

Performance Audit Report

School District Travel Practices

Central Valley, Clover Park, Evergreen, Pasco, Port Angeles, Seattle, Spokane,
Sunnyside, Tacoma, Toppenish, Vancouver, Walla Walla, Yakima

Report No. 1000131



November 12, 2008



Washington State Auditor Brian Sonntag, CGFM

A letter from State Auditor Brian Sonntag



Brian Sonntag, CGFM
Washington State Auditor

The 13 school districts included in this audit spent \$6.68 million on travel from September 2005 through August 2006. This audit, conducted by staff from the Auditor's Office, identified nearly \$1.1 million in five-year cost savings that districts could use for other purposes. Most of the savings would result from updating travel policies to establish spending limits on lodging and retreats.

Almost all of the districts in the audit have a policy requiring employees to obtain lodging at reasonable rates. The results of our audit showed a large variance in the way "reasonable" is interpreted. We recommend districts update their policies by clarifying what is meant by "reasonable" and identifying an economical threshold for hotel costs.

We also found employees in many cases do not know what district expectations are regarding retreat locations and costs. Again, the results of our audit showed a large variance between the 13 school districts on retreat locations and costs. We recommend districts update their policies to clarify expectations regarding retreats. We also recommend districts hold board retreats within or near their own boundaries, which serves the dual purpose of saving money and allowing access to citizens who wish to attend.

I would like to commend the districts in the audit that looked for ways to save money. Some took action even before our audit was complete. I also believe this report has value for all areas of government as we continually work to save money and operate efficiently.



Mission Statement

The State Auditor's Office independently serves the citizens of Washington by promoting accountability, fiscal integrity and openness in state and local government. Working with these governments and with citizens, we strive to ensure the efficient and effective use of public resources.

About Initiative 900

Washington voters approved **Initiative 900** in November 2005, giving the State Auditor's Office the authority to conduct independent performance audits of state and local government entities on behalf of citizens to promote accountability and cost-effective uses of public resources.

I-900 directs the Office to address the following elements in each performance audit:

1. Identification of cost savings.
2. Identification of services that can be reduced or eliminated.
3. Identification of programs or services that can be transferred to the private sector.
4. Analysis of gaps or overlaps in programs or services and recommendations to correct them.
5. Feasibility of pooling the entity's information technology systems.
6. Analysis of the roles and functions of the entity and recommendations to change or eliminate roles or functions.
7. Recommendations for statutory or regulatory changes that may be necessary for the entity to properly carry out its functions.
8. Analysis of the entity's performance data, performance measures and self-assessment systems.
9. Identification of best practices.

The complete text of the Initiative is available at: **www.sao.wa.gov/PerformanceAudit/PDFDocuments/i900.pdf**.

About the audit

Objectives

The audit was designed to answer the following questions:

- How economical are school district travel expenditures? If not economical, what are the impacts and what can be done to correct those impacts?
- How effective were district policies in contributing to economical travel practices through clearly defined thresholds?

Additionally, the audit addressed the nine elements contained in Initiative 900, outlined on page 1 of this summary.

Scope

The audit evaluated the economy of fiscal year 2006 travel expenditures at 13 school districts. The districts were selected based on fiscal year 2005 travel activity that was high in total dollars, and/or high in the amount of travel dollars spent in proportion to the number of students enrolled.

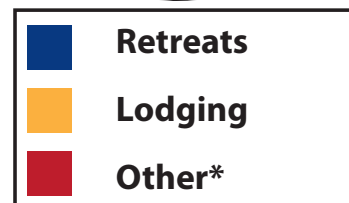
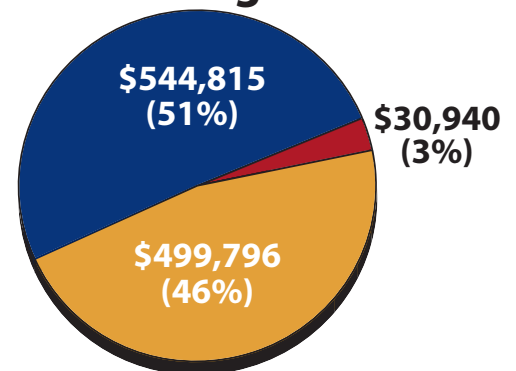
Audit cost

The audit cost \$777,564.

Audit results by school district

District	Excess travel costs	Five-year savings
Central Valley	\$5,209	\$26,045
Clover Park	\$95,678	\$478,390
Evergreen (Clark County)	\$8,039	\$40,195
Pasco	\$10,549	\$52,745
Port Angeles	\$1,863	\$9,315
Seattle	\$15,410	\$77,051
Spokane	\$ 11,945	\$59,725
Sunnyside*	\$ 54,587	\$76,271
Tacoma	\$ 8,832	\$44,161
Toppenish	\$ 1,048	\$5,240
Vancouver	\$ 7,418	\$37,090
Walla Walla	\$15,388	\$76,914
Yakima	\$18,482	\$92,410
Total five-year cost savings:		\$1,075,551

Five-year potential savings



*meals, transportation costs

*Includes \$49,000 in costs incurred by OSPI that Sunnyside was responsible for, explained in Issue 3B on page 4 of this summary.

Audit results

Overarching Recommendation

Districts should improve their policies by establishing reasonable limits on lodging and providing guidance and limitations on retreats.

Audit issue	Summarized Recommendations	Financial Impact
Issue 1 – Lodging: Districts could save money by using federal lodging limits and verifying the business purpose of additional travel days paid for with public funds.	We recommend Districts' Board of Directors modify their travel policies as follows: • Include a maximum reimbursable limit for conference lodging and specify that employees are responsible for lodging costs that are not pre-approved and that are in excess of policy limits. • When travel agents are used, the Districts need to communicate the updated policy to those agents. We also recommend Districts retain reasonable amounts of documentation to show: • Pre-approval and the business purpose of early arrivals or late departures that are paid for by the District. • Research that was performed to determine the most economical option. • Pre-approval for policy exceptions. Any exceptions to these limits should be justified and clearly defined in policy.	• Annual cost savings: \$139,292 • Five-year cost savings: \$499,796
Issue 2 – Retreats: Districts could save money by holding retreats within district boundaries.	In an environment in which every dollar counts, this is another area savings could be achieved. We recommend districts encourage in-district retreats when possible and modify their policies to: • Establish boundaries for out-of-district retreats so as to be accessible to citizens who wish to attend meetings. • Require research to identify the most cost-effective location for retreats and maintain documentation of the research. We also recommend Districts ensure employees understand that federal, state and local money comes from taxpayers and the same standards of economy and prudence apply to all public funds. In fact, in order to comply with federal grant requirements, districts cannot have less stringent standards in place for expenditures of federal money than they do for state/local money.	• Annual cost savings: \$108,963 • Five-year cost savings: \$544,815

Note: The full report and districts' response are available at: <http://www.sao.wa.gov/Reports/AuditReports/AuditReportFiles/ar1000131.pdf>

Audit issue	Summarized Recommendations	Financial Impact
Issues 3A & 3B: Questionable Travel Expenditures		
Issue 3A: Certain travel and conference expenditures were questionable when compared to reasonable and necessary business practices.	Clover Park School District We recommend the district make efforts to hold retreats on District properties and consider using the Renton Educational Service District for large retreats. ESDs are K-12 regional agencies that are partly funded by school districts to provide support services to the districts, including facilities and meeting rooms. Vancouver Public Schools We recommend the District hold public meetings within District boundaries. We also recommend Board Members adhere to the same travel policies that other district employees adhere to. Seattle Public Schools We recommend the District update its travel policy to provide more clarification on international travel. The policy should have language requiring enough support to show the business purpose of the trip, the benefit to be received by the District and the validity of individual expenses.	Financial impact is included in Issues 1 and 2.
Issue 3B: Questionable hotel reservation practices wasted taxpayer money.	Sunnyside School District was responsible to pay for conference hotel rooms that the Office of the Superintendent of Public Instruction (OSPI) procured. OSPI used questionable hotel reservation practices. We are not making a recommendation to Sunnyside School District, as 2006 was the last year it participated in the conference.	Expenditure of \$49,166 that should have been avoided. This figure is included in financial impact for Issue 1.
Issue 4 – Procurement of airfare: Districts may achieve additional cost savings by purchasing airfare through the State of Washington’s Procurement Contract when it is cheaper than using Web-based travel services.	When purchasing airfare, we recommend districts consider the State of Washington procurement contract as an option.	The districts may not have received the most economic price available to them when booking airfare.
Total one-year cost savings: \$254,443 Total five-year cost savings: \$1,075,551		

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Commendations

Lodging

We noted instances of room-sharing among instructional and support services employees and commend the following districts for their cost-saving efforts.

District	Cost savings achieved by sharing rooms
Spokane	\$13,727
Yakima	\$4,836
Port Angeles	\$2,212
Seattle	\$864
Tacoma	\$685
Pasco	\$533
Toppenish	\$169

What's next?

Initiative 900 requires the legislative bodies for the government agencies in this report hold at least one public hearing to consider the audit findings and to receive comments from the public within 30 days of this report's issue.

The corresponding legislative body must consider this report in connection with its spending practices. A report must be submitted by the legislative body by July 1 each year detailing the status of the legislative implementation of the State Auditor's recommendations. Justification must be provided for recommendations not implemented. Details of other corrective action must be provided as well.

The state Legislature's Joint Legislative Audit and Review Committee (JLARC) will summarize any statewide issues that require action from the Legislature and will notify the appropriate fiscal and policy committees of public hearing agendas. Initiative 900 provides no penalties for audited entities that do not follow recommendations in performance audit reports.

Follow-up performance audits of any state or local government entity or program may be conducted when determined necessary by the State Auditor.

Visit ***www.sao.wa.gov/PerformanceAudit/audit_reports.htm*** for:

- *Full report*
- *Districts' responses, action plans*
- *Public hearings*
- *Districts' annual status reports*

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Toll-free citizens hotline for reporting government waste

(866) 902-3900

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Evergreen School District Superintendent John Deeder	http://www.egreen.wednet.edu jdeeder@egren.wednet.edu	(360) 604-4005
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Walla Walla School District Superintendent Richard B. Carter	http://www.wwps.org/ rcarter@wwps.org	(509) 527-3000
Yakima School District Superintendent Benjamin A. Soria	http://www.yakimaschools.org/ soria.ben@yakimaschools.org	(509) 573-7002

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Background about the Audit

Number and Size of School Districts in Washington State

At the time of audit, there were 296 public school districts in Washington. These districts are responsible for instructing more than 1 million students in preschool through 12th grade. They employ approximately 125,544 teachers and support staff. At the time of the audit, the operating budgets for these districts totaled \$8.3 billion.

