a pre-designed trip calculator to determine the cost/benefit of using a personal vehicle or Enterprise rental. Agencies must then determine whether the employee should use a state-owned vehicle, Enterprise rental, or a personally-owned vehicle in official state travel. It is expected that a good faith effort will be made to use the Enterprise rental contract when practical.

The Enterprise rental car contract is the only statewide contract related to travel expenses.

There are no other statewide contracts related to travel in spite of the amount of travel that occurs and the possibilities for leveraging the state's purchasing power. General Services is actively exploring this area in addition to a statewide travel office. They have identified a number of issues to address and we will analyze this issue further in the next phase of our review. This is discussed in the section entitled "*Overview of Next Phase of this Review.*"

Travel Expense Processing

Agencies and universities are responsible for most aspects of processing travel expenses. This includes making travel arrangements and reservations although this process will vary from agency to agency. Some larger agencies may have a central department or individual that makes travel arrangements, while individual employees have this responsibility in other situations. Each individual

agency is generally responsible for establishing the process for making travel arrangements and reservations.

While many expenses are processed through the travel reimbursement process, there are also some travel expenses processed as regular vendor payments so the procedures will vary depending on the type of transaction. Regardless of the type of transaction used to process the travel expense, agencies and universities are responsible for ensuring expenses are properly approved, adequately supported with documentation, and in compliance with applicable travel policies and requirements. This may also include any internal budgeting or monitoring to ensure travel expenses are within budgeted amounts.

In addition to establishing statewide travel policies, Accounts also has a role in processing and recording travel expenses in CARS, the state's financial reporting system. While Accounts is responsible for maintaining CARS, agencies are responsible for approving and processing their own travel expense payments in CARS. Many agencies, especially larger agencies, have their own financial management systems. Agencies record travel expenses in these systems and then the information is either interfaced or entered into CARS. As discussed earlier, Level III universities have some additional flexibility in the amount of information they are required to report in CARS.

Most agencies have been given a "decentralized" status, meaning documentation to support expenses is maintained at the agency. For these agencies, Accounts periodically will perform quality control reviews, which include travel expenses as well as other financial areas. There are several agencies that do not have this status and these are referred to as "centralized agencies."

Centralized agencies include agencies that have not demonstrated the capability to manage a delegated program for various reasons. For these agencies, Accounts has a more significant role in processing travel expense payments, as well as other expenses. These agencies are required to submit documentation to Accounts to support expenses, and Accounts reviews the documentation to ensure it is adequate and in compliance with statewide travel policies.

Use of Charge Cards for Travel Expenses

As discussed earlier, there are three types of charge cards that can be used to pay for travel expenses – the small purchase charge card, an individual travel card, or an agency airline card. The CAPP manual sets specific policies as to the use of each of these card types for travel; however, agencies and universities can implement exceptions to the policies. The approval process for departures from the policies depends on the agency type and the university designation.

Small purchase charge cards are routinely used by all agencies for various purchases including travel-related purchases. The other two card types are specifically limited to travel-related expenses. The agency airline card can be used only for airline and mass rail travel so there are a limited number of these cards used statewide. Currently, 81 employees hold agency airline cards and each agency must pay these cards in full on a monthly basis.

Employees who travel more than two times per year are encouraged to obtain an individual travel card. There are over 2,400 employees statewide with individual travel cards, with card limits between \$1,000 and \$5,000 depending on the employee's travel volume. Unlike the airline travel card, which the agency pays, individual employees are responsible for paying the balance on their individual travel card. Employees request reimbursement for travel charged to the card; however, they must pay the bill timely even if agency reimbursement has not occurred. There are penalties to the cardholder for late and/or non-payment of their individual travel cards including closing the account if the cardholder does not pay the bill timely.

How Travel Expenses are Recorded in CARS

Travel expenses, like other expenses recorded by state agencies and universities, are recorded by fund, program, and object code in CARS. This information is required regardless of whether an agency uses CARS as their primary financial reporting system or has an internal financial reporting system. While an agency or university may use additional data elements to record their expenses (i.e., cost code, department, project), the fund, program, and object code are necessary to interface with CARS and also to monitor expenses against appropriations.

Object codes are used to record and classify expenses in categories. There are several object codes used to record travel expenses, which differentiate between different types of travel expense (e.g., meals vs. lodging). The CAPP Manual establishes these object codes and the types of travel expenses included in this review are discussed in Table 1. Along with the description, there is a reference to the specific object code from the CAPP manual.

Table 1 – Description of Types of Travel Expenses

Type of Travel Expense	What is Included
Employee Training	<i>Expenses for airfare, taxi, tolls, lodging, meals and personal vehicle mileage reimbursement, associated with employee training and development. (object code 1227)</i>
Lodging and Miscellaneous	<i>Expenses for gratuities, lodging, and similar subsistence and for parking fees and tolls. (object code 1285)</i>
Meals	<i>Expenses for meals incurred during trips or work assignments. This includes meals which did not require overnight lodging and meals incurred during trips which required overnight stays. (object codes 1287 and 1288)</i>
Personal Vehicle	<i>Expenses for transportation by personal vehicle other than parking fees and tolls. (object code 1282)</i>
Public Carrier	<i>Expenses for individual travel by aircraft (State and private sector), airport limousine, bus, leased vehicle, taxi, train, and watercraft. Expenses for Enterprise rental cars are recorded in this object code. (object code 1283)</i>
State Vehicle	<i>Expenses for transportation by State vehicles such as the Commonwealth's centralized fleet of vehicles managed by the Office of Fleet Management Services other than parking and tolls. (object code 1284)</i>

Travel for Custodial Care

Expenses for individual transportation and subsistence for persons in the care or custody of a State agency. This includes the extradition of prisoners and all travel expenses of the guards. (object code 1286)

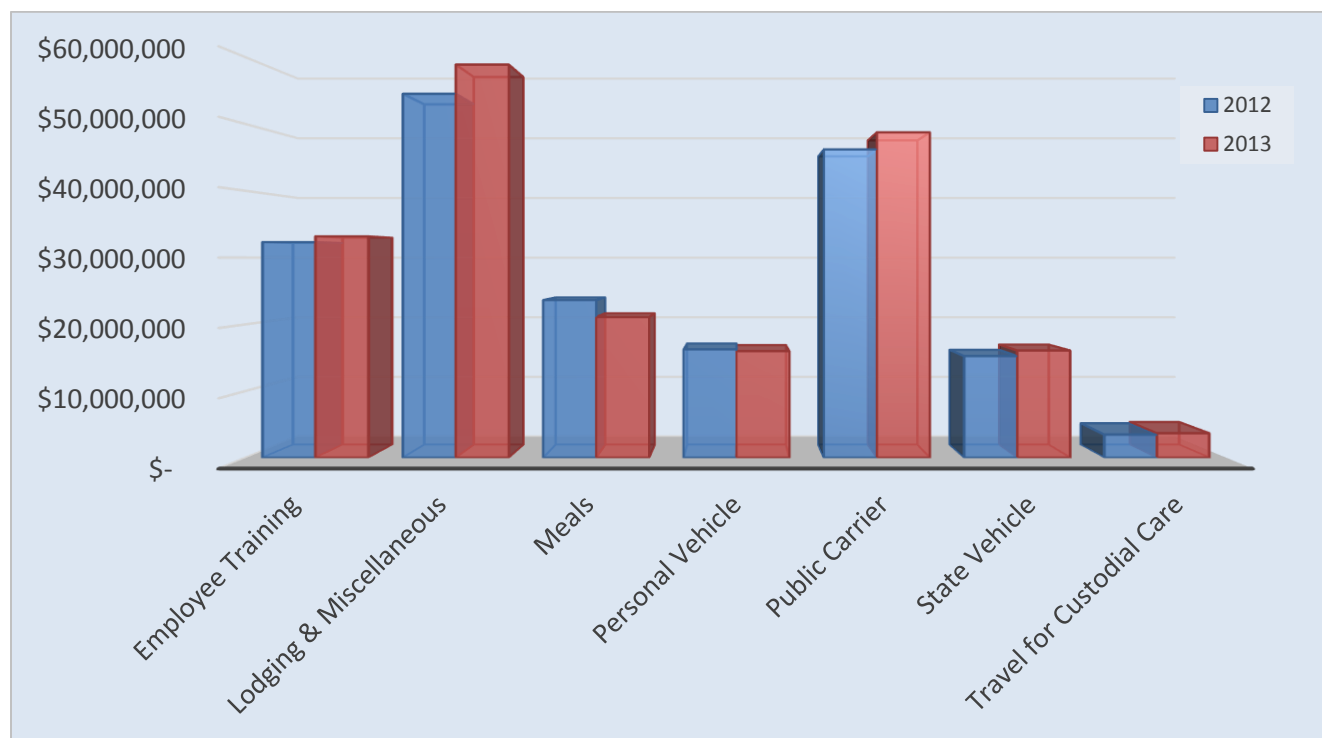
We based our analysis in this review on the expenses recorded in the areas listed in Table 1. The accuracy of our analysis relies on agencies and universities properly coding their expenses to these object codes. The following section discusses the results of our statewide analysis of travel expenses.

ANALYSIS OF TRAVEL EXPENSES – FISCAL YEARS 2012 AND 2013

Statewide Travel Expenses

Statewide travel expenses are close to \$200 million annually over the last two years. Statewide travel expenses were approximately \$192 million in fiscal year 2012 and \$198 million in fiscal year 2013. As discussed earlier, CARS classifies travel expenses according to type of expense. Chart 1 shows an analysis of statewide expenses broken down by type of travel expense for both years.