Over the last three years, school districts statewide spent nearly \$75 million on travel. This is approximately 0.3 percent of their general fund expenditures.

Challenges Around School District Funding and Finances

Some school districts included in this report have experienced declining enrollment. When student enrollment decreases, state funding also decreases. Recent increases in gas prices and lower returns on investments also have affected district finances. Although all districts have tried to adjust budgets to meet the educational needs of students and to cover the costs of providing those services, many challenges remain. Districts must make hard decisions to remain financially solvent. Schools are faced with having to choose between cutting schools, programs or staff. Although travel is only a small part of a district's budget, we believe the results of this audit can assist the districts in their efforts to manage tight budgets.

Cost of Uneconomical Travel

When district travel could have been accomplished at a lower cost, resources are no longer available for educating students. Moreover, the public expects government agencies to spend their tax dollars in an economical and prudent manner, no matter the dollar value of the transaction. The simple appearance of luxurious accommodations can cause the public to question whether their tax dollars are being wasted.

Many districts rely on citizens to supplement State funding with money from local levies. Districts cannot afford for citizens to think of them as wasteful.

Audit Design

Objectives

This performance audit was designed to answer the following questions:

- How economical are school district travel expenditures? If not economical, what are the impacts and what can be done to correct those impacts?
- How effective were district policies in contributing to economical travel practices through clearly defined thresholds?

Scope

The work was conducted from November 2006 through May 2008 in accordance with Generally Accepted Government Auditing Standards. Due to the large number of districts in this audit, the start of fieldwork was staged over a six-month period from January 2007 through June 2007. Fieldwork was finished between September 2007 and May 2008.

In planning our audit, we gained an understanding of internal controls that relate to the audit objectives. That understanding helped shape our final recommendations.

The audit evaluated the economy of fiscal year 2006 travel expenditures at 13 school districts. The districts were selected based on fiscal year 2005 travel activity that was high in total dollars, and/or high in the amount of travel dollars spent in proportion to the number of students enrolled. The Initiative 900 elements were included in the scope of audit. These elements are listed in Appendix B of this report.

School Districts Audited

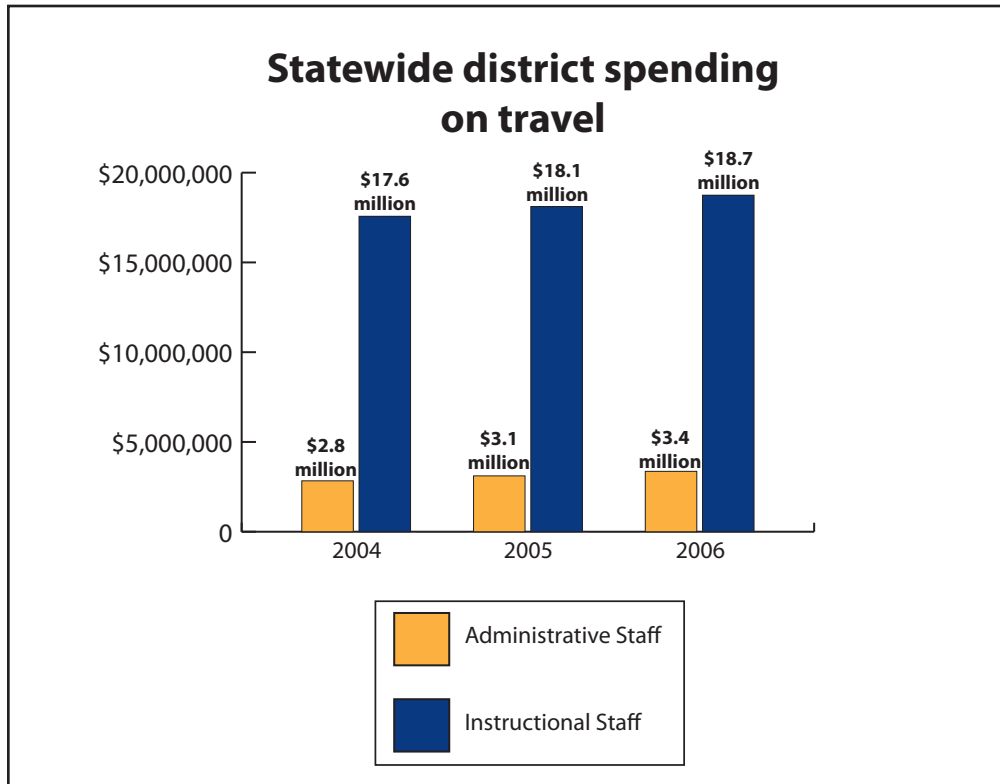
Central Valley	Spokane
Clover Park	Sunnyside
Tacoma	Toppenish
Evergreen - 114	Vancouver
Pasco	Walla Walla
Port Angeles	Yakima
Seattle	

Our audit focused on the economy of travel charged to the travel account code, within the Instruction and the Administration departments. Instruction includes the Principal's Office, Guidance and Counseling, Teaching and Supervision. Administration includes the Board of Directors, the Superintendent's office, the Business Office and Human Resources. A small percentage of district travel was charged to other support departments such as Food Services, Pupil Transportation, Maintenance and Operations and Information Technology.

Three-year trends of administrative and instructional travel costs statewide:

Year	Administrative staff		Instructional staff	
	Dollar Amount	% of Total Travel	Dollar Amount	% of Total Travel
2006	\$3,363,139	13%	\$18,743,552	72%
2005	\$3,112,064	12%	\$18,112,678	73%
2004	\$2,835,770	12%	\$17,569,567	74%

Note: The percentages do not equal 100%. The difference represents travel in support departments.



Source: Compiled data from OSPI Web site - annual financial summaries (www.k12.wa.us/safs/PUB/FIN)

Audit Standards

The State Auditor's Office conducted this performance audit in accordance with Generally Accepted Government Auditing Standards, prescribed by the U.S. Government Accountability Office. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that provides a reasonable basis for our conclusions based on our audit objectives. We believe the evidence we obtained provides a reasonable basis for our conclusions based on our audit objectives.

Methodology

We reviewed the policies, procedures and supporting documentation for travel expenditures at each of the 13 school districts. We measured the economy of travel expenditures, identifying the causes when travel expenditures were not economical, and identifying recommendations that would provide opportunities for future cost savings.

Our audit focused on high-dollar transactions. Some districts had more total transactions selected for testing than other districts. For example, we did not perform as much testing at districts with lots of small transactions, such as individual meal or mileage reimbursements. We did perform significant testing at districts with large amounts of overnight travel.

Evaluation criteria

The chart below contains the criteria we used to determine whether districts' travel expenditures were economical. We selected criteria based on our consideration of citizen expectations, the widespread use of federal per diem limits as a benchmark for economy and its use by the Internal Revenue Service as the basis for calculating taxable employee fringe benefits. All employers, including school districts, are required to track and report employee fringe benefits as taxable income. We also used the travel industry's classifications of economy and luxury class, and the U.S. Government Accountability Office's concepts for accountability as follows:

1.02 The concept of accountability for use of public resources and government authority is key to our nation's governing processes. Government officials entrusted with public resources are responsible for carrying out public functions legally [and] economically... Government managers are responsible for providing reliable, useful, and timely information for accountability of government programs and their operations... Legislators, government officials, and the public need to know whether...government manages public resources and uses its authority properly and in compliance with laws and regulations; [and whether] government services are provided...economically...

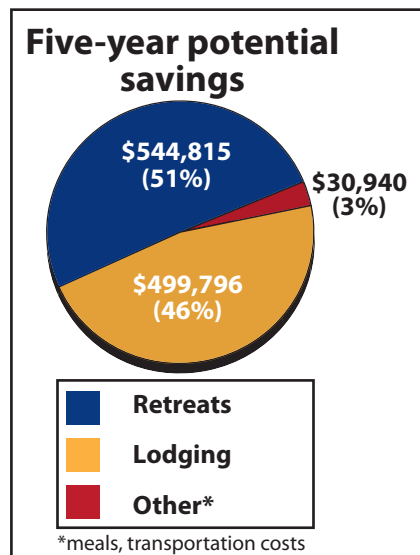
Travel Category	Criteria and Method for Determining Excess Costs
Meals and Lodging	We used the U.S. General Services Administration's (GSA) per diem rates to measure the economy of meal and hotel expenditures. GSA per diem rates are almost identical to the Internal Revenue Service per diem rates.
Airfare	We used the airline industry's classification of "coach" to measure the economy of airfare expenditures.
Vehicle Rentals	We used the car rental industry's classification of "compact" to measure vehicle rental economy.
Building Space for District-Only Retreats	If a retreat or meeting was attended exclusively by district personnel and facility space existed at the district but was not used, we compared actual costs to the costs that would have occurred had the district used its own facilities free of charge. In the limited situations where district facilities were not adequate, we researched local, low-cost facilities. Frequently, we found local Educational Service Districts (ESDs) had facilities that were either free of charge or at a reduced rate. We then compared actual costs to the costs that would have occurred had the district used the lowest-cost facility. ESDs are K-12 cooperatives that are partly funded by school districts to provide support services to the districts.
Across all travel categories –reasonable and necessary business practice	Chapter 7.33 of Government Auditing Standards published by the U.S. Government Accountability Office reads: "Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate. Abuse does not necessarily involve fraud, violation of laws, regulations, or provisions of a contract or grant agreement."

We did not challenge any district's decision to attend a conference or training or the location of the conference or training. This would have required subjective analysis on the quality of trainings and speakers and would have been difficult to apply consistently across the 13 districts.

Audit Results

We identified at least \$1,075,551 in potential cost-savings over five years across all 13 school districts. As shown in the table that follows, we tested approximately 20 percent, or \$1.3 million, of nearly \$6.7 million in fiscal year 2006 travel expenditures across the 13 districts. We calculated the five-year savings estimate by multiplying by five the excess costs we identified in the \$1.3 million. This estimate excludes any calculation of the potential cost savings that may exist in the 80 percent of the transactions not tested. We have not estimated potential cost savings for transactions that were not tested.

The breakdown of cost savings by type of travel expense is shown here.



This table shows excess travel costs and five-year savings by district.

District name	2006 District Total Travel	Travel Examined	Excess Travel Costs	Excess Travel Costs in Relation to Travel Examined	Five-year savings
Central Valley	\$386,754	\$35,769	\$5,209	14.56%	\$26,045
Clover Park	\$418,157	\$160,631	\$95,678	59.56%	\$478,395
Evergreen	\$376,107	\$69,846	\$8,039	11.51%	\$40,195
Pasco	\$527,671	\$77,125	\$10,549	13.68%	\$52,745
Port Angeles	\$164,490	\$41,767	\$1,863	4.46%	\$9,315
Seattle	\$758,035	\$160,116	\$15,410	9.62%	\$77,051
Spokane	\$1,219,905	\$134,034	\$11,945	8.91%	\$59,725
Sunnyside *	\$393,140	\$112,506	\$54,587	48.52%	\$76,271
Tacoma	\$648,104	\$61,800	\$8,832	14.29%	\$44,161
Toppenish	\$244,115	\$64,134	\$1,048	1.63%	\$5,240
Vancouver	\$523,449	\$78,678	\$7,418	9.43%	\$37,090
Walla Walla	\$263,523	\$57,137	\$15,383	26.92%	\$76,914
Yakima	\$757,261	\$266,094	\$18,482	6.95%	\$92,410
Total Across All Districts	\$6,680,711	\$1,319,637	\$254,443	N/A	\$1,075,551

* Sunnyside's excess travel costs included a one-time conference that will not re-occur in the future. The related amounts were excluded from the five-year projection.

Many districts are taking appropriate steps to ensure economical travel. We found no first-class or business-class flights. Most meals and car rentals were economical and we noted instances of room sharing that saved some districts thousands of dollars. Those savings are detailed on page 11.

We found opportunities for cost savings primarily in the areas of lodging and retreats. Lodging accounted for 46 percent of the total cost savings. Total lodging cost savings over five years were estimated at \$499,796. The majority of these cost savings were specific to conference lodging that exceeded federal reimbursable limits. Another 51 percent of the cost savings related to out-of-district retreats. Retreat cost savings over five years were estimated at \$544,815.

Where we found opportunities for cost savings we also found room for improvement in districts' policies. Most district policies either did not address or were not clear on expectations related to retreats and lodging.

Districts' Policies and Procedures

All 13 districts had policies and procedures in place to ensure travel expenses were approved and properly documented. Related to economy, all had policies that limited meal and mileage reimbursements to rates set by the U.S. Government Services Administration (GSA) – the lead acquisition arm of the federal government – or the U.S. Internal Revenue Service (IRS) and required employees to book coach flights.

A summary of our review of all districts' travel policies:

Travel Policies								
District	Requires approval, receipts	Limits lodging rates	Limits air travel to coach	Encourages carpools	Follows GSA/IRS meal rates	Limits car rentals to economy class	Follows GSA/IRS mileage rates	Provides guidance on retreats
Central Valley	X	—	X	—	X	—	X	—
Clover Park	X	—	X	—	X	—	X	—
Evergreen	X	—	X	—	X	—	X	—
Pasco	X	—	X	—	X	—	X	—
Port Angeles	X	—	X	—	X	—	X	—
Seattle	X	—	X	—	X	—	X	—
Spokane	X	—	X	—	X	—	X	—
Sunnyside	X	—	X	—	X	—	X	—
Tacoma	X	—	X	X	X	—	X	—
Toppenish	X	X	X	—	X	—	X	—
Vancouver	X	—	X	X	X	—	X	—
Walla Walla	X	—	X	—	X	—	X	—
Yakima	X	—	X	—	X	—	X	—

Overarching Recommendation

Districts should improve their policies by establishing reasonable limits on lodging, and providing guidance and limitations on retreats.

Other Observations

We also noted areas of interest related to travel that were common to many of the districts included in the audit. These observations are listed in Appendix A at the end of the report.

We provided a draft of this report to the 13 school districts for their review and comments. Their comments are contained in Appendix C of this report.

Issue 1: Lodging

Districts could save money by using federal lodging limits and verifying the business purpose of additional travel days paid for with public funds.

Background

Much of the lodging examined during this audit was related to conferences. Many government agencies are willing to spend more on hotel rooms if they are located at the conference site so their employees can experience greater convenience, avoid taxi, car rental and parking fees by driving to and from cheaper hotel locations, and converse with other conference attendees about training or ideas that were presented during the conference.

The GSA recognizes that conference hotel rates frequently exceed its base rates and allow reimbursement up to 125 percent of the base rate when staying at a conference hotel. For purposes of calculating the excess travel costs below, we used this 125 percent rate as our criteria when lodging was associated with conferences.

Although the 125 percent rate makes sense in many circumstances, comparative shopping by districts may often result in more economical travel. For example, because a large conference may reserve rooms at multiple hotels, the resulting nightly room rates offered to conference attendees may vary widely. As noted below, one conference listed hotels with room rates ranging between \$125 and \$235 a night. As a second example, five districts in this audit attended a Chicago conference discussed in Issue No. 3. The GSA rate for Chicago at that time was \$152 a night. With the 25 percent premium, the maximum reimbursable rate was \$190 a night. Four districts stayed in hotels with nightly room rates between \$209 and \$299. A fifth district found more economical lodging at \$169 per night.

Condition

Lodging costs consistently exceeded GSA per diem limits. Total annual savings identified were \$139,292. This is the only audit issue that applied to all districts included in the audit.

Overnight lodging that exceeded GSA per diem limits accounted for approximately 46 percent of the audit's total cost savings. At seven of the 13 districts, lodging accounted for more than half of their total cost savings. Conference lodging was a significant contributor to this condition.

Although not widespread, we noted a few instances in which district employees attended out-of-state conferences and either arrived before or stayed later than the conference. The District paid the costs associated with the additional days but there was no documentation supporting the business purpose.

Sunnyside School District paid more than \$49,000 for unoccupied rooms. This condition is explained in detail later in the report.

Potential Lodging Cost Savings by District*				
District	Amounts Exceeding GSA Rates	Extra Room Night Amounts	Payments for Unoccupied Rooms	Annual Lodging Cost Savings
Central Valley	\$1,790	—	—	\$1,790
Clover Park	\$6,122	\$2,219	—	\$8,341
Evergreen 114	\$3,852	—	—	\$3,852
Pasco	\$8,776	\$ 1,773	—	\$ 10,549
Port Angeles	\$432	—	—	\$432
Seattle	\$12,112	\$2,830	—	\$14,942
Spokane	\$10,243	\$1,702	—	\$11,945
Sunnyside	\$3,684	—	\$49,166 **	\$52,850
Tacoma	\$8,035	—	—	\$8,035
Toppenish	\$1,012	—	—	\$1,012
Toppenish	\$1,012	—	—	\$1,012
Vancouver	\$2,337	—	—	\$2,337
Walla Walla	\$4,464	\$978	—	\$5,442
Yakima	\$17,765	—	—	\$17,765
Total	\$83,455	\$6,672	\$49,166	\$139,292

*Lodging and other expenditures incurred during retreats are counted in the retreat/workshop part of the report and are excluded from these calculations.

**This event will not re-occur in the future. That amount was excluded from the five-year projection.

Causes

Realities of Conference Attendance

Conference lodging rates are one contributing factor to high lodging costs. Conference hotels offer reduced rates to encourage people to stay at their hotels, but these rates frequently exceed GSA per-diem limits. Because conferences can have thousands of people in attendance, larger hotels in big cities often are the only options available to accommodate groups of this size. As a result, they have a captive audience and have no incentive to offer rates at GSA per diem limits.

However, for large conferences, districts are often provided with a list of conference hotels. These are hotels within the general region of the conference site that offer reduced rates to conference attendees. Frequently, shuttle service is offered between the hotel and the conference location.

One such hotel list for a 2007 San Francisco conference had 30 hotels offering reduced rates between \$125 and \$235 a night. Eight of the hotels offered rooms that were at or below GSA's conference rate of \$175. Twelve hotels offered rates between \$175 and \$200.

Districts Policies and Practices

Although the federal government and Washington State government have established maximum amounts employees can be reimbursed for lodging while traveling on

official business, none of the districts included in this audit had established such a limit. Most of their policies stated that moderately priced, single-occupancy rooms would be reimbursed.

Without a maximum limit in place, the definition of a moderately priced hotel room is left to employee judgment. Across the districts, room charges exceeded base GSA limits ranging from \$1 to \$199 per room.

We heard common themes when speaking to districts about high hotel costs. Specifically:

- Staying at conference hotels is the best way to network.
- Any savings from staying at lower-priced hotels miles away from the conference site would be negated by car rental and parking expenses.
- It is not cost effective for employees to spend time researching economical hotels or to designate one individual to this task.
- Staying at conference hotels is a common business practice.

When speaking to districts about hotel accommodations for board members, we found some districts do not require board members follow the same travel policies that employees must follow. One district had a separate policy for board members that allowed reimbursement of actual costs when conducting district business.

Washington state law (RCW 28A.343.400) limits the amount of compensation a board member can receive to \$50 a day, not to exceed \$4,800 in a year (<http://apps.leg.wa.gov/rcw/default.aspx?cite=28A.343.400>). Some districts believe that if board members were paid for actual time spent on district business their compensation would be more than the amount allowed by state law. They believe it is their responsibility to make up for these differences in other ways, such as paying for more expensive meals and lodging. Some districts stated they would not ask their board members to follow the same travel policies other district employees follow.

Effect

Districts are paying more in lodging costs than necessary. Some districts are running the risk that citizens will view their travel activities and the travel activities of their board members as wasteful.

Given the high citizen interest and scrutiny associated with travel, districts should make a reasonable effort to ensure lodging is as economical as possible given the facts and circumstances at the time. In addition, it requires little time or effort to comparison shop for lodging and airfare by going to a single Web-based travel site. In March 2008, Kiplinger.com published an article listing its research on the 30 best travel Web sites. For lodging within the U.S., it recommends using TripAdvisor and Priceline. The article is available at <http://www.kiplinger.com/features/archives/2004/06/travelsites.html>.

All 13 districts tested exceeded GSA rates for lodging without documentation explaining the reason for the hotel selection. Combined annual cost savings totaled \$139,292. Potential five-year cost savings are \$499,796.

Recommendations

We recommend Districts' Board of Directors modify their travel policies as follows:

- Include a maximum reimbursable limit for conference lodging and specify that employees are responsible for lodging costs that are not pre-approved and are in excess of policy limits.
- When travel agents are used, the Districts need to communicate the updated policy to those agents.

We also recommend Districts retain reasonable amounts of documentation to show:

- Pre-approval and the business purpose of early arrivals or late departures that are paid for by the District.
- Any research that was performed to determine the most economical option at the time.
- Pre-approval for policy exceptions. Any exceptions to these limits should be justified and clearly defined in policy.

Commendation

No state or federal law mandates room-sharing, but many districts encourage room-sharing, if appropriate, in order to save lodging costs. Although our audit was not designed to note all instances in which room-sharing occurred, we did note instances of room-sharing among instructional and support services employees and commend the following districts for their cost-saving efforts.