**Chart 1 – Statewide Travel Expenses by Type
Fiscal Years 2012 and 2013**



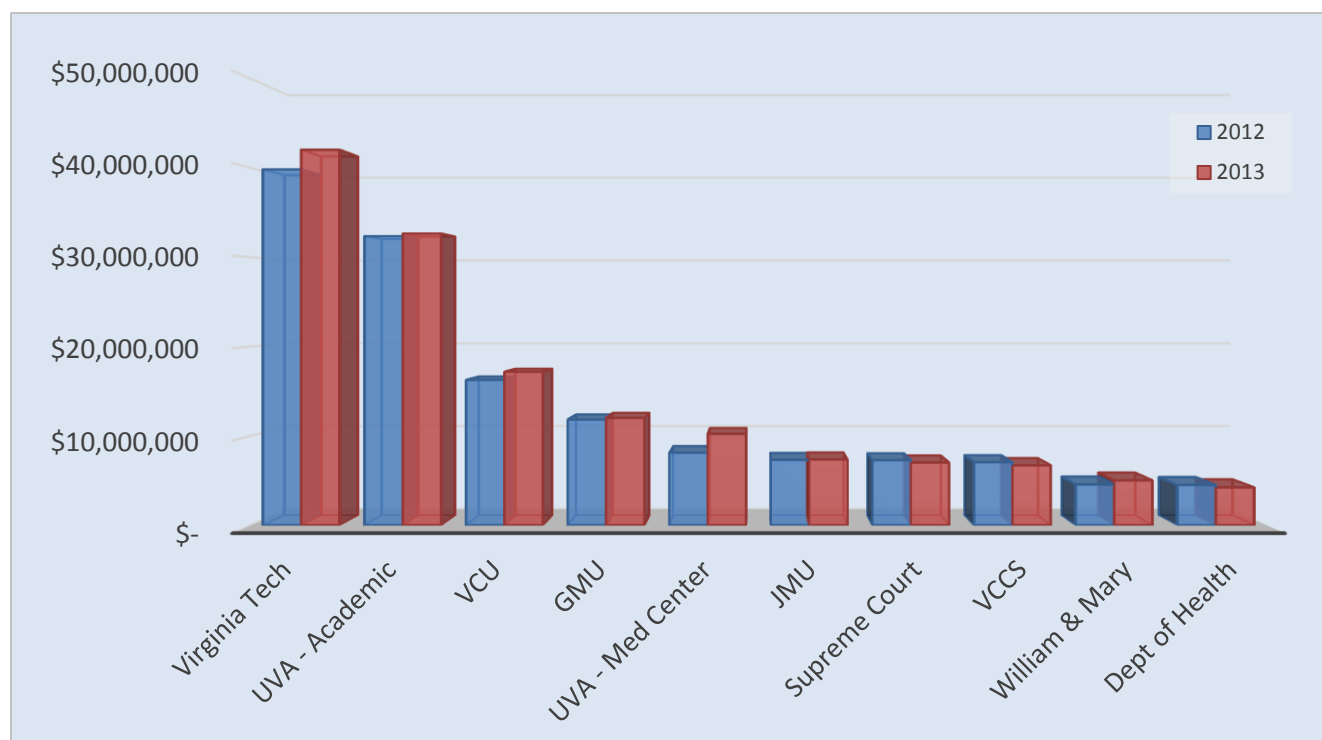
Source – Commonwealth Accounting and Reporting System and financial reporting systems for certain universities

As shown in Chart 1, Lodging and Miscellaneous is the largest type of expense with statewide expenses between \$55 - 60 million each year. This generally includes expenses for lodging as well as miscellaneous expenses like tips, parking, and toll expenses. The next largest category of travel expenses is Public Carrier expenses. These include expenses for travel using airlines, bus, taxi, and trains. This also includes expenses for leased vehicles, which would include expenses under the Enterprise rental contract. These two areas combined account for over half of all statewide travel expenses.

Chart 2 shows an analysis of statewide travel expenses at the individual agency level to determine which agencies or universities incurred the highest amounts of travel expenses. The top ten agencies and universities based on fiscal year 2012 and 2013 travel expenses are included. Colleges and universities account for four of the top five agencies as well as seven of the top ten.

The amounts in Chart 2 for some agencies include travel expenses for multiple entities. For example, the Supreme Court processes travel expenses for the court system, so this amount includes the travel expenses associated with various courts statewide. Also, the amount for the Virginia Community College System (VCCS) includes travel expenses for all colleges in this system.

**Chart 2 – Travel Expenses for Top 10 Agencies and Universities
Fiscal Years 2012 and 2013**



Source – Commonwealth Accounting and Reporting System and financial reporting systems for certain universities

Universities make up a substantial portion of statewide travel expenses over both fiscal years. To gain a better understanding of how significant college and university travel is in comparison to state agency travel, Table 2 shows the breakdown of statewide travel expenses between colleges and universities, and agencies for fiscal years 2012 and 2013. As shown on the following page, college and university travel makes up approximately two-thirds of all statewide travel expenses.

Table 2 – Breakdown of Statewide Travel Expense

	2012		2013	
Travel expenses – Colleges and universities	\$ 124,533,448	65%	\$ 128,380,902	65%
Travel expenses – State agencies	<u>\$ 67,083,476</u>	35%	<u>\$ 69,248,446</u>	35%
Total Statewide Travel Expenses	\$ 191,616,924		\$ 197,629,348	

Given the significance of college and university travel, we selected the four universities with the highest travel expenses - Virginia Tech, University of Virginia (UVA), Virginia Commonwealth University (VCU), and George Mason University (GMU) for further review and analysis. We also selected the top non-higher education related entity for additional review, the Supreme Court. The following sections provide additional information on each of these entities' travel expenses, as well as their policies and processes.

Analysis of University Travel Expenses

Travel expenses at the top four universities totaled approximately \$100 million and made up over half of statewide travel expenses in each of the two years. While they may all be higher education institutions, there are many variations in not only their travel policies, but also their processes and systems for managing travel expenses. Additionally, three of these universities have Level III status, which was discussed earlier in this report and impacts their processes and the requirements they must follow.

When looking at university travel expenses, most of the travel expenses occurred in three program areas Auxiliary Enterprises, Instruction, and Sponsored Programs, and each area is discussed below. It is important to have a general understanding of these program areas to better interpret the analysis and understand where travel expenses are concentrated at these universities.

Auxiliary Enterprises

University operations or activities that are generally funded with various fees or revenues, not tuition revenue. This would normally include operations like athletics, dining hall, and residential hall operations. This also would include universities that offer a campus bus service that is funded with student fees.

Instruction

Includes expenses related to student instruction. An example could be expenses for travel by professors who take their students overseas for a special study program. Instructional expenses are generally funded as a part of the university's tuition and fees.

Sponsored Programs

Projects or activities which are originated and conducted by members of the faculty supported wholly or in part by externally restricted funds awarded to the university. The most common funding source for these programs are federal grants and contracts; however, private companies and foundations also contribute for specific research projects.

In looking at travel expenses among the top four universities, there were differences in where expenses were concentrated. There were also differences in travel policy and in how each university processes travel expenses. Table 3 highlights some of these differences, which are discussed in more detail in the subsequent sections.

Table 3 – Comparison of University Travel Processes

	Virginia Tech	UVA	VCU	GMU
University designation	Level III	Level III	Level III	Level II
Automated travel reimbursement system?	Yes	No	Yes	Yes
Travel agency contract?	Yes	No	Yes	Yes
Mandatory use of travel agency?	No	No	Yes	No
Top Travel Expense Type (fiscal year 2013)	Lodging	Lodging	Public Carrier	Public Carrier
Top Travel Expense Program (fiscal year 2013)	Sponsored Programs	Auxiliary Enterprises	Instruction	Sponsored Programs

There are many factors that affect the nature and amount of travel expenses at each university and these must be considered when analyzing or comparing information. The nature of each university's programs will impact how much travel occurs and the types of travel. As an example, some universities have a more research-driven mission and these universities will incur more travel expenses related to research programs and grants. Other universities may offer more study abroad programs for their students and they will incur travel expenses related to international travel. Athletics is also an area that incurs travel, and the scope and nature of the university's athletic programs will impact expenses. For example, the university's athletic conference, along with the decision to sponsor a football program, contributes to the amount of travel needed in the athletic department.

Other factors that affect travel expenses include the geographic location of the university and its campuses. As an example, VCU has an international campus and they incur travel expenses related to this location. The number of students, as well as the number of employees and faculty,

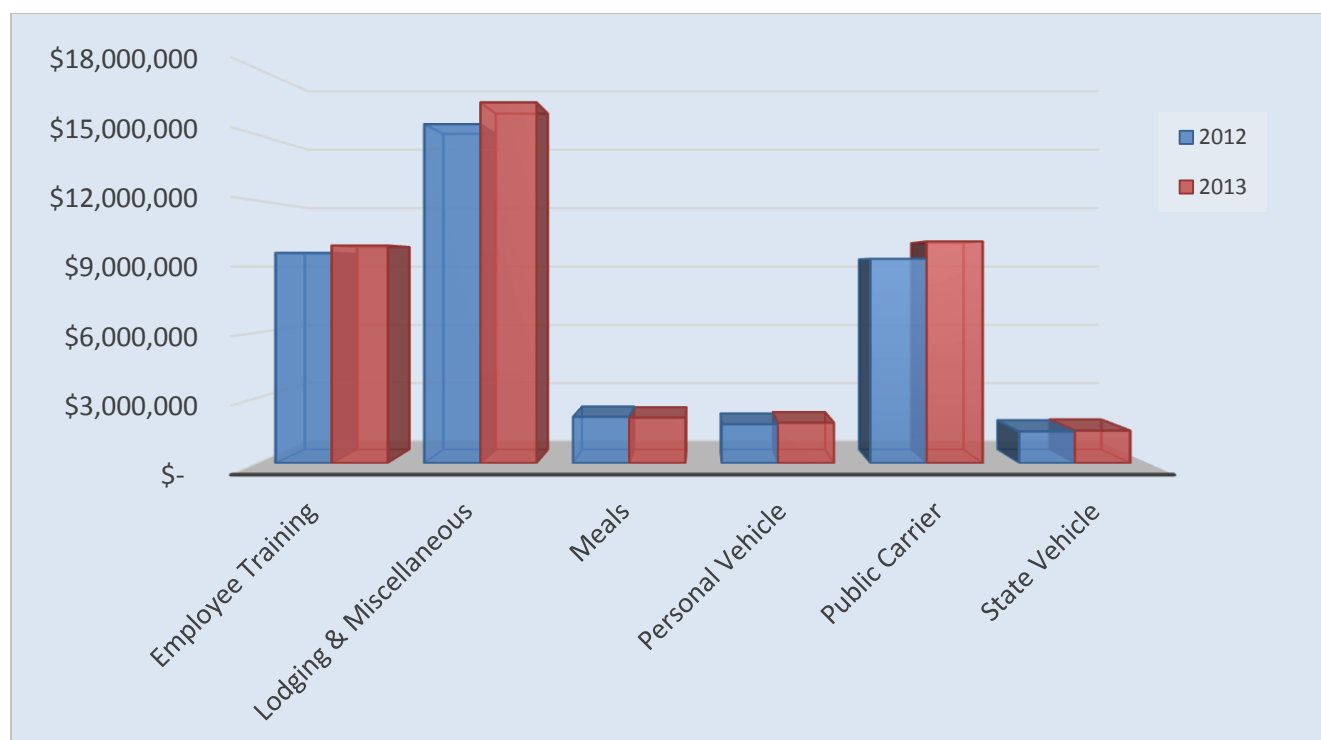
also affects the need and amount of travel. Even a university's approach to providing student transportation on campus affected travel expenses. Some universities contract out this service while others operate and maintain their own fleet of vehicles to provide transportation services to their students and employees.