Employees in the following districts shared rooms and saved money as listed¹:

District	Cost savings achieved by sharing rooms
Spokane	\$13,727
Yakima	\$4,836
Port Angeles	\$2,212
Seattle	\$864
Tacoma	\$685
Pasco	\$533
Toppenish	\$169

Spokane was the only district in which savings were achieved by district administrators, in addition to instructional and support staff. Two Spokane assistant principals saved the District \$1,110 when they shared rooms. These savings represent the difference between what the districts would have paid by booking individual rooms at the GSA per diem rates and the amounts actually paid.

We also noted instances of room-sharing by employees that did not result in cost savings but enabled the district to meet GSA limits. Other employees who stayed in individual rooms at the same hotels exceeded GSA rates. Eight employees from the Pasco School District shared rooms and avoided \$2,190 in lodging costs they would have incurred had they stayed in single-occupancy rooms. Approximately half of that amount would have been included in the calculation for excess costs.

1 These amounts were calculated using the GSA base rates.

Issue 2: Retreats

Districts could save money by holding retreats within district boundaries.

Background

Most school districts hold annual retreats for board members and executive staff. Some districts call them workshops. They are usually summer events to prepare for the coming school year.

For purposes of clarity, we referred to workshops, training sessions, retreats, and other meetings that were exclusive to members of the district, were off district properties, and lasted more than a few hours as retreats.

Condition

Seven school districts held retreats outside district boundaries at public expense. All of these were overnight retreats with the exception of Port Angeles school district. Two of these retreats were held at retreat centers, six were held at resort centers and seven were held at conference facilities. Clover Park School District held the most retreats, most of them at the same resort. These retreats are discussed later in the report.

Across the seven districts, annual cost savings of \$108,963 could have been achieved if these retreats had been held on District properties. The following table shows potential cost savings by district. Actual retreat costs were higher.

Potential Retreat Savings		
District	Number of Out-of-District Retreats	Total Annual Cost Savings
Central Valley	2	\$ 3,419
Clover Park	7	\$ 86,997
Evergreen 114	2	\$ 4,029
Port Angeles	1	\$ 1,431
Sunnyside	1	\$ 1,730
Vancouver	1	\$ 1,512
Walla Walla	1	\$ 9,845
Total	15	\$108,963

Cause

Most Districts indicated that holding overnight business retreats is a generally accepted practice and more work is accomplished when attendees are not easily accessible. Districts also assert that a level of employee bonding occurs that cannot be easily replicated if they do not meet away from district properties.

A number of retreats were paid for in full or in part with federal grant money. Although the grants do not specify locations or dollar limits, certain federal programs require an annual retreat to plan and coordinate the next year's activities. When grant money paid for the retreat or training, districts often told us that retreats paid with federal funds shouldn't be evaluated in the same manner as retreats paid for with local funds. They reasoned that because the activity was required by the grant and paid for with federal money, it was okay to go off-site at a higher cost than using district facilities.

Effect

The cost of lodging, transportation and most of the meal expenses could have been reduced if these districts had found a location within their boundaries to hold the retreats.

During the audit, we looked into alternate locations and found each of the seven districts has a meeting room that would have accommodated the size and technology needs of the retreats at no cost. We also noted that government facilities, such as Educational Service Districts (ESD), had conference rooms available at little to no cost to districts. Nine ESDs are located across the state specifically to support school districts within their region.

By holding retreats within or near district boundaries, the districts could save up to \$544,815 over a five-year period.

Recommendations

In an environment in which every dollar counts, we note this is another area where potential savings could be achieved. We recommend districts encourage in-district retreats when possible and modify their policies to:

- Establish boundaries for out-of-district retreats.
- Require research to identify the most cost effective location for retreats and maintain documentation of the research.

We also recommend Districts ensure employees understand that federal, state and local monies come from taxpayers and the same standards of economy and prudence apply to all public funds. In fact, in order to comply with federal grant requirements, districts cannot have less stringent standards in place for expenditures of federal money than they do for state or local money.

Issue 3a – Questionable Travel Expenditures

Certain travel and conference expenditures were questionable when compared to reasonable and necessary business practices.

Condition

At three of the 13 districts, we identified certain expenditures for travel and conferences that we believe exhibit poor use of financial resources and would be viewed as deficient or improper by citizens. These amounts are included in the cost savings that are identified in Issues 1 and 2.

Clover Park School District

The District spent more than \$82,000 for approximately 165 district employees to attend one or more of six retreats at the Alderbrook Resort & Spa in Hoodspport. GSA lodging per diem was \$60 per night at the time of the retreats. For the six retreats, the District paid lodging rates that exceeded GSA by \$48 to \$215 a night.

One of the retreats focused on administrative leadership in the area of information technology. This retreat had 60 employees and one facilitator in attendance, most of whom stayed one night. Eight employees stayed two nights. Three of the eight employees stayed in individual cabins that could accommodate up to five people. The facilitator stayed three nights in a cabin. Cabins rented for \$275 a night. The Superintendent stayed four nights in a single occupancy room that cost \$190 per night. In addition, the District overestimated the number of employees that would attend the retreat and paid \$582 for rooms that were not used.

Vancouver Public Schools

The District spent \$18,590 for nine people to attend a 2006 national conference in Chicago. They attended less than two days of the five-day event. Attendees were five Board Members, three Executive staff and the Director of the Vancouver School District Foundation. The Foundation is housed on district properties and assists the District financially.

Conference activities began the morning of April 7, 2006, and ended at 11a.m. on April 11, 2006. Registration fees included full days of workshops and sessions, as well as general session speakers such as General Colin Powell, primatologist Jane Goodall, historian David McCullough and fitness expert Richard Simmons.

No one from Vancouver School District attended the first or last days of the conference, as these were travel days. They attended the afternoon conference sessions on April 8; the following two days they attended only the morning sessions. The District held its own work sessions during the afternoon conference sessions to conduct business specific to Vancouver School District. The work sessions were held in meeting rooms that cost the District \$1,254 in banquet room rental and meal costs. This out-of-state meeting was advertised as open to the public. A copy of this advertisement is included in Appendix D.

In addition, the Board members and the Superintendent had dinner on Sunday at a steak house, where they reserved a private room for \$200 and had a choice of fish filets or jumbo shrimp and pasta for \$48 per person. They ate with Board members

and a Superintendent from a neighboring school district. The Vancouver School District's portion of the room rental and meals was \$450. The next evening, all nine from Vancouver District had dinner at a seafood restaurant for \$52 per person. They ordered lobster, crab cakes, Chilean sea bass, sea scallops, shrimp scampi and bouillabaisse totaling \$466. At the time, the Chicago GSA per diem rate for dinner was \$31 per person.

Seattle Public Schools

The District paid \$3,000 of the cost for a District principal's trip to South Africa in July 2006 to visit schools and collect information on African culture. Approval forms described the trip as a cultural experience to aid the development of a high school African Dance and Culture Troupe and to visit African schools.

Documentation supporting the achievement of educational objectives, the approval and the economy of the trip to South Africa was not available for audit. Of the \$3,000 the District paid, \$2,860 had no breakdown of the major expenses, such as lodging. As a result, the District could not show whether it paid for premium accommodations or first-class flights. In addition, there was no evidence of Board approval, which was required by the District's own policy.

Lastly, there was no documentation to support the business purpose of the trip. The District could not provide documentation showing that insights from the trip had been shared with the district at large, the principal's immediate supervisor and staff, or students. As of February 2008, there was no information on the school Web site to show progress towards creating an African Dance or Culture Troupe.

Causes

Clover Park School District

The District believes their employees accomplish more work when they are off-site and are not as easily accessible. The District stated that two of the retreats were large retreats and Alderbrook was the only facility that could accommodate groups of 60-plus people during the timeframe needed.

Vancouver Public Schools

The District has a history of holding public work sessions during out-of-state conferences. There was no evidence to suggest the District weighed the cost to attend versus the number of days participants would attend the conference. They also did not think their constituents would take issue with public meetings that were inaccessible to them, with the additional work session costs, or with high-end dinners.

Seattle Public Schools

The District does not have rigorous international travel requirements that other districts in the audit have. Oversight was limited to pre-approvals. No one held the principal accountable for proper documentation of actual trip activities or costs.

Amounts were paid based on travel pre-approval forms and e-mails. In addition, part of the funding for this trip came from professional education funding that had been allocated in the principal's name. In order to use the funds, pre-approval had to be obtained from the manager of these funds. The manager of the funds has no authority to approve international trips. The principal mistakenly believed that pre-approval to use the funds was adequate approval to go on the trip and that use of the funds meant normal documentation practices were not required.

Effect

Clover Park School District

The District spent over \$82,000 on retreats, reducing funds available for educational purposes.

Vancouver Public Schools

The District did not experience the full value of \$18,590 in conference expenses. The additional funds spent on meeting rooms and food reduced funds available for educational purposes.

Seattle Public Schools

The District could not show that \$3,000 in international travel to Africa was used for a valid business purpose or in a prudent and economical manner.

Recommendations

Clover Park School District

We recommend the district make efforts to hold retreats on District properties and consider using the Renton Educational Service District for large retreats. ESDs are K-12 regional agencies that are partly funded by school districts to provide support services to the districts, including facilities and meeting rooms.

Vancouver Public Schools

We recommend the District hold public meetings within District boundaries. We also recommend Board Members adhere to the same travel policies that other district employees adhere to.

Seattle Public Schools

We recommend the District update its travel policy to provide more clarification on international travel. The policy should have language requiring enough support to show the business purpose of the trip, the benefit to be received by the District and the validity of individual expenses.

Issue 3b – Questionable Travel Expenditures

Questionable hotel reservation practices wasted taxpayer money.

Background

The Office of the Superintendent of Public Instruction (OSPI) manages the federally funded Migrant & Bilingual Education Program (MBEP) for Washington schools. Through grant agreements, the program gives federal funds to school districts and other agencies that provide education and health services for migrant children. Sunnyside School District is a recipient of the funds, which are used to operate one of six migrant education regional offices in the state.

In 2002, the program's director at OSPI was concerned that bilingual students in the state were not keeping up with their peers. In order to address this issue, the director developed the first annual Promising Practices Conference, in which instructional strategies and other best practices for educating migrant and bilingual students would be shared. These conferences continued annually through 2005.

The OSPI program office and the six school district field offices coordinated the 2005 statewide conference. OSPI took the lead role, contracting for lodging, speakers and catering. OSPI delegated other conference responsibilities to the field offices. Educational Service District (ESD) No. 189 in Anacortes – one of the field offices – was responsible for receiving and depositing all registration fees. The ESD then transferred the funds to Sunnyside School District. It was Sunnyside's responsibility to pay the OSPI-approved conference expenses with registration fees collected in the current year and excess fees from previous years.

Sunnyside officials stated they believed the conference activities were allowable under the grant agreement and did not question their role in the conference preparations. Sunnyside has operated in this capacity as long ago as 1987.

Condition

Sunnyside's expenditure of multiple districts' conference registration fees was questionable and adversely affected by OSPI's hotel reservation practices. More than a year before the conference, OSPI contracted with two hotels for large blocks of rooms for conference attendees. Hotel reservations were made for a certain number of "room nights." For example, one room reserved for five days would count as five room nights. OSPI overestimated the number of rooms needed and contracted with one hotel for 300 room-nights and another hotel for 670 room nights. Of the total 970 room nights reserved, 499 of them were unused.

Causes

Sunnyside was responsible for paying all OSPI-approved conference expenses.

OSPI contracted with the hotel more than a year before the conference and significantly overestimated the number of room nights needed. The hotel contract required payment for 90 percent of all vacant rooms unless the hotel could fill the rooms with other guests. Had the hotel been notified of the overestimation, it is possible some rooms could have been filled, thereby reducing the number of vacant rooms the District was obligated to pay for.

Effect

The District used excess conference registration fees and paid \$49,166 for vacant rooms. These funds could have been used to reduce costs of future Promising Practices Conferences. These amounts are included in the cost-savings identified in Issue 1.

We reported a similar issue in the Sunnyside's accountability audit report that examined September 2003 to August 2005 activities. The audit reported the District paid more than \$18,800 for vacant rooms that had been contracted by OSPI for a December 2003 conference.

Recommendation

Sunnyside School District was responsible to pay for conference hotel rooms that the OSPI procured. OSPI used questionable hotel reservation practices. We are not making a recommendation to Sunnyside School District, as 2006 was the last year it participated in the conference.

Issue 4 - Procurement of Airfare

Districts may achieve additional cost savings by purchasing airfare through the State of Washington's Procurement contract when it is cheaper than using Web-based travel services.

Condition

At the time of audit, some districts did not know they could use the state contract when booking airfare, or they believed it is always cheaper to obtain airfare through alternative methods.

The State contract is open for use by political subdivisions, such as school districts, after payment of a membership fee. All districts included in this audit are already members and use the state contract for other types of purchases.

We identified 15 flight destinations for at least two of the districts during the audit period and selected those for testing. Twelve were out-of-state flights and three were in-state. We compared the costs of the flight using the State contract versus using two common Web-based travel sites: Travelocity and Expedia. Our results for in-state flights showed between 16 percent and 31 percent savings using the State contract. Our results for out-of-state flights showed one instance of 55 percent savings using the State contract. A Web-based travel site was more economical for the other 11 flights.

Cause

Districts' method for purchasing airline tickets is based on historical practices or current policy guidelines. Most districts have not performed recent analyses to identify the most cost-effective way to purchase airline tickets.

A few districts encourage employees to use a specific travel agent when making travel arrangements, although they also give employees the option of booking their own travel when it is more economical.

Some districts stated they prefer using travel agents because they state the tickets are refundable and there are other services provided through a travel agent that would otherwise be unavailable to them. Districts were paying between \$20 and \$70 per ticket in travel agent fees.

Effect

The districts may not have received the most economic price available to them when booking airfare.

Recommendation

When purchasing airfare, we recommend districts consider the State of Washington procurement contract as an option.

APPENDIX A: Other Observations

We noted areas of interest related to travel that were common to many of the districts we audited.

International Travel

Some districts incurred international travel as a result of connections to schools in other countries.

The districts classified these trips as cultural exchanges. They were either student trips with a few district staff as chaperones or they were district employee trips. Trips with students were paid for primarily through fund-raising efforts and grants. Living expenses in the other country were often paid for by the host school district and supplemented with personal funds. A reciprocal trip would usually occur the following year, when the host school district would send its students and staff to Washington. District employee trips were generally paid for with a combination of local funds and with money specifically designated for continuing education.

District	Destination	Purpose	Trip Cost	Percent of total annual travel
Port Angeles	Japan	Junior Ambassadors Program	\$6,213	4 percent
Seattle	British Columbia, Canada	International Rotary Club Conference	\$676	1 percent
	Spain	Attend an intensive Spanish language school	\$1,658	
	South Africa	To start an African Dance Troupe	\$3,000	
	Mushen, China	Cultural Exchange with sister city	\$2,585	
Tacoma	China: Hong Kong, Beijing and Shanghai	In order to build relations at an administrator level and support for current & future programs at the district.	\$2,650	0.4 percent

Open Public Meetings Act

Our testing included board and executive retreats that were held outside of district boundaries. We expected little testing in this area because retreats are meetings that are open to the public; in order for the public to attend, we expected them to be local and incur little or no travel costs. Seven districts held retreats at off-site locations.

When meetings are held off-site, it is difficult for citizens to attend. Citizens should know they are welcome to attend any meeting that includes a majority of the board members regardless of the meeting location. In addition, the absence of voting or other official action does not mean the public cannot attend; it is still a meeting where official business is being conducted.

For the retreats examined, all or a majority of the board members were in attendance.

When reviewing retreat attendance lists, we consistently noted no citizens in attendance.

When a majority of board members attend any meeting, the requirements of the Open Public Meetings Act (the Act) must be followed. See Chapter 42.30 of the Revised Code of Washington for these requirements. It defines any meeting with a majority of the governing body gathered to conduct official business as a meeting that should be open to the public. If a majority of the governing body is in attendance, it is a meeting that should be open to the public regardless of whether it is called a "regular session", a "retreat" or a "work session" and regardless of whether official action will be taken.

Frequent Flyer Miles

State law does not explicitly address the personal use of frequent flyer miles earned while traveling on government business. The policies of the districts we audited also did not explicitly address the use of the miles and none of the districts tracked them. We questioned whether our audit should recommend a change in state law or recommend that districts prohibit the personal use of the miles.

Other governments have considered this question and all came to the same conclusion – the cost of tracking the miles outweighed the benefit that would be received.

For example, the federal government used to require employees track and use the miles only for federal purposes, but in 2001, the Government Accountability Office conducted a study and concluded there were more costs associated with tracking this information than benefits. As a result, the federal law was changed to explicitly allow employees who travel on federal business to keep the miles for personal use.

In 1999, the Australian National Audit Office performed a similar study, and in April 2006 the State of Oregon issued a publication explaining why they do not "collect and pool" the miles. Both came to the same conclusion.

These studies cited examples demonstrating the effort and cost required to collect this information and monitor its use along with the limited ability to use any free flights due to the flight industries many restrictions on ticket use. We determined that any additional audit efforts would likely bring us to the same conclusion, so we did not conduct further work in this area.

Conferences

The Office of the Superintendent of Public Instruction and school associations frequently organize conferences that are funded in part from association dues paid by school districts. We compared these conference lodging rates to the GSA rates to determine if their conferences were encouraging economical lodging.

We selected conferences that occurred in 2007 and had been attended by more than one of the districts included in this audit. We examined three OSPI conferences and four conferences put on by school associations.

We are pleased to note that five of the conferences had lodging available at or below GSA rates. The other two conferences exceeded GSA rates by less than 1 percent.

APPENDIX B: Initiative 900 Elements

Cross reference of where the nine elements in I-900 are addressed in the report.

I-900 element	Issue 1	Issue 2	Issue 3	Issue 4
Identification of cost savings	x	x	x	x
	Regarding Issue 4: Our analysis of procuring airfare through the State of Washington contract showed that in limited instances, districts may achieve cost savings by using the State contract.			
Identification of services that can be reduced or eliminated	We considered the feasibility of recommending districts centralize their travel procurement process, or use travel agents to arrange all their travel. But, depending on the size of the district and the amount of annual travel, these may or may not be the most cost economical options for districts.			
Identification of programs or services that can be transferred to the private sector				
Analysis of gaps or overlaps in programs or services and recommendation to correct gaps or overlaps	We considered the feasibility of recommending districts centralize their travel procurement process, or use travel agents to arrange all their travel. But, depending on the size of the district and the amount of annual travel, these may or may not be the most cost economical options for districts.			
Analysis of the roles and functions and recommendations to change or eliminate districts' roles or functions				
Feasibility of pooling information technology systems	Districts process travel transactions through their accounts payable system. Work related to this I-900 element would have been beyond the scope of this audit.			
Recommendations for statutory or regulatory changes that may be necessary to carry out their functions	No recommendations for statutory or regulatory changes noted. There are recommendations for District travel policy changes.			
Analysis of performance data, performance measures and self-assessment systems	x	x	x	
	These issues contain recommendations to better monitor travel expenditures or to establish benchmarks for measuring future district travel.			
Identification of best practices	x			

APPENDIX C: School District Responses

Clover Park School District



August 6, 2008

Julie Amos, Audit Manager
State Auditors Office
P.O. Box 40031
Olympia, WA 98504-0031

Dear Ms. Amos,

RE: Response to Travel Practices Report

The Clover Park School District concurs with the findings and the recommendations included in the State Auditor's Office (SAO) report on Travel Practices in 13 Washington School Districts. We would, however, like to take this opportunity to raise several points regarding the criteria used for determining excessive costs and the methodology used for calculating the five-year savings amount.

The SAO used the U.S. General Services Administration's (GSA) per diem rate as the basis for evaluating meals and lodging. We note that the GSA rate pertains to federal employees and is available to school districts solely at the discretion of the vendor. We agree that the GSA rate is a desirable benchmark; however, it is not a rate that districts can ensure for meal and lodging expenses. We are also concerned about the method used to calculate the stated five-year savings amount for excessive travel costs. The SAO has taken our district's estimated excess costs for 2006 and multiplied that figure by five to extrapolate the five-year savings amount. Based on our actual travel, we believe the methodology used in this calculation **significantly overstates** the actual five-year savings potential.

The Clover Park School District has been proactive in responding to the issue of economical travel and the overarching recommendation to provide reasonable limits on lodging and in providing guidance and limitations on retreats. We have already made changes to more closely align our travel procedures to SAO recommendations and will move towards implementing the suggestions made by the SAO in this report. For example, the district will hold all administrative retreats within driving distance and carefully evaluate all requests for training, conferences, and retreats to ensure better alignment with district policy. As of May 2008, the District canceled all overnight retreats and asked administrators to carefully review future requests to ensure they are compliant with policy guidelines.

*The mission of the Clover Park School District is to teach each child what he or she needs
to know to succeed and contribute to the community*

10903 Gravelly Lake Drive SW Lakewood WA 98499-1341 253-583-5000 Fax 253-583-5198
<http://cpsd.cloverpark.k12.wa.us>

Ms. Julie Amos, Audit Manager
Response to Travel Practices Report
Page 2

Overall, we believe the District has sound travel policies, procedures and practices in place feel that the enhancements from the SAO audit will help ensure the best use of tax dollars for public education.