The following sections provide additional information on the four universities with the highest travel expenses. It is important to consider the factors discussed above that can impact university travel expenses when analyzing or comparing information between these universities.

Virginia Tech

Virginia Tech had the most travel expenses across all agencies and universities with approximately \$40 million in travel expenses annually. These expenses accounted for almost 20 percent of statewide travel expenses and were significantly more than the next highest university, UVA. The majority of these expenses occurred in Lodging and Miscellaneous, Public Carrier, and travel expenses for Employee Training as shown in Chart 3.

Chart 3 – Virginia Tech Travel Expenses by Type for Fiscal Years 2012 and 2013



Source – Virginia Tech Banner financial reporting system

Since Virginia Tech is a Level III school, they are not required to follow the CAPP Manual and can develop their own travel policies. While they use the CAPP Manual as the basis for their policies, they do depart from CAPP Manual requirements in several areas as follows:

- Reimbursement allowed for one additional night and one additional day of meal expenses when an overall net cost saving results from extending the trip to use lower airfares.
- Allows inclusion of travel expenses for a prospective employee's spouse for the positions of President, Provost, Vice President, Dean, Department Head, and faculty.
- Allows lodging rates up to 100 percent above published limits when a more economical alternative is unavailable.

Prior to commencing travel, employees are encouraged to prepare an estimate of the total cost of the travel. If international travel is involved, an estimate is required along with authorization from their supervisor or dean. Travel expenses are not budgeted university-wide but by department, and each department is responsible for ensuring that the travel does not exceed budgeted amounts. If it appears that a trip will cause expenses for a program to exceed the department budget, the department head must obtain funding from other sources.

Virginia Tech processes travel expenses electronically using an add-on module to their current accounting system, Banner. Beginning June 2014, Virginia Tech began implementing this system university-wide having successfully completed a pilot program over the past two years. The new system has streamlined the travel reimbursement process and manual reimbursement requests are being phased out. The system has built-in edits to prevent improper requests such as electronic travel authorization, which encumbers the appropriate fund and will not allow authorization if there are insufficient funds. All travel must be approved by the traveler's supervisor, department head, or dean, depending on the nature of the travel. The traveler must submit travel reimbursement requests within 30 days of completion of travel.

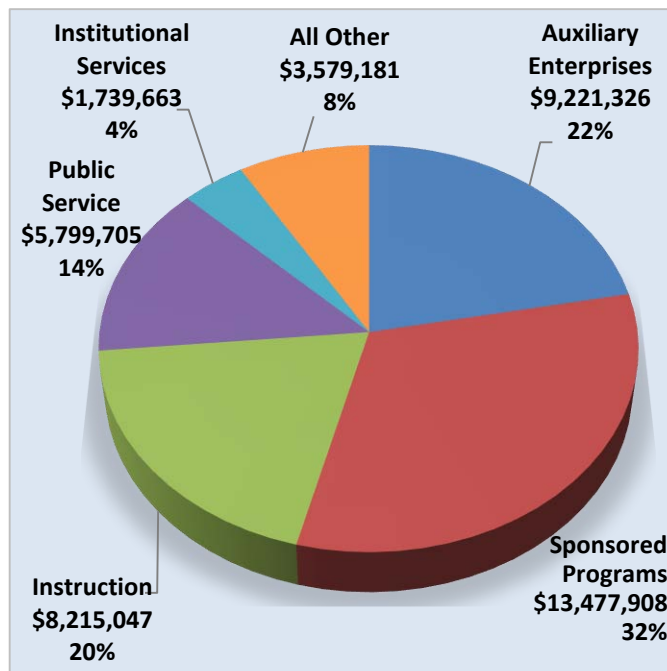
Another control in the new system is that non-compliant entries will be flagged and the user cannot continue with their reimbursement request until it is corrected. An example of a non-compliant entry is a duplicate reimbursement request. If an employee enters an incorrect or duplicate reimbursement request, the system will automatically flag the entry.

Chart 4 shows travel expenses broken down by each program area for fiscal year 2013. Sponsored Programs and Auxiliary Enterprises, which includes athletics travel, accounted for the majority of travel expenses, making up over half of all travel expenses in fiscal year 2013.

It should be noted that both Sponsored Programs and Public Service program areas include travel expenses for the Virginia Cooperative Extension and Services Program. This program is related to Virginia Tech's role as one of two land grant universities in the state. Travel expenses under this program accounted for approximately \$3.2 million of Virginia Tech's total travel expenses.

Although employees are responsible for booking their own travel and there is no central travel office, Virginia Tech does contract with several travel agencies. However, employees are not required to use the travel agencies to book their travel. The travel agencies are most frequently used for booking group travel and international travel.

Chart 4 – Virginia Tech Travel Expenses by Program Area for Fiscal Year 2013



Source – Virginia Tech Banner financial reporting system

Table 4 shows the top ten travel expense vendors for fiscal year 2013. The largest travel vendor is the Town of Blacksburg. Virginia Tech pays the town an annual fee, which allows students to ride the public transit buses at no cost. This expense is funded from a portion of each student's activity fee.

Table 4 – Virginia Tech Top Travel Vendors for Fiscal Year 2013

Vendor Name	Amount	Description
Town of Blacksburg	\$2,785,298	Annual contract for students to ride the local buses
Hotel Roanoke & Conference Center	\$893,635	Various conferences held by Continuing Education and Conference Services Dept.
Miami Air International Inc.	\$612,578	Chartered airline services for away football games
W.E. Skelton 4-H Educational Conference Center	\$488,149	Summer 4-H camps coordinated by local extension offices
Kuoni Viaggi SA	\$479,092	Travel agency costs for study abroad trips
Chinese Language Institute LLC	\$373,369	Travel expenses for study abroad programs and other educational trips
Northern VA 4-H Educational Conference Center	\$368,368	Summer 4-H camps coordinated by local extension offices

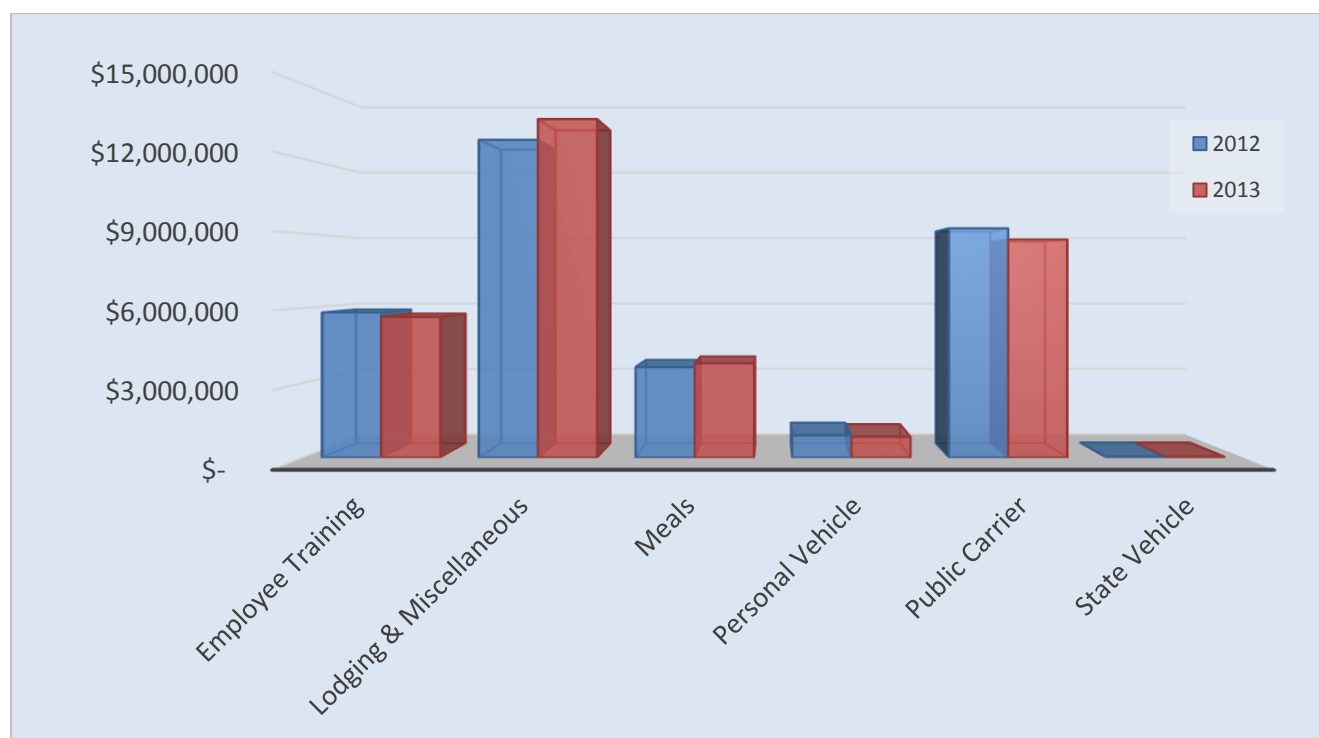
Sunshine Tours Inc.	\$346,190	Chartered bus service for athletic teams for away events
Williamsburg Hotel & Conference Center	\$267,843	Various conferences held by Continuing Education and Conference Services Dept.
American Universities International Programs	\$264,974	Travel expenses for study abroad programs

As expected, some of the top vendors for travel expenses are related to athletics and athletic team travel, such as charter air and bus services for away games. In addition, the expenses for summer 4-H camps are related to the youth education program of the Virginia Cooperative Extension, which was discussed earlier.