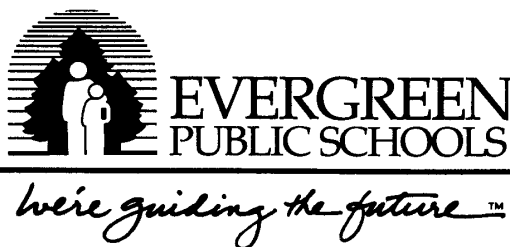
Sincerely,



Deborah L. LeBeau
Superintendent

cc: Board of Directors
Keith Rittel, Deputy Superintendent
Ray Miller, Administrator for Business Services
Lynn Wilson, Director of Financial Services

Evergreen Public Schools



August 13, 2008

Julie Amos, CGAP
Assistant Audit Manager
Senior Project Coordinator
Performance Audit
Washington State Auditor's Office

Subject: State Auditor's Report
Performance Audit on Travel Practices – 9/1/05 to 08/31/06
Evergreen School District 114

Dear Ms. Amos:

Please accept this letter as the District's initial response to the audit report and recommendations on travel regarding Evergreen School District 114 for the period September 1, 2005 to August 31, 2006. The District will reply with additional comments after the public hearing on this subject:

We thank you and the local audit team for working with the District through the audit process. We appreciate all your help and cooperation in this matter and the information provided to the District to help improve our processes and procedures.

The District also extends its appreciation to the State Auditor's Office for stating in their audit report that the District has policies and procedures in place to ensure travel expenses are approved and properly supported. In addition, the District's business transactions were economical, including airfare, rental cars, mileage and most meal reimbursements.

The majority of District meal travel cost is governed by a travel policy that allows reimbursement of actual meal cost, up to maximum meal limits of \$8.00 for breakfast, \$12.00 for lunch, and \$20.00 for dinner. The District's reimbursements of actual cost up to maximum meal rates are lower than GSA meal per diems and have saved the District significantly in meal expense reimbursement.

Audit Recommendations and District Reply:

Lodging - Districts Could Save Money by Using Federal Lodging Limits and Verifying the Business Purpose of Additional Travel Days Paid for with Public Funds

State Auditor's Report
Performance Audit on Travel Practices – 9/1/05 to 08/31/06
Evergreen School District 114, Page 2

Auditor's Recommendations:

We recommend District's Board of Directors modify their travel policies as follows:

1. Include a maximum reimbursable limit for conference lodging and specify that employees are responsible for lodging costs that are not pre-approved and are in excess of policy limits.
2. When travel agents are used, the Districts need to communicate the updated policy to those agents.
3. Retain documentation for pre-approved travel and the business purpose of early arrivals or late departures that is paid for by the District.
4. Retain documentation for research that was performed to determine the most economical option at the time.
5. Retain pre-approval documentation for policy exceptions. Any exceptions to these limits should be justified and clearly defined in policy.

State Auditor's Report
Performance Audit on Travel Practices – 9/1/05 to 08/31/06
Evergreen School District 114, Page 2.

District's Response:

The District's travel policy does not include maximum amounts for employee lodging expense, however it does require:

- An employee of the District traveling on official District business is expected to exercise the same care in incurring expenses and accomplishing the purposes of the travel that a prudent person would exercise if traveling on personal business.
 - Excess costs, indirect routes, delays, or luxury accommodations (1st Class air travel, luxury car rental) unnecessary or unjustified in the performance of official District business travel are not considered acceptable as exercising prudence.
 - Employees are responsible for excess costs and any additional expenses incurred for personal preference or convenience.
 - The number of employees from the District attending a particular meeting or activity should be the minimum necessary, consistent with the benefit to be derived from it.

The District encourages room-sharing which results in saving lodging expenses.

The District travel policy requires written pre-approval of employee travel and includes the business purpose of early arrivals or late departures that are paid for by the District.

The District agrees to make the necessary changes to its travel policy to comply with the State Auditor's recommendations and using the most effective process for reducing lodging expenses.

Retreats - Districts Could Save Money by Holding Retreats within District Boundaries

State Auditor's Report
Performance Audit on Travel Practices – 9/1/05 to 08/31/06
Evergreen School District 114, Page 3

Auditor's Recommendations:

We recommend districts encourage in-district retreats when possible and modify their policies to:

- Establish boundaries for out-of-district retreats.
- Require research to identify the most cost effective location for retreats and maintain documentation of the research.

We also recommend Districts ensure employees understand that both federal and local monies come from taxpayers and the same standards of economy and prudence apply to both. In fact, in order to comply with federal grant requirements, Districts cannot have less stringent standards in place for federal money than they would for local money.

District's Response:

The District agrees with the State Auditor's recommendations to modify the District Travel Policy to include guidance on in-district retreats and require research to identify the most cost-effective location.

The District will save up to \$20,145 (from the audit report) over a 5-year period, since the District has already stopped out-of-town Board retreats, implemented summer of 2007.

The District does not agree with the auditor that there is an underlying belief that holding overnight business retreats is a generally accepted practice. To the contrary, if the District had this belief, the auditor would have found a significant number of overnight business retreats and higher dollars spent on the retreats. The District believes in prudent use of public funds.

The District's travel policy and procedure does not differentiate between local and federal except for tracking purposes and limitations set on specific federal funds.

Procurement of Airfare - Districts could achieve additional cost savings by purchasing airfare through the State of Washington's Procurement Contract when it is cheaper than using Web-based travel services

Auditor's Recommendations:

When purchasing airfare, we recommend districts consider including the State of Washington procurement contract as an option.

District's Response:

The auditors explain in the audit report (Appendix B, item 1), from "Our analysis of procuring airfare through the State of Washington contract showed that in limited instances, Districts may achieve cost savings by using the State contract."

The District appreciates the auditor's recommendations to report additional methods of saving public funds, and will follow their recommendations.

State Auditor's Report
Performance Audit on Travel Practices – 9/1/05 to 08/31/06
Evergreen School District 114, Page 4

Thank you for all your help in this matter. It was a pleasure working with you and your staff during the course of this performance audit of the District.

Please feel free to contact me at 360-604-4020, or by e-mail mmerlino@egreen.wednet.edu, if I can answer any questions.

Sincerely,

A handwritten signature in black ink that reads "Mike Merlino". The signature is written in a cursive, flowing style.

Mike Merlino, CFO
Evergreen School District 114

Pasco School District

Thank you for the opportunity to respond to the Performance Travel Audit Report

We request our response be included in its entirety in our report.

Finding #1 – Lodging at GSA Rates/Additional Travel Days

The report states that the hotel costs were consistently over the GSA rates.

In a vast majority of the questioned transactions, the travel was for a district approved national or regional conference or workshop. Conferences are typically held in major metropolitan areas. Lodging costs in those areas, especially near the conference or convention center itself, are often higher than the GSA rates. There is a discount for the block of conference rooms, which does lower the cost, but can still, be higher than the GSA rates. The district has no control over the location of said conferences. There is added value to the employee and district in the ongoing networking opportunities and expanded discussion and collaboration that occurs after the conference sessions that would be foregone if the employee did not stay at the conference hotel.

If the district were to require employees to find lodging in outlying areas to keep the cost within the GSA rates, additional costs would be incurred to commute to the conference, i.e., rental car, parking, taxi, etc. In addition, we have concerns for the safety of our staff (many who are women) commuting in an unfamiliar metropolitan area often late at night after the conclusion of the conference activities.

We would also like to go on the record to mention that there were many instances tested by the State Auditor's Office where our staff stayed at a significant discount to the GSA rates that were not mentioned in the report.

We also believe that a more reasonable standard would have been to apply the 150% rule currently allowed for state agencies under State of Washington Office of Financial Management (OFM) policies, rather than the more restrictive federal 125% rule. Application of the 150% rule would have reduced the estimated savings from \$8,776 to \$5,165 or 62%.

The district is in the process of amending the district travel policy and procedure to include written guidelines and justification for instances in which lodging costs exceed GSA rates.

Seattle Public Schools



August 23, 2008

Julie Amos, CGAP
Assistant Audit Manager
Senior Project Coordinator
Performance Audit
Washington State Auditor's Office

RE: State Auditor's Report
Performance Audit on Travel Practices – 9/1/05 to 8/31/06
Seattle School District #1

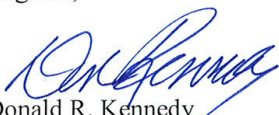
Dear Ms. Amos:

Please accept this letter as the District's initial response to the audit report and recommendations on travel regarding Seattle School District for the period September 1, 2005 to August 31, 2006. The District will reply with additional comments after the public hearing on this subject.

The Board of Directors and the Superintendent recognize the need to have rigorous local and international travel requirements that other districts in the audit have. The District oversight with regard to travel now includes an internal audit review for proper documentation of actual trip activities or costs. The District is also in the process of updating travel procedures to provide more clarification on international travel. These procedures will contain language requiring enough support to show the business purpose of the trip, the benefit to be received by the District and the validity of individual expenses.

If you have any questions please contact Kariuki Nderu, Internal Auditor at (206) 252-0243.

Regards,


Donald R. Kennedy
Chief Financial and Operations Office
Seattle School District

CHIEF OPERATING
OFFICER

John Stanford Center for Educational Excellence ★ 2445 3rd Avenue South ★ 98134 ★ www.seattleschools.org
Mailing Address: MS 32-183 ★ PO BOX 34165 ★ Seattle, WA ★ 98124-1165 ★ Tel.: 206.252.0167 ★ Fax: 206.252.0209

Spokane School District

August 25, 1008

Office of the State Auditor – Performance Audit
Travel Practices in 13 Washington School Districts
September 1, 2005 through August 31, 2006 School Year

Issue 1 - Lodging

Districts could save money by using federal lodging limits and verifying the business purpose of additional travel days paid for with public funds

School District response

The school district concurs that there could be an improvement in the communications of district employees to ask for the GSA rates when making reservations for lodging.

Although the district does routinely review travel expense reports for any additional travel days before/after conferences or meetings and very few occur, the school district will conduct further review in this area to eliminate any unnecessary additional travel days.

Issue 2 - Retreats

Districts could save money by holding retreats within district boundaries

School District response

Because the school district routinely holds retreats within district boundaries, no comment because Spokane was not listed in this issue.

Issue 3a – Questionable Travel Expenditures

Certain travel and conference expenditures were questionable when compared to reasonable and necessary business practices

School District response

No comment because Spokane was not listed in this issue.

Issue 3b – Questionable Travel Expenditures

Hotel reservation practices did not align with reasonable and necessary business practices

School District response

No comment because Spokane was not listed in this issue.