University of Virginia

The University of Virginia (UVA) is second highest in travel spending statewide with expenses totaling approximately \$32 million annually. The majority of their expenses occurred in Lodging and Miscellaneous, Public Carrier and travel expenses for Employee Training as shown in Chart 5. The most significant types of travel expenses were consistent with travel expenses for Virginia Tech.

Chart 5 – UVA Travel Expenses by Type for Fiscal Years 2012 and 2013



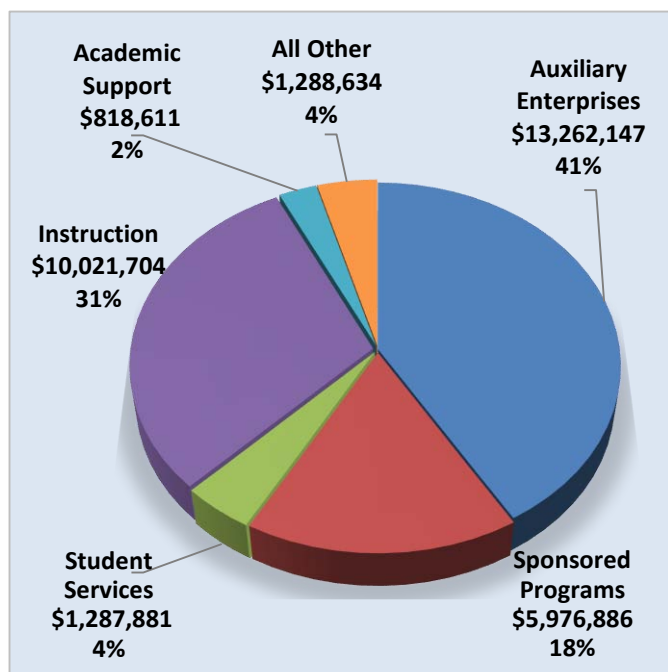
Source – UVA Oracle financial reporting system

Similar to Virginia Tech, UVA is a Level III school, which allows them to establish their own travel policies. While their basic policies also mirror the CAPP manual requirements, they depart from the CAPP Manual in the following areas:

- Allows the traveler to use the pre-pay refueling option at the rental agency if it appears to be more economical.
- Allows hotel rate up to \$500 per night at conference hotels with supervisor approval.
- Allows non-conference hotel rate in excess of 100 percent of State maximum per night with approval by both supervisor and supervisor's supervisor.
- Allows the use of "Local" funds purchase charge card to pay for additional travel expenses. The charge card is paid with funds from auxiliary enterprises.

Pre-approval policies for travel are department-specific and employees are not required to prepare an estimate of the total cost of the travel. Travel expenses are budgeted by department and each department is responsible for ensuring that expenses do not exceed budgeted amounts.

**Chart 6 – UVA Travel Expenses
by Program Area for Fiscal Year 2013**



Source – UVA Oracle financial reporting system

UVA does not have an automated system for processing travel expense reimbursements, but relies on an Excel travel workbook. After travel is complete, each employee enters information in the travel "workbook" and obtains supervisory approval. The employee submits the workbook, along with the original receipts, to Accounts Payable for processing. The workbook includes the lodging and per diem rates as well as the current mileage rates, which allows some items to be automatically calculated. Employees must submit reimbursement requests within 30 days of the completion of travel.

Chart 6 shows travel expenses broken down by each program area for fiscal year 2013. Auxiliary Enterprises travel accounted for a significant amount of travel for the university. Fiscal year 2013 expenses for Auxiliary Enterprises totaled approximately \$13.2 million, or 41 percent of the total.

The percentage of travel expenses related to Instruction was significantly more at UVA than the other universities, while the percentage spent on Sponsored Programs was significantly less than some of the other universities. As discussed earlier, the nature of the university's programs, such as study abroad programs, will impact this analysis by program area.

Table 5 below shows the top ten vendors in terms of travel expenses for UVA for fiscal year 2013. Several of the more significant vendors below are related to the study abroad programs. As part of these undergraduate and graduate programs, students have the opportunity to study at various international universities and travel expenses are generally paid for by UVA.

One vendor included that might warrant additional explanation is the Darden School Foundation (Foundation) which is affiliated with the business school. The Foundation has their own hotel and conference center called the Abbott Center. UVA paid the Foundation \$1.4 million in fiscal year 2013, for use of these facilities for university conferences and other business. UVA staff reviews the expenses to ensure supporting documentation is reasonable and in compliance with travel policies. UVA transfers payments electronically to the Foundation.

Table 5 – UVA Top Travel Vendors for Fiscal Year 2013

Vendor Name	Amount	Description
Bank Of America	\$7,372,832	Payments for travel expenses charged on small purchase charge card
Servicios De Programas Universitarios SI	\$2,243,610	Travel for study abroad programs
Darden School Foundation	\$1,432,811	Payment to Foundation for use of the Abbott Center
Worldstrides Capstone Programs	\$759,332	Travel expenses for study abroad programs
Charter Search Inc.	\$584,555	Chartered airline services for away basketball games
Petty Cash Custodian	\$403,342	Reimbursements to petty cash account for per diem payments to traveling student athletes
Crestline Hotels & Resorts Inc.	\$362,053	Conference lodging
Omni Charlottesville Virginia Corporation	\$255,725	Lodging for visitors and prospective employees
University College Oxford	\$188,725	Travel expenses for study abroad programs
Miami Air International Inc.	\$145,888	Chartered airline services for away football games

Source – UVA Oracle financial reporting system

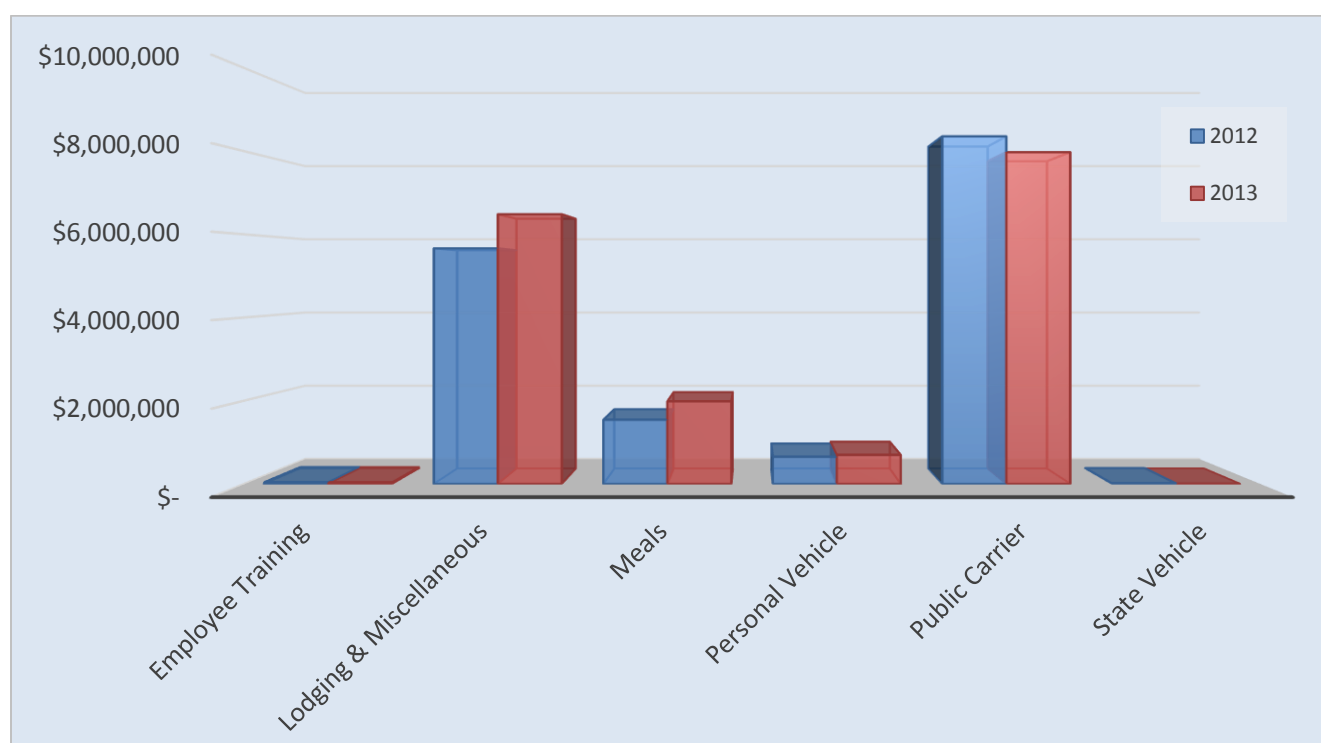
There are also several vendors included above that relate to travel for UVA athletic programs. Payments made to the Petty Cash Custodian are reimbursements to the petty cash account for per diem payments to athletes. NCAA regulations set requirements on per diem meal payments for athletes when traveling. The per diem meal payment can be in the form of a cash payment or team meal, and UVA has elected to use the cash payment in most instances. When this occurs, a petty

cash advance is obtained and this is used to make the individual cash payments to the athletes. The payments in the table above represent reimbursements to the petty cash account.

Virginia Commonwealth University

Virginia Commonwealth University (VCU) had travel expenses of approximately \$17 million in both fiscal year 2012 and 2013. Although VCU's top two types of expenses were similar to both Virginia Tech and UVA, the difference was that Public Carrier expenses had the highest spending for VCU.

Chart 7 – VCU Travel Expenses by Type for Fiscal Years 2012 and 2013



Source – VCU Banner financial reporting system

Based on Chart 7, VCU appears to have minimal travel expenses related to Employee Training, because they have elected not to use this object code for travel expenses related to employee training. Instead, they record the travel expenses based on the type of expenses (i.e., lodging expenses incurred for employee training are recorded under the lodging object code, not the employee training object code). This is a different method for recording these costs than used by either Virginia Tech or UVA, and this impacts the ability to compare these costs between the universities.

As a Level III school, VCU is not required to follow the CAPP Manual and they have developed their own travel policies. Although their travel policies are very similar to the CAPP manual, they

have contracted with a travel agency and require that all airline and public carrier travel be booked through the agency.

VCU uses the Chrome River System to process pre-trip authorizations and travel reimbursements. The Chrome River System is a leased system that interfaces with VCU's financial accounting system. The process is completely automated and all supporting documentation is electronically scanned and attached to the travel request. In addition, the system interfaces with the travel agency so that all reservations and travel purchases through the agency are automatically entered on the employee's reimbursement request.

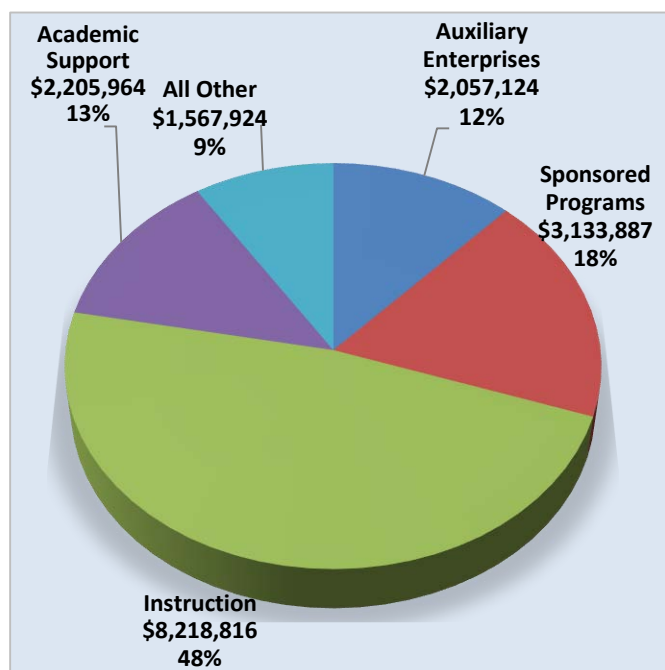
The Chrome River system has built-in edits that will flag entries that do not comply with requirements and prompts the user to correct the error or provide additional justification. The system detects possible duplicate reimbursement to ensure employees are not being reimbursed more than once for the same items.

Chart 8 shows travel expenses broken down by each program area for fiscal year 2013. Travel for Instruction makes up close to half of all travel expenses incurred by the University, followed by Sponsored Programs and Academic Support. Fiscal year 2013 expenses for these three program areas combined totaled approximately \$13.5 million.

Table 6, on the following page, displays the top ten vendors in terms of travel expenses for VCU for fiscal year 2013. The highest paid vendor is for a travel agency contract used for travel to and from VCU's international campus in Qatar. This is a unique situation since that VCU receives the monies from the Qatar Foundation up front and then uses these funds to pay for the travel costs.

Similar to the other universities, some of VCU's top travel vendors are related to athletic programs. In addition, VCU has several graduate programs that include study abroad components and expenses related to these programs are also included in Table 6.

**Chart 8 – VCU Travel Expenses
by Program Area for Fiscal Year 2013**



Source – VCU Banner financial reporting system

Table 6 – VCU Top Travel Vendors for Fiscal Year 2013

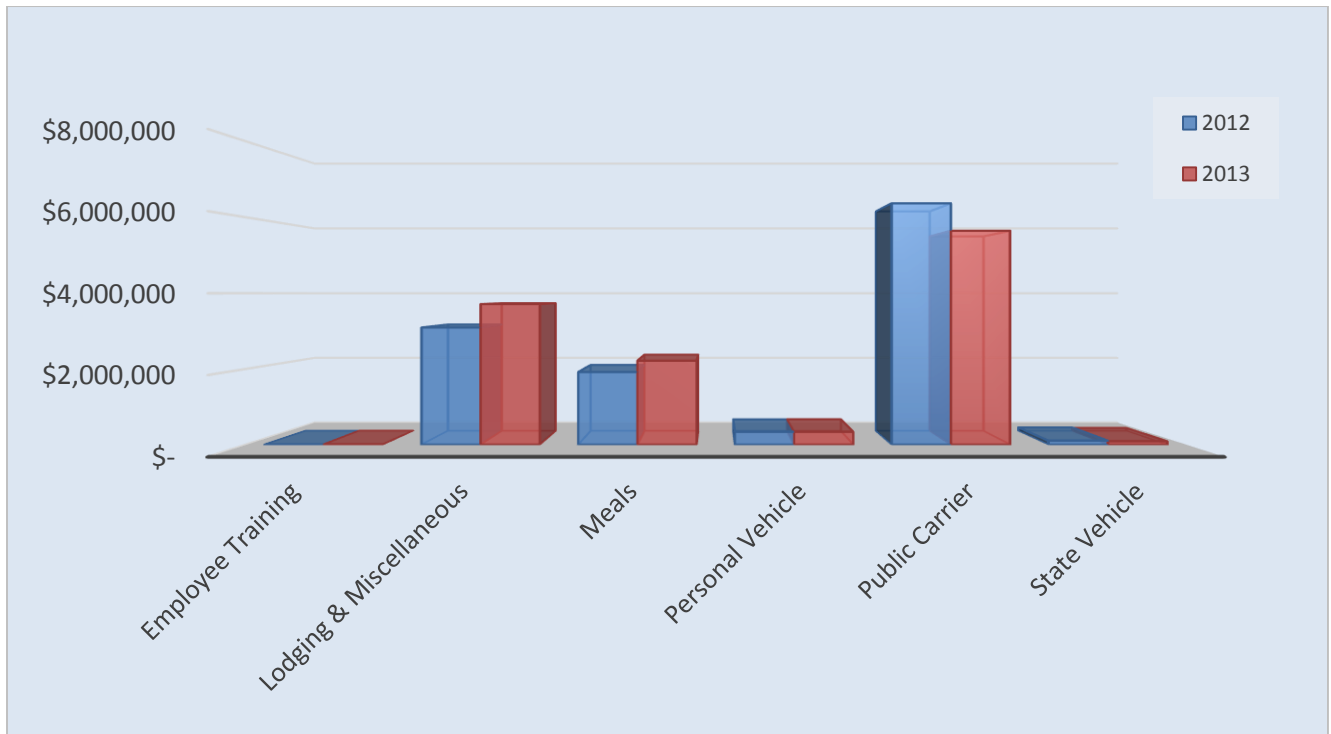
Vendor Name	Amount	Description
Mannai Travel	\$990,507	Travel agency contract for travel to and from Qatar campus
Premiere Global Sports	\$339,361	Chartered airline services for athletic team travel
The Jefferson Hotel	\$207,119	Banquet events and lodging
Worldstrides	\$176,795	Fast Track Executive MBA program – international travel
Venture Tours Inc.	\$175,273	Charter bus services for athletic team travel
Brownell Travel Inc.	\$115,513	Executive MS Information Systems program – international travel
Residence Inn by Marriott Fairfax	\$114,936	Hotel contract for conference
Doubletree Hotel Richmond Downtown	\$93,453	Banquet events and lodging
Aramark Educational Services Inc.	\$85,626	Conference catering
Holiday Inn Express	\$79,105	Hotel expenses for various conferences

Source – VCU Banner financial reporting system

George Mason University

George Mason University (GMU) had approximately \$12 million in travel expenses for both fiscal years 2012 and 2013. Similar to the other universities, their top areas of expense were Public Carrier and Lodging and Miscellaneous, although Public Carrier expenses alone made up close to half of their total travel expenses in both years. Similar to VCU, they had minimal travel expenses for employee training because they record these expenses based on the type of expense and do not separate these travel costs out.