Issue 4 - Procurement of Airfare

Districts could achieve additional cost savings by purchasing airfare through the State of Washington's Procurement contract when it is cheaper than using Web-based travel services

School District response

The school district has access to the State of Washington's procurement contract. The school district will improve through communications the availability of the contract's list of one-way fares of the available of the paired cities and the related carrier. It should be noted that many of the paired cities listed are provided by the Alaska/Horizon Airlines. The state's contract states, "Alaska/Horizon does not extend contract pricing to political subdivisions." Political subdivisions include school districts throughout the state. Since the Spokane/Seattle paired city is only provided by the Alaska/Horizon Airlines, the school district cannot use this paired city to access the contract pricing.

Since Spokane is located in Eastern Washington, many of the airline trips by employees for school district business are between Spokane and Seattle. The school district respectfully requests that the State of Washington consider an elimination of this exclusion provision in the next bid for airline services for the Spokane and Seattle paired cities. The current contract does not expire until March 31, 2010.

Other District Response

On page one of the State Auditor's report, the school district takes issue with the implications of school districts lack of fiduciary responsibilities with public funds. Specifically a sentence under the heading of Cost of Uneconomical Travel is as follows:

"The simple appearance of luxurious accommodations can cause the public to question whether their tax dollars are being wasted."

The school district feels this sentence is not an appropriate statement and does not reflect the practice of employees of Spokane Public Schools when performing their duties. Further, to imply that the school district is wasting tax dollars appears to be an unnecessary inflammatory remark and could have been stated in a more meaningful manner.

State Auditor's Office Response

The District correctly states that Alaska Airlines does not extend their contract prices to political subdivisions. But United Airlines is also a vendor on the state contract. If United offers the route, then United will match the price that Alaska quoted for use by State agencies and extend it to political subdivisions, which include school districts. In instances where neither Alaska nor United offers a desired route, there is no expectation the District will use the state contract.

Sunnyside School District

The Sunnyside School District has implemented and improved internal controls and procedures over contracts, travel, and procurement practices. We appreciate the assistance of the State Auditor's Office and of the Office of Superintendent of Public Instruction in resolving the issues noted.

The Office of Superintendent of Public Instruction included a response in connection with Issue 3B.



SUPERINTENDENT OF PUBLIC INSTRUCTION

DR. TERRY BERGESON OLD CAPITOL BUILDING • PO BOX 47200 • OLYMPIA WA 98504-7200 • <http://www.k12.wa.us>

September 25, 2008

Ms. Julie Amos, CGAP
State Auditor's Office - Performance Audit Team
Sunset Building – 3200 Capitol Blvd.
PO BOX 40031
Olympia, WA 98504-0031

Re: OSPI Response to Travel Performance Audit

Ms. Julie Amos:

We appreciate the auditor's work in attempting to identify potential cost savings to the taxpayers of our state.

As stated in the report, OSPI planned a statewide conference for which the district acted as fiscal agent. We made our best faith effort to estimate the attendees as accurately as possible, but due to various circumstances, it is unfortunate that the attendance was not what was expected. As a result of this conference, we determined it was not cost beneficial to continue this practice.

The attendance goal of this conference was estimated at 1,200 participants. Since the majority of projected participants would be traveling from outside of the Spokane area, lodging was secured at the two closest facilities to the Spokane Convention Center. This conference was a multi-office coordinated effort working with six field offices. Migrant Student Data and Recruitment Office (MSDR) was the office providing fiscal support for registration and conference expenditures. The challenge with the event was it was to occur the first part of October 2005, and this resulted in the majority of registrations not coming in until after the beginning of the 2005 school year. As such, the lodging was not booked until that same time frame. Despite a large marketing effort to draw participants to the event, there were substantially less registrations than projected, and as such, the lodging set-aside to accommodate this projected participation rate was not filled. Also, some participants who attended the conference decided to stay at lower rate facilities further away from the event to maximize their local school participation. Thus, the projected number of rooms booked for participants was also impacted by local schools choosing to lodge elsewhere.

The planning committee for this event re-evaluated the effort, time, and expenditure to host an event and determined to merge their efforts with other OSPI sponsored events such as January Conference and Summer Institutes. Since October 2005, the Migrant and Bilingual Education Programs have not hosted a separate conference targeted toward the academic and instructional strategies to support migrant students and/or English language learners and has eliminated the fiscal support for this event from MSDR's subcontracted activities.

OSPI Response to Travel Performance Audit
Page 2
September 25, 2008

As a final comment, this issue was already raised in a finding the district received in their Fiscal Years 2004/2005 accountability audit. This audit was not released until 2007, at which time the issue had already been corrected.

Again, we want to thank the audit staff for their efforts and appreciate the opportunity to respond to this report.

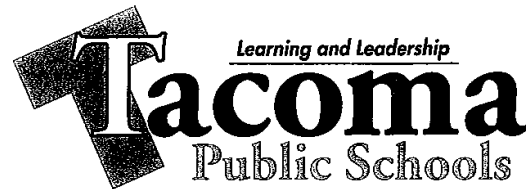
Sincerely,

A handwritten signature in cursive script, reading "Catherine Davidson".

Catherine Davidson, Ed.D.
Chief of Staff
Superintendent of Public Instruction

RHH:JB:bgm

Tacoma Public Schools



Arthur O. Jarvis, Ed.D.
Superintendent

601 South 8th Street • P.O. Box 1357
Tacoma, WA 98401-1357
253.571.1010 • Fax 253.571.1440
ajarvis@tacoma.k12.wa.us

August 21, 2008

Brian Sonntag, CGFM
Washington State Auditor
Insurance Building
P.O. Box 40021
Olympia, WA 98504-0021

RE: Tacoma School District No. 10 response to the performance audit of Travel Practices in 13 Washington School Districts

Dear Mr. Sonntag:

Thank you for giving Tacoma School District No. 10 the opportunity to review and respond to the State Auditor's performance audit report – Travel Practices in 13 Washington School Districts. The district is committed to the continual work of analyzing the economy, efficiency and effectiveness of its travel policies, regulations and procedures.

Issue 1 - Lodging

District Response:

The district is committed to ensuring that it uses the most economical and efficient means for procuring lodging rates. Travel activities undertaken by district personnel are authorized for business purposes, for the benefit of the district and must adhere to board policy and regulation.

The following course of action will be taken within the upcoming fiscal year:

- The district will take the recommendations under advisement and review its policies to determine a course of action which is reasonable, prudent and addresses the issues noted in the finding.
- The district will revise its travel policy, regulation and procedures to direct employees to request General Services Administration (GSA) or Government lodging rates.
- The district will direct its travel agency, Carlson-Wagonlit Travel Center to request GSA and government rates when booking lodging.

The district has a comprehensive authorization process in place to address the concerns raised regarding pre-approval for policy exceptions. Travel requests including unique circumstances are reviewed for reasonableness prior to authorization by four levels of administration (Immediate Supervisor, Cabinet Administrator, Superintendent/Designee and Board of Directors) thereby eliminating the need for exceptions. A final review of the travel request is conducted by the Finance Department to ensure that all authorizations are present and that supporting documentation accompanies each request. These reviews ensure that the district does not incur additional travel expenses such as, but not limited to, lodging, meals and incidental reimbursements.

The district empowers its leaders and administration to make prudent decisions consistent with the responsibilities as stewards of public monies. Travel requests which do not adhere to district policy and regulations are denied.

Letter to Brian Sonntag
August 21, 2008
Page 2

Issue 2 - Retreats

District Response:

The district understands that both federal and local monies come from taxpayers and in fact, applies the same standards of economy and prudence to both. The district does not have less stringent standards in place for federal money than for local money. Moreover, retreats in general were and are held at locations within district boundaries. We believe this reflects an awareness of prudent decision making practices and does not call for the need of the establishment of a policy. The district empowers its leaders and administration to make prudent retreat and conference decisions consistent with the responsibilities as stewards of public monies. Funds were not frivolously used to pay for conferences or retreats.

Issue 4 - Procurement of Airfare

District Response:

The district acknowledges that airfare should be purchased at the lowest possible cost. Currently, the district has policies, regulations and procedures in place to ensure that we receive the lowest possible cost based on meeting/conference time and date parameters.

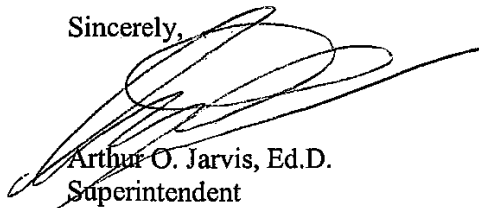
The district is a member of the Washington State Purchasing Cooperative and has an agreement with Carlson-Wagonlit Travel Center (CWTC) in which we require that they use the Local Government Use Agreement and Intergovernmental Cooperative Purchasing Agreement unless a lower published rate can be found. The district's contract with CWTC requires that they research and compare airfare pricing from all sources which includes, web-based travel agencies, airline specific reservation systems, South West Airlines web direct and the state contract. District policy requires that all travelers utilize the travel agency to procure airfare unless a cheaper fare can be found. These exceptions are rare and require a written waiver from the travel agency stating they cannot meet or beat the price. Accordingly, we know that state contract rates are reviewed and compared to establish the lowest price prior to purchase.

Our review of the state contract revealed limited airline vendor choices. United Airlines and Alaska/Horizon Air are currently listed. Moreover, Alaska/Horizon Air do not extend contract pricing to political subdivisions.

We appreciate the opportunity to comment on the audit findings and look forward to working with the State Auditor's Office, Legislature and Office of Superintendent of Public Instruction to promote accountability and cost-effective use of public resources.

If you require any further information, you may reach me at (253) 571-1010.

Sincerely,



Arthur O. Jarvis, Ed.D.
Superintendent

Toppenish School District

Thank you for the opportunity to respond to the preliminary Travel Audit. We request our response be included in it's entirety in our report.

Recommendation

"Districts should improve their policies by establishing reasonable limits on lodging, and providing guidance and limitations on retreats." In addition the State Auditors noted cost saving amounts where districts paid more than the GSA rates specifically for conventions or conferences.

Toppenish School District adopted the Washington State Travel Policy in 1999. We also adopted an internal operating procedure which encourages the use of Priceline for lodging and transportation when more economical. Several examples of savings of 50% or more over GSA rates used by the State Auditors office where documented to the State Auditors but were not mentioned in this report.

We agree that we were not documenting in writing why we stayed at the conference hotels and have corrected this issue. We were however, reviewing the costs and discussing these costs before approving the travel. It should be noted that most all the conferences we attended were also attended by the State Auditors Office staff and the State Auditors staff also stayed at the same conference hotels at the same rates as criticized in this report. If the State Auditors Office believes that their own travel policy has major weaknesses we encourage them to modify the State Policy. We also encourage the State to adopt the use of Priceline for lodging and transportation. The use of the Priceline bidding process will save the state more than the GSA rates used in this audit.