Chart 9 – GMU Travel Expenses by Type for Fiscal Years 2012 and 2013



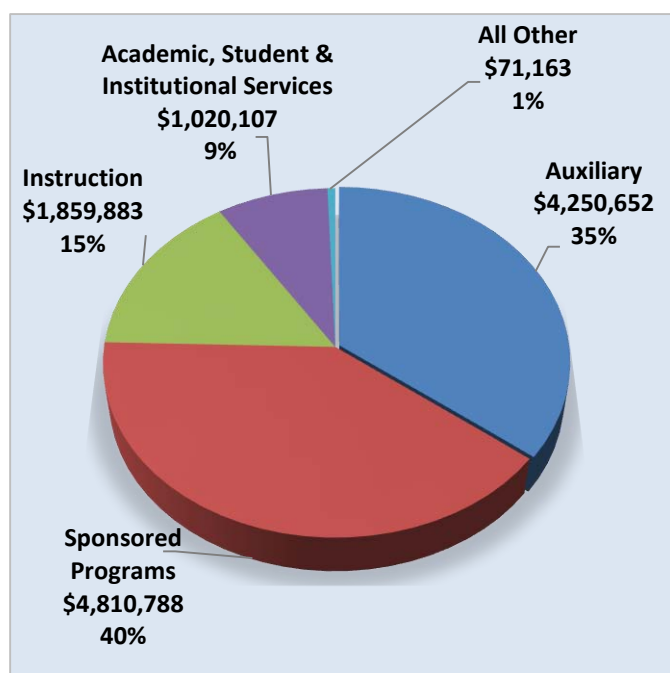
Source – GMU Banner financial reporting system

As a Level II school, GMU differs from the previous universities in the ability to depart from the CAPP Manual. Level II schools generally must follow the CAPP manual but they can submit an annual exception request to DOA if they elect departures from the CAPP Manual. GMU has requested and DOA has approved the following exceptions to GMU’s travel policy:

- Airline ticket purchases may exceed the State enforced Single Transaction Limit of \$5,000.
- The travel restriction is permanently lifted on all small purchase charge cards to allow cardholders to purchase plane and train tickets with the card with no written permission.
- “Special Use” cardholders have the ability to use their charge cards to check in or out of a hotel or to rent a vehicle for university purposes. “Special Use” cardholders are on travel status a large percentage of the time or accompany groups of students to various locations. GMU has made this designation because they believe requiring them to file travel reimbursements regularly for continuous travel puts an undue financial hardship on the traveler.

GMU uses an in-house information system called the Travel Request System (TRS) to process travel requests and reimbursements. While the system automates the travel process, there are still many manual elements in the completion and submission of requests, such as manual sign-off, approval, and submission. Currently, University programmers are in the process of developing enhancements to the system to allow for digital signatures, digital approval, upload of travel documents and interface with GMU's financial accounting system.

**Chart 10 – GMU Travel Expenses
by Program Area for Fiscal Year 2013**



Source – GMU Banner financial reporting system

Chart 10 displays travel expenses by each program area for fiscal year 2013. Sponsored Programs and Auxiliary Enterprises totaled \$9.1 million and made up approximately 75 percent of total travel expenses incurred by GMU in fiscal year 2013. GMU was unique in that it was the only university of the top four where Sponsored Programs was the top program area for travel expenses.

The top ten travel vendors for GMU for fiscal year 2013 are listed in Table 7. The university itself shows up as the top vendor, which is due to how they process their travel expenses and wire transfers related to international travel. GMU uses their “local auxiliary” funds to pay these expenses and then State operating funds are used to reimburse those funds. This reimbursement to pay back the local funds is processed as a payment to themselves. Accounts Payable personnel reviews the local funds reimbursement prior to submission to ensure compliance with travel requirements.

Also, there are two vendors in the table related to currency exchange services for the international study abroad programs. Travelex and Western Union payments in Table 7 represent monies that are converted into local currency for GMU to pay for residency programs or other student overseas trips.

Table 7 – GMU Top Travel Vendors for Fiscal Year 2013

Vendor Name	Amount	Description
George Mason University	\$2,618,869	Reimbursement of travel expenses paid from “local” funds
Travelex Global Business Payments	\$1,141,021	Currency exchange vendor payments to study abroad program vendors
City of Fairfax	\$720,000	Payments for the Cue bus system
Barcelo Crestline Corporation	\$323,694	Contracted operator of the Mason Inn
Western Union Business Solutions	\$296,945	Merged with Travelex (above) as currency exchange vendor
Washington Area Metro Transit	\$282,820	Payment for the Commuter Choice Program for GMU employees
BPG Hotel Partners LLC	\$272,779	Temporary housing for students due to delay in completion of building
The Gazelle Group, Inc.	\$236,833	Team lodging and travel for NCAA Basketball Championship
Uniglobe Ulti-Max Travel	\$213,912	Contracted travel agency
Apple Nine Hospitality Management	\$212,993	Team lodging

Source – GMU Banner financial reporting system

Two of the vendors in Table 7 are related to transportation services for students and employees. Similar to Virginia Tech’s transportation system, GMU pays the City of Fairfax an annual fee that allows students to ride the public transit buses at no cost. In addition, payments to the Washington Area Metro Transit Authority are made in compliance with the Commuter Choice program, which is a commuter assistance program for state employees in certain areas.

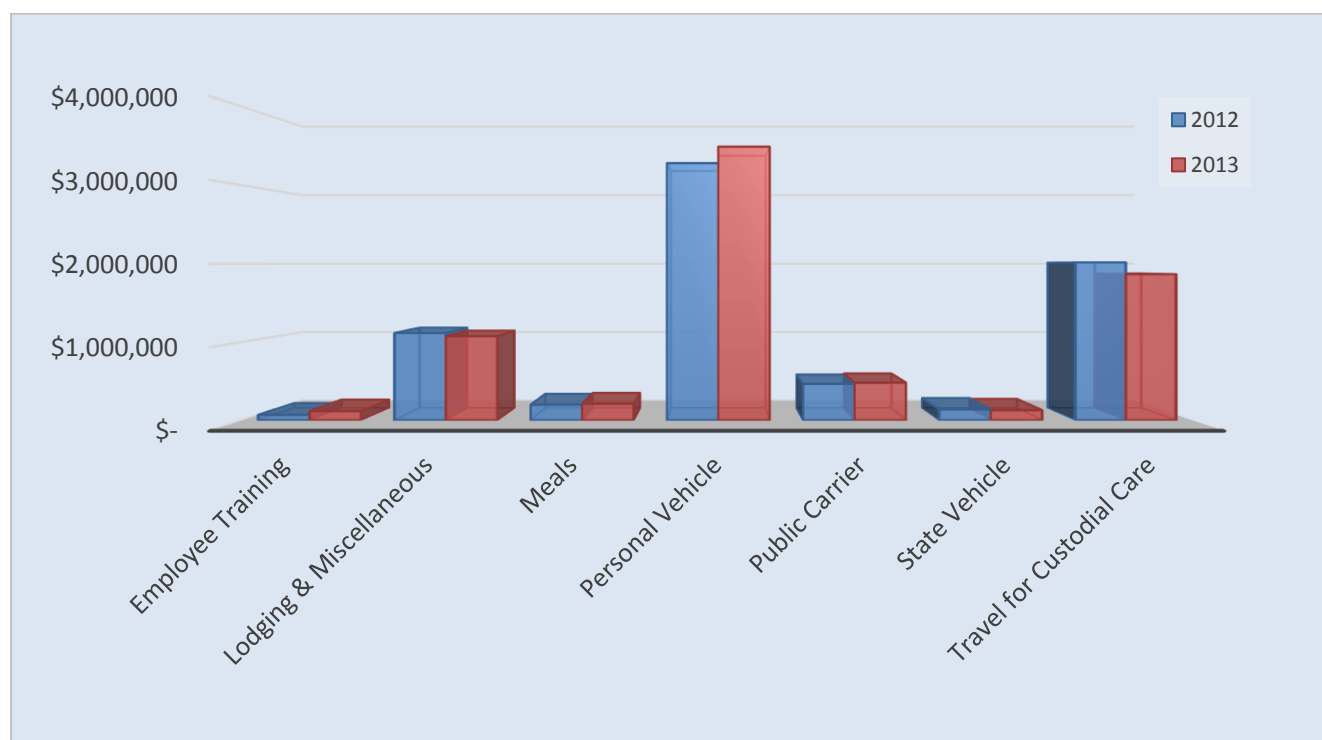
The Commonwealth’s Commuter Choice program is a commuter assistance program for state employees who commute to work using qualified vanpools or transit services. This program was established in 2000 through an Executive Order, and directs all state agencies to provide a tax-free qualified transportation fringe benefit to full-time employees who regularly commute to their offices in the Northern Virginia and Fredericksburg areas using a qualified van-pool or transit service. The benefit amount must be equal to the employee’s actual monthly cost of commuting, up to the maximum allowable under federal regulations effective January 1, 2014, which is \$130 per month.

Analysis of Travel Expenses for Supreme Court and Related Agencies

In our statewide analysis, the Supreme Court was the top non-higher education related agency with approximately \$7.4 million in travel expenses for fiscal year 2013 and \$7.3 million for fiscal year 2012. The Supreme Court provides administrative support for all the courts and magistrates offices in Virginia. In this role the Supreme Court processes travel expenses, as well as other expenses, for the courts and magistrates. As a result, their travel expenses include expenses

for the Circuit Courts, General District Courts, Juvenile and Domestic Relations District Courts, Combined District Courts, and the Magistrate System. Given the nature of the travel for Supreme Court and the related agencies, the most significant types of travel expense are for Personal Vehicles and Travel for Custodial Care as show in Chart 11.

Chart 11 – Supreme Court Travel Expenses by Type for Fiscal Years 2012 and 2013



Source – CARS

Statewide, there are currently 120 Circuit Courts, and General District Courts and Juvenile and Domestic Relations Courts in 32 districts as well as Magistrates’ Offices. Generally, travel expenses are approved at the individual court and then sent to the Supreme Court for processing and payment. This is still primarily a manual process in that courts mail their information to the Supreme Court where it is reviewed to ensure compliance with travel requirements.