State Auditor's Office Response

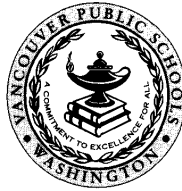
We concur with the District's response regarding its use of Priceline and commend the practice. The District selected transactions to show us it saved \$80 to \$90 per night over GSA rates through its use of Priceline in fiscal years 2007 and 2008. However, our audit examined data for fiscal year 2006.

Toppenish asserts that staff from the State Auditor's Office stayed at the same conference hotels at the same rates we "criticized" in this report. We reviewed the conferences attended by Toppenish that were tested in this audit and found none resulting in overnight travel by staff from the Auditor's Office.

To address the District's concerns about our own lodging practices, we reviewed our lodging expenses for the annual Washington Association of School Business Officials conference. This conference is held each May and our Office is typically asked to make presentations at the conference. We compared our actual lodging costs to the criteria we used in the audit, which was 125 percent of GSA rates for conference lodging.

Year	Auditor's lodging costs	Relationship to GSA criteria
2005	\$0	N/A
2006	One staff: \$64 per night	\$32 less per night than GSA
	One last-minute staff person: \$99 per night	\$2.75 per night over the GSA
2007	\$180 per night for three staff	\$82.50 per night less than GSA
2008	\$0	N/A

Vancouver Public Schools



District Response to Travel Audit Finding

Vancouver Public Schools

The board of directors and leadership team for Vancouver Public Schools strongly agree that public tax dollars should be used in a prudent and cost conscious manner. The district typically earns clean audit reports and has been commended by the state auditor for a long history of sound fiscal management. The board, superintendent, and staff constantly look for ways to increase the effectiveness and cost-efficiency of school district operations. Regrettably, references to Vancouver Public Schools in this travel audit report are focused wholly on expenses for participation in one national conference rather than the bigger picture of travel management in the district. Further, some conclusions drawn by the auditors are subjective and taken out of context. To provide a more detailed and thorough explanation of the travel audit finding, we respectfully offer the following response.

Finding #3a – Questionable Travel Expenditures

The location of the 2006 National School Boards Association (NSBA) conference originally was planned for New Orleans but was moved to Chicago shortly before the conference timeframe, because the New Orleans venues still were recovering from damage caused by Hurricane Katrina. The change of location at the 11th hour generally made it more difficult and expensive than usual for all participating school districts to make travel plans and to secure accommodations. Additionally, the cost of attending a national conference in downtown Chicago was significantly greater than other cities where NSBA usually holds its major events. Months before the change of location, however, NSBA had invited Vancouver Public Schools to present a workshop at the conference, and the superintendent had committed to sending the appropriate staff members along with the board to present to a national audience. Moreover, Vancouver Public Schools has derived significant value from NSBA conferences over the years, not only for the content of the workshops and sessions, but also for the opportunity to interact with colleagues from throughout the U.S., to share best practices, and to build a more effective governance team.

The board, superintendent, and staff chose to travel on the first and last days of conference because the sessions on those dates were not considered essential. Participation would have required another two days lodging and meals, thereby adding significantly to the total cost of the trip. Vancouver participants stayed at one of the designated NSBA conference hotels in downtown Chicago. A hotel with mid-range prices was selected from the list of available accommodations. Free bus shuttle service was provided from the conference hotels to the Chicago convention center, which was the venue for conference activities. Travel expenses, including the cost of meals, were greater than expected and were mentioned as a concern by many NSBA conference attendees, including those from Vancouver. As a result, the board chose not to attend the NSBA conference in 2007. The board also cut its own operating expenses and

Vancouver Public Schools • Jim Parsley Center • 2901 Falk Road • Vancouver, WA 98661

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Recognized for Leadership in Public Education • An Equal Opportunity School District

revised the district's travel policy to limit all expenses to per diem rates. This policy applies not only to staff members, but also to the board and superintendent.

For 20 years or more, the Vancouver School Board, like most other school boards, has held work sessions at state and national conferences. In accordance with state law, these work sessions have been advertised and no action has been taken. Vancouver's board has been judicious in selecting topics for these sessions that do not require immediate public input or feedback. In planning itineraries for conferences, the board president has worked with the superintendent to identify blocks of time when board discussions were determined to be more beneficial or pertinent than the conference activities offered during those times. The Vancouver School Board has chosen to use its time in ways that have added more value to the travel experience than the conference program alone. When appropriate, national conference presenters have been invited to conduct work sessions with the board at a fraction of the cost that would have been necessary to bring such expertise to Vancouver. Conferences also have provided periods of concentrated time when the superintendent and board members could interact and plan in a focused way without interruptions or distractions. Board members, who typically lead overscheduled lives in their communities, have found that out-of-town work sessions have been some of their most productive times together. Additionally, state and national conferences have enabled board members and the superintendent to strengthen their relationships and to improve their effectiveness as a governance team. The 2006 NSBA conference in Chicago was no exception.

In conclusion, the travel audit report narrowly focuses on participation in one national conference and does not provide the public with a fair and accurate representation of the management of travel procedures and expenses in Vancouver Public Schools. The circumstances surrounding the 2006 NSBA conference in Chicago were unusual and resulted in higher-than-expected costs, which were a concern to the board, superintendent, and staff. Since that time, a revised policy has been enacted to prevent similar occurrences in the future as part of the district's ongoing commitment to fiscal responsibility.



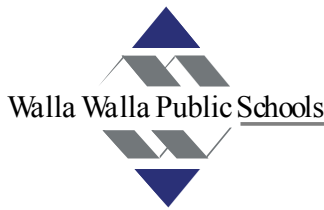
Steven A. Olsen
Chief Fiscal Officer

State Auditor's Office Response

We affirm the results of our audit. The federal GSA rates are adjusted annually and take into account high cost areas. High cost areas have higher per diem rates. Our calculations were based on these higher GSA rates. Hurricane Katrina had no impact on the hotel or meal prices offered in Chicago. Had the cost savings reflected minimal amounts over GSA rates, the District would not have been included in this finding. But spending over \$18,500 for nine people to attend half a conference was the activity under question.

In addition, the Open Public Meetings Act is in place to ensure the public has access and input in the decisions of government. A work-session outside of Washington state is inaccessible to most of the district's constituents and is more costly than holding it on district properties.

Walla Walla School District



BUSINESS OFFICE

364 South Park Street Walla Walla WA 99362-3293 * (509) 527-3000 * FAX (509) 526-1682

August 13, 2008

Julie Amos, CGAP
Senior Project Coordinator
Performance Audit

Dear Ms. Amos:

The first objective of the performance audit was to determine if school districts were being economical in travel expenditures. While I would agree that school districts must be economical, we are only talking about .3% of a district's budget. Wouldn't it make more sense to focus on the other 99.7%?

Finding #1: The audit report will be published showing that 13 districts in Washington State will waste \$517,021 over the next five years in lodging expenses. The audit report recommends that, "Districts' Board of Directors modify their travel policies." The modification should include a maximum reimbursable limit for conference lodging. Implementing such a policy will not save a dime. For example, if an employee attended a conference for which the district paid \$105 per night for lodging, the district would **not** have saved any money merely by having a proper policy in place that allowed for reimbursement up to \$150 per night in a conference setting. The cost would still have been \$105 per night.

Finding #2: Walla Walla Public Schools has held retreats out of town and they were very productive for leadership activities. On one such occasion, district leaders traveled to Richland where they combined efforts with the ESD to bring in a nationally known speaker. The focus of the training was leadership aimed helping districts meet Adequate Yearly Progress and was partially funded through the Office of Superintendent of Public Instruction.

Finding #4: I was a little surprised that the audit mentioned that in 11 out of 15 airline flights scrutinized, the districts saved money doing what they were doing – booking online. In only four instances could they have save some money by using the state procurement contract for airline tickets. The recommendation on this finding is that districts consider including the State of Washington procurement contract as an option. It appears that the State Auditors Office (also funded with taxpayer money) does not feel obligated to look for ways to save money. Just to explain, state employees are required to use the mandatory on-line contractor for air travel. Even if an employee finds a cheaper fare on-line (which happened in 11 out of 15 cases in this travel audit), they must use the higher cost state contract. How much money could the State of Washington save by having employees book online instead of through a mandatory on-line contractor?

Just as an item of interest, the audit report did not mention that the state procurement contract does not cover Alaska Airlines, the only airline serving Walla Walla.

In closing, I agree that there are probably instances when Districts could save money on travel expenses. For the most part, the District employees that I deal with are very cognizant of the fact that we are supported with taxpayer dollars and strive to save money where they can. They are taxpayers also and realize that they are spending their own money!

Sincerely,

Patricia B. Johnston
Chief Financial Officer

State Auditor's Office Response

Walla Walla School District asserts the State Auditor's Office is mandated to use the state contract for purchases of airfare even if a cheaper flight can be purchased online. This assertion is not correct.

State employees are mandated to first check the state contract but if flight times do not meet the travel needs or if a less expensive ticket is available online, state employees are free to purchase airfare from other vendors. Refer to page one of the State contract in the sections titled Contract Exclusions and Special Notes, available at <http://www.ga.wa.gov/pca/contract/13503c.doc>.

The District is correct that Alaska Airlines does not extend its contracted rates to school districts. The State has also contracted with United Airlines, which does offer flights to school districts. This recommendation was not directed at specific districts but offered as another option when booking airfare. If United does not provide services to a particular airport, or if it does not fly to a particular destination, or if it is more expensive to use the State contract, we would not expect school districts to use the contract.

**The following school districts declined to
include a response to this audit:**

Central Valley School District

Port Angeles School District

Yakima School District

APPENDIX D: Vancouver School District public announcement of Chicago work sessions



March 31, 2006

TO: Board Members
The Columbian
The Oregonian
The Reflector

Pursuant to Revised Code of Washington Chapter 42-30, you are hereby notified that the Board of Directors of Vancouver School District No. 37, Clark County, Washington, has scheduled the following event:

The National School Board Association (NSBA) will conduct its Annual Conference in Chicago, IL, April 8-11, 2006. Members of the Vancouver School Board of Directors and Superintendent John Erickson will attend and participate in a variety of conference workshops and educational clinics, per the attached schedule. At 1:00 p.m. on Sunday, April 9, the Board of Directors will convene a special meeting to conduct a work session in the Caliterra Room of the Wyndham Hotel and again at 11:00 a.m. on Monday, April 10 in the Michigan Board Room of the Wyndham Hotel to discuss items of interest for the Vancouver School District. This is not a board meeting, and no formal action will be taken.

Edward H. Rankin, President
Board of Directors

By: John W. Erickson
John W. Erickson, Ph.D., Secretary
Board of Directors

tl
Attachment