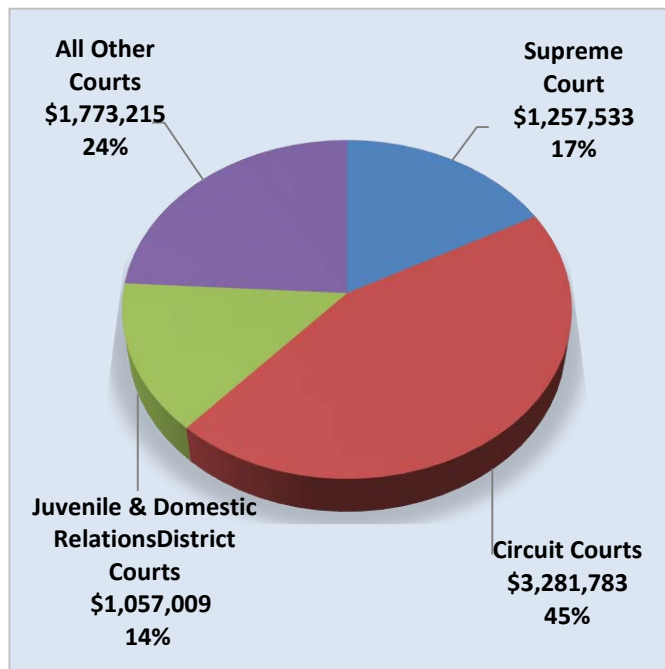
Given that these agencies are in the judicial branch of government, they are not required to follow CAPP manual travel policies and have developed their own travel policies. Their policies generally mirror the CAPP Manual with the exception that they are not required to use the statewide Enterprise rental car contract. Also, due to the decentralized nature of their operations, their employees are not allowed to use individual travel charge cards for travel expenses.

Chart 12 shows travel expenses broken down by each related agency for fiscal year 2013. Circuit Courts accounted for the majority of travel expenses. Fiscal year 2013 expenses were

approximately \$3.3 million, or 45 percent of the total. The Circuit Court's travel expenses are the most significant due to travel expenses for extraditions.

Extradition occurs when individuals charged with a crime must be transported back to Virginia from another state or even another country. The individual is brought back to Virginia to stand trial and the state demanding the extradition is responsible for the travel expenses. When an extradition occurs, the Governor requests one or more law enforcement officers, designated by the local Commonwealth's Attorney, to retrieve the individual and transport the individual back to Virginia. The law enforcement officers must complete a Travel Order Request Form prior to the trip, which lists the names of the officers assigned to the trip and the dates of travel. The officers make their own travel arrangements and are required to consider the most efficient travels means; however, security concerns take precedence when making travel arrangements.

Chart 12 – Supreme Court Travel Expenses For Fiscal Year 2013



Source – CARS

Table 8 shows the top ten vendors in terms of travel expenses for the Supreme Court and related agencies for fiscal year 2013. As discussed above, a significant portion of travel expenses for these agencies is related to the extradition of individuals back to Virginia to face charges.

Table 8 – Supreme Court Top Travel Vendors for Fiscal Year 2013

Vendor Name	Amount	Description
Virginia State Police	\$331,629	Extradition expenses (Circuit Courts)
Matt Hudgins	\$166,468	Extradition expenses - Virginia Beach (Circuit Courts)
MRB Tenant LLC	\$164,410	Education Conference (Magistrate System)
Hotel Roanoke & Conference Center	\$106,110	Education Conference (Supreme Court)
Craig Ford	\$89,134	Extradition expenses - Stafford County (Circuit Courts)
Norfolk City Treasurer	\$86,439	Witness travel expenses (Circuit Courts)
Holiday Inn Select	\$77,991	Education Conference (Supreme Court)
U.S. Marshall Services	\$72,227	Extradition expenses (Circuit Courts)
Richard J. Allen	\$62,762	Extradition expenses - Fairfax/Fairfax County (Circuit Courts)
City of Virginia Beach	\$60,716	Witness travel expenses (Circuit Courts)

The expenses paid to the Virginia State Police represent reimbursements for travel expenses related to extraditions that involved State Police officers. Payments to individuals represent payments to Sheriff's deputies who are dispatched to return extradited prisoners to the Commonwealth. While individual Sheriff's departments may advance funds for these expenses, the Supreme Court does not give out any advances. Payments to both the City of Norfolk and the City of Virginia Beach are comprised primarily of reimbursements for travel for witnesses. Expenses for education conferences include travel expenses for judicial employees and judges to attend annual required training.

INTERIM SUMMARY AND OBSERVATIONS

This interim report provides background information on the Commonwealth's travel policies and processes. It also provides analysis of statewide travel expenses for fiscal years 2012 and 2013, as well as more detailed analysis at selected universities and agencies. Below we have included observations from the interim phase of our review, some of which we plan to further review and analyze in the next phase of this review. We discuss this in more detail in the next section entitled *"Overview of Next Phase of this Review."*

- Travel expenses statewide were close to \$200 million annually in fiscal years 2012 and 2013. While this is a significant amount, this is less than 1 percent of total statewide expenses.
- Lodging was the largest type of travel expense at almost \$60 million annually, followed by Public Carrier expenses at close to \$50 million annually. These two types of expenses combined account for over half of all statewide travel expenses.
- Universities accounted for approximately two thirds of all travel expenses statewide. Also, four of the top five spending agencies for travel were universities - Virginia Tech, UVA, VCU, and GMU.
- Virginia Tech had the highest travel expenses with over \$42 million in fiscal year 2013 followed by UVA with \$32 million. The Supreme Court had the highest travel expenses in terms of non-higher education related agencies with \$7 million in fiscal year 2013.
- There are extensive statewide travel policies, primarily set out in the Commonwealth Accounting Policies and Procedures Manual; however, not all agencies and universities have to follow these policies. Judicial agencies, legislative agencies, independent agencies, and Level III universities are allowed to develop their own travel policies.
- Virginia Tech, UVA, and VCU are all Level III universities and have developed their own travel policies. Generally, their policies were compatible with the travel policies in the CAPP manual with a few exceptions. As an example, UVA allows hotel rates up to \$500 per night at conference hotels and in excess of 100 percent of the State rate per night in certain situations.
- There are many factors that affect the nature and amount of travel expenses at each university and these must be considered when analyzing or comparing information between the schools. Some of these factors include types of programs offered by the university, geographical locations of campuses, and the scope of athletic programs.
- There are significant differences in how travel expenses are processed and managed at each of the top four universities for travel expenses. Three of the schools – Virginia Tech,

VCU, and GMU – use Banner as their financial reporting system, yet they each have a different automated solution for processing travel expenses. UVA uses Oracle as their financial reporting system; however, they do not use an automated system to process travel expenses and their processes are primarily manual.

- The processes used for making travel arrangements also varied significantly between the four universities. As an example, there are different practices for booking air travel and the use of contracts. VCU, GMU and Virginia Tech all use travel agency contracts to book air travel; however, the number of contracts and requirements to use them varies for each university. VCU has a contract with one travel agency, but GMU and Virginia Tech have multiple contracts. UVA does not currently contract with any travel agencies.
- The Department of Accounts, as a central agency, has a limited role in relation to travel expenses given that most travel expenses are occurring at decentralized agencies or universities. DOA's primary role is establishing and periodically updating the travel policy in the CAPP manual requirements and approving variances from these requirements in certain situations.
- The Department of General Services, another central agency, also has a limited role in statewide travel processes. Currently, they administer the statewide car rental contract, but this is the only statewide contract in effect related to travel. There are no other statewide contracts related to travel in spite of the amount of travel that occurs and the possibilities for leveraging the state's purchasing power.
- There are some inconsistencies in travel expense coding between universities such as recording of travel related to employee training. The universities and the Department of Accounts should determine the most appropriate coding for these expenses and ensure universities are consistently recording these expenses.

OVERVIEW OF NEXT PHASE OF THIS REVIEW

As discussed earlier, this review will be performed in multiple phases, with this report addressing the interim phase of our review. Our intention in the next phase of this review is to expand our analysis of statewide travel expenses and address some additional questions and issues from this phase of our review. We intend to complete this review and issue a final report on statewide travel expenses by Winter 2016. Some of the potential areas of review in the next phase are as follows:

- Additional analysis of statewide travel expenses to include fiscal year 2014 expenses to allow for a three year analysis to further identify any unusual trends in statewide or agency expenses;
- Statewide statistical sample of travel expenses to ensure expenses are properly approved with adequate documentation, and to ensure compliance with the applicable travel regulations;
- Analysis of different organizational models for travel processing to include the costs and benefits of a centralized approach vs. decentralized approach. Some questions to address are:
 - Is it more efficient to use a central travel agency for arranging travel and should there be additional statewide travel contracts?
 - Are there significant savings that could be realized with statewide travel contracts?
 - Would a more centralized approach be effective if universities are the most significant in terms of travel expenses?
- Review of potential efficiencies to be gained by universities sharing best practices for travel processing;
- Statewide survey on different technologies and strategies agencies and universities are using to minimize travel expenses. Examine whether there are opportunities to expand the use of these technologies and strategies to other agencies;
- Additional analysis of travel expense coding inconsistencies, discussed in the interim phase of this project, to determine if changes should be recommended to ensure agencies and universities are consistently recording travel expenses; and
- Determine which agencies are not required to use the Enterprise rental car contract and any potential issues or savings if the use of the contract was expanded.



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Commonwealth of Virginia

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January 5, 2015

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable John C. Watkins
Chairman, Joint Legislative Audit
and Review Commission

We have reviewed the Commonwealth's statewide travel expenses and are pleased to submit our interim report entitled **Statewide Review of Travel Expenses for Fiscal Years ended June 30, 2012, and June 30, 2013**. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Exit Conference and Report Distribution

We provided a copy of this interim report to management at the Department of Accounts, Department of General Services, Virginia Tech, University of Virginia, Virginia Commonwealth University, George Mason University, and the Supreme Court of Virginia on November 10, 2014, for their review. As there were no findings or recommendations in this initial phase of our review, the agencies and universities did not prepare a formal response for inclusion in this report.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

APPENDIX A

Travel Expenses by Agency – Fiscal Years 2012 and 2013

Agency Number	Agency Name	2012	2013
111	Supreme Court and Related agencies	\$ 7,284,698	\$ 7,369,540
112	Judicial Inquiry and Review Commission	\$ 7,453	\$ 6,531
117	Virginia State Bar	\$ 479,751	\$ 450,609
119	Lieutenant Governor	\$ 9,475	\$ 8,235
121	Office of the Governor	\$ 66,045	\$ 70,398
122	Department of Planning and Budget	\$4,520	\$ 3,306
123	Department of Military Affairs	\$ 411,178	\$ 471,284
127	Department of Emergency Services	\$ 989,971	\$ 745,318
129	Department of Personnel and Training	\$ 47,068	\$ 59,525
132	State Board of Elections	\$ 20,276	\$ 41,015
136	Virginia Information Technologies Agency	\$ 147,308	\$ 153,496
140	Department of Criminal Justice Services	\$ 589,204	\$ 798,635
141	Office of the Attorney General	\$ 297,584	\$ 207,936
146	The Science Museum of Virginia	\$ 20,920	\$ 24,120
148	Virginia Commission for the Arts	\$ 31,763	\$ 40,262
151	Department of Accounts	\$ 11,719	\$ 14,834
152	Department of the Treasury	\$ 107,903	\$ 65,759
154	Department of Motor Vehicles	\$ 1,258,205	\$ 1,395,879
156	Department of State Police	\$ 1,735,509	\$ 1,940,851
157	Compensation Board	\$ 71,684	\$ 75,661
158	Virginia Retirement System	\$ 377,540	\$ 425,117
160	Virginia Criminal Sentencing Commission	\$ 13,862	\$ 23,296
161	Department of Taxation	\$ 788,629	\$ 836,206
163	Department for the Aging	\$ 72,916	\$ -
165	Department of Housing and Community Development	\$ 353,447	\$ 337,792
166	Secretary of the Commonwealth	\$ 443	\$ 232
170	Council on Human Rights	\$ 1,857	\$ -
171	State Corporation Commission	\$ 1,937,836	\$ 2,036,399
172	State Lottery Department	\$ 215,861	\$ 206,605
174	Board of the Virginia Higher Education Tuition Trust	\$ 169,874	\$ 234,968
175	Virginia Office for Protection and Advocacy	\$ 59,036	\$ 62,885
180	Secretary of Administration	\$ 1,364	\$ 3,261
181	Department of Labor and Industry	\$ 492,148	\$ 406,901

Agency Number	Agency Name	2012	2013
182	Virginia Employment Commission	\$ 1,152,177	\$ 773,957
183	Secretary of Natural Resources	\$ 15,636	\$ 14,255
184	Office of the Secretary of Technology	\$ 15,488	\$ 11,356
185	Secretary of Education	\$ 13,316	\$ 21,448
186	Secretary of Transportation	\$ 21,166	\$ 23,825
187	Secretary of Public Safety	\$ 1,846	\$ 4,765
188	Secretary of Health & Human Resources	\$ 5,044	\$ 5,224
190	Secretary of Finance	\$ 905	\$ 1,725
191	Virginia Workers' Compensation Commission	\$ 210,120	\$ 278,878
192	Secretary of Commerce and Trade	\$ 10,470	\$ 12,593
193	Secretary of Agriculture and Forestry	\$ 54,980	\$ 100,592
194	Department of General Services	\$ 353,017	\$ 352,752
199	Department of Conservation & Recreation	\$ 584,176	\$ 649,205
200	Comprehensive Services for At-Risk Youth and Families	\$ 508	\$ -
201	Department of Education and related agencies	\$ 1,057,820	\$ 867,922
202	The Library of Virginia	\$ 103,245	\$ 90,384
204	The College of William and Mary in Virginia	\$ 4,563,134	\$ 5,021,272
207	University of Virginia-Academic Division	\$ 32,365,490	\$ 32,655,863
208	Va. Polytechnic Institute and State University	\$ 39,836,986	\$ 42,032,830
209	University of Virginia Medical Center	\$ 8,117,745	\$ 10,234,204
211	Virginia Military Institute	\$ 475,841	\$ 598,338
212	Virginia State University	\$ 3,572,883	\$ 2,067,616
213	Norfolk State University	\$ 1,762,994	\$ 2,090,058
214	Longwood University	\$ 1,450,335	\$ 1,608,538
215	University of Mary Washington	\$ 610,410	\$ 606,615
216	James Madison University	\$ 7,319,500	\$ 7,022,488
217	Radford University	\$ 1,545,951	\$ 1,539,318
221	Old Dominion University	\$ 1,962,828	\$ 1,868,623
222	Department of Professional and Occupational Regulation	\$ 280,059	\$ 277,004
223	Department of Health Professions	\$ 342,808	\$ 354,430
226	Board of Accountancy	\$ 16,847	\$ 15,097
232	Department of Minority Business Enterprise	\$ 32,865	\$ 31,827
233	State Board of Bar Examiners	\$ 65,907	\$ 51,071
236	Virginia Commonwealth University – Academic Div.	\$ 16,271,489	\$ 17,183,715
238	Virginia Museum of Fine Arts	\$ 244,098	\$ 243,530
239	Frontier Culture Museum of Virginia	\$ 9,455	\$ 7,304

Agency Number	Agency Name	2012	2013
241	Richard Bland College	\$ 27,976	\$ 24,697
242	Christopher Newport University	\$ 1,350,317	\$ 1,626,748
245	State Council of Higher Education for Virginia	\$ 95,726	\$ 62,076
246	University of Virginia's College at Wise	\$ 589,506	\$ 600,830
247	George Mason University	\$ 11,827,363	\$ 12,012,593
260	Virginia Community College System – all campuses	\$ 7,058,461	\$ 6,708,195
262	Department of Rehabilitative Services and related agencies	\$ 1,953,887	\$ 2,059,679
268	Virginia Institute of Marine Science	\$ 876,411	\$ 838,997
301	Department of Agriculture and Consumer Services and related agencies	\$ 1,795,037	\$ 1,757,603
307	Virginia Agricultural Council	\$ 11,161	\$ 12,874
319	Chippokes Plantation Farm Foundation	\$ 3,187	\$ -
325	Department of Business Assistance	\$ 131,962	\$ 113,050
330	Virginia-Israel Advisory Board	\$ 27,114	\$ 21,422
402	Marine Resources Commission	\$ 685,867	\$ 567,228
403	Department of Game and Inland Fisheries	\$ 742,620	\$ 615,221
405	Virginia Racing Commission	\$ 72,385	\$ 74,066
407	Virginia Port Authority	\$ 359,163	\$ 232,554
409	Department of Mines, Minerals and Energy	\$ 155,867	\$ 157,750
411	Department of Forestry	\$ 211,642	\$ 174,051
423	Department of Historic Resources	\$ 63,782	\$ 53,592
425	Jamestown-Yorktown Foundation	\$ 182,529	\$ 171,631
440	Department of Environmental Quality	\$ 740,549	\$ 757,963
454	Office of Commonwealth Preparedness	\$ 24,119	\$ 19,566
501	Department of Transportation	\$ 4,081,237	\$ 4,256,258
505	Department of Rail and Public Transportation	\$ 81,158	\$ 68,943
506	Motor Vehicle Dealer Board	\$ 30,051	\$ 36,968
507	Board of Towing and Recovery Operators	\$ 15,984	\$ 5,236
601	Department of Health and related agencies	\$ 4,504,051	\$ 4,235,787
602	Department of Medical Assistance Services	\$ 240,953	\$ 251,883
606	Virginia Board for People with Disabilities	\$ 88,235	\$ 118,474
702	Virginia Department for the Visually Handicapped	\$ 630,138	\$ 763,222
720	Dept. of Behavioral Health and Developmental Svcs and related agencies	\$ 560,225	\$ 743,182
750	Department of Correctional Education	\$ 291,540	\$ -
751	Department for the Deaf & Hard-of-Hearing	\$ 15,921	\$ 16,843
765	Department of Social Services	\$ 1,553,428	\$ 2,122,005

Agency Number	Agency Name	2012	2013
766	Virginia Parole Board	\$ 5,317	\$ 4,411
777	Department of Juvenile Justice	\$ 1,252,298	\$ 1,116,942
778	Department of Forensic Science	\$ 409,729	\$373,996
792	State Mental Health Hospitals	\$ 425,692	\$ 445,828
793	Virginia Training Centers	\$ 223,922	\$ 198,826
799	Department of Corrections and related agencies	\$ 3,012,896	\$ 3,978,599
841	Department of Aviation	\$ 174,641	\$ 170,582
848	Public Defender Commission	\$326,170	\$ 416,326
853	Substance Abuse Prevention Office	\$ 4,404	\$ -
912	Department of Veterans Services and related agencies	\$ 240,942	\$ 302,861
937	Southern Virginia Higher Education Center	\$ 31,669	\$ 28,157
938	New College Institute	\$ 2,764	\$ 6,107
942	Virginia Museum of Natural History	\$ 61,548	\$ 41,283
948	Southwest Virginia Higher Education Center	\$ 86,509	\$ 88,016
957	Commonwealth Attorneys' Services Council	\$ 196,955	\$ 199,285
960	Department of Fire Programs	\$ 618,617	\$ 697,295
962	Department of Employee Relations Counselors	\$ 10,546	\$ -
999	Department of Alcoholic Beverage Control	\$ 928,164	\$ 1,044,165
	Statewide Total	\$ 191,616,924	\$197,629,348

Source – Commonwealth Accounting and Reporting System and financial reporting systems for certain universities

APPENDIX B

Listing of Charts and Tables in this Report

CHARTS

- CHART 1: *Statewide Travel Expenses by Type Fiscal Years 2012 and 2013*
- CHART 2: *Travel Expenses for Top 10 Agencies and Universities Fiscal Years 2012 and 2013*
- CHART 3: *Virginia Tech Travel Expenses by Type for Fiscal Years 2012 and 2013*
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- CHART 5: *UVA Travel Expenses by Type for Fiscal Years 2012 and 2013*
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RESPONSIBLE OFFICIALS

Department of Accounts

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Penelope Smith, Travel Supervisor

Supreme Court of Virginia

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