



Department of Community Colleges and Workforce Development: Travel Expense Audit

Summary

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Secretary of State Audit Report

PURPOSE

The purpose of our audit was to determine whether the Department of Community Colleges and Workforce Development (department) complied with state travel policies and rules.

BACKGROUND

During the 2005-2007 biennium, the department was authorized to employ up to 49.7 fulltime equivalent positions. The department's legislatively adopted budget allowed nearly \$667 million total expenditures for the biennium, with approximately \$12 million authorized for office operations. The department's travel expenditures during the audit period from January 2005 through December 2006 totaled approximately \$332,000.

RESULTS IN BRIEF

We found that the department did not always comply with state travel policies and rules. Specifically, the department did not always use the most cost-effective means of transportation and did not document its reasons for using private vehicles instead of state vehicles. In addition, the Oregon State Board of Education (board) could improve its oversight function of the Commissioner's financial transactions to comply with state policy. Finally, we identified errors, noncompliance and/or lack of documentation related to nine travel claims.

OTHER MATTERS

During our review of travel expenditures, we found that the department was hosting quarterly meetings for college database administrators. These meetings were held throughout the state at various community colleges and the department reimbursed the college employees' travel expenses.

We noted an opportunity for the department to reduce travel costs related to those meetings.

RECOMMENDATIONS

We recommend department management:

- Comply with state policy to use the most cost-effective method of transportation, and ensure the reason for using a private vehicle is documented.
- Comply with state policy and work with the board to create a review and approval structure for the financial transactions of the Commissioner.
- Ensure employees responsible for reviewing travel claims understand state travel policy and adequately review travel claims to ensure compliance with the policy. Also, the department should review the 9 instances and consider recovery, if appropriate.

We also recommend department management consider the potential financial advantages of holding the quarterly meetings in a more centralized location.

AGENCY'S RESPONSE

The Department of Community Colleges and Workforce Development generally agrees with the recommendations.

Background

The Department of Community Colleges and Workforce Development's (department's) mission is to contribute leadership and resources to increase the skills, knowledge and career opportunities of Oregonians. To further its mission, the department distributes state aid to Oregon's 17 community colleges, approves new programs and courses, and adopts rules for the general governance of community colleges. The department's goal is to help Oregonians achieve the skills and knowledge needed to combine careers and lifelong learning.

The department head (Commissioner) is appointed by the Oregon State Board of Education (board) and is responsible for day to day operations of the department and for representing the community colleges' interests to the Governor, Legislature, and other state agencies. During the 2005-2007 biennium, the department was authorized to employ up to 49.7 fulltime equivalent positions.

The department's legislatively adopted budget allowed nearly \$667 million total expenditures for the biennium, with approximately \$12 million authorized for office operations.

The department's travel expenditures during the audit period, January 2005 through December 2006, totaled approximately \$332,000.

Audit Results

During our audit, we found the department did not always comply with state travel policies and rules.

Private Vehicle Mileage

State policies require agencies to use the most cost-effective means of transportation for their employees. For example, when the use of a vehicle is necessary, a state vehicle should be used unless travel in a private vehicle is more

practical because of cost, efficiency, or work requirements. When a private vehicle will be used for state business, the reason for using a private vehicle should be documented.

From January 2005 through December 2006, the department incurred approximately \$129,312 for in-state ground transportation. We reviewed documentation for 43 separate trips where the department reimbursed employees a total of \$3,244 for private vehicle mileage. We noted that for 37 of those trips (86 percent), the use of a state vehicle would have been more cost effective. We estimated the department spent approximately \$1,290 more than it would have had its employees used state vehicles. In all 37 cases, there was no documentation of why a private vehicle was used.

We recommend department management comply with state policy to use the most cost-effective method of transportation, and ensure the reason for using a private vehicle is documented.

Agency's Response:

We agree with the finding. The department will encourage the use of state vehicles and require employees to document why they used their private car instead of a state provided vehicle. The documentation will be included as part of the travel expense detail form.

Department Head Transactions

State policy provides for the oversight of financial transactions made by department heads. Those transactions may include payroll, travel claims, and other transactions initiated and authorized by department heads. According to state statute, the Board of Education (board) is responsible for the oversight of the department. State policy allows the board to delegate its oversight authority to other executive

management in the department; however, that delegation should be in writing. At a minimum, the board should review the Commissioner's financial transactions annually and document that review in the minutes of the board meeting.

The Commissioner travels on a regular basis throughout the year. During our audit, we found the board did not formally review and approve the Commissioner's travel transactions or delegate that responsibility to other department management. Without an adequate system of review in place, the board is less able to ensure the Commissioner's transactions are appropriate.

We recommend department management comply with state policy and work with the board to create a review and approval structure for the financial transactions of the Commissioner.

Agency's Response:

We agree with the finding. Since May 2007, the State Board of Education has reviewed and approved the Commissioner's out-of-state travel and documents these decisions in the minutes. The Board adopted the following resolution on June 21, 2007:

RESOLVED, that the State Board of Education delegates the approval of the Commissioner's time reporting and travel expense reimbursements to either the Deputy Commissioner or the Director of Operations. Further, the Board delegates to either the board chairperson or vice-chairperson the authority to approve out of state travel authorizations. The review and approval for out of state travel must be documented in the minutes of the regular Board of Education meetings. This policy takes effect for time reports, out of state travel authorizations, and travel expense reimbursements submitted by the Commissioner for approval effective July 1,

2007. Further, the Department's Internal Auditor is directed to perform a post transaction audit of the Commissioner's financial transactions and report the results of the review to the Board. The first review will be for the period January 1, 2007 through June 30, 2007, and annually thereafter on a fiscal year basis. Once approved, the Department will incorporate the approved policy into their internal policies and procedures.

Other Travel Expenses

Department management is responsible for ensuring that recorded transactions are valid and supported by appropriate documentation. Management's responsibility includes ensuring that amounts are properly calculated and recorded, and transactions are in accordance with applicable rules and laws. Supporting documentation should demonstrate the purpose for the transaction. For travel expenses, the documentation should show that the travel is appropriate and supports the department's mission.

We tested 57 travel transactions and identified nine instances of errors, noncompliance, and/or lack of documentation. Although the dollar effect of the errors we found were not significant, the number of errors (nine of 57 transactions, 16 percent) indicated there was a need for the department to more closely adhere to state travel policies. Specifically, we noted:

- Two instances in which the daily per diem rate paid was in excess of the maximum allowed by state policy, resulting in an overpayment of \$47;
- Two instances in which the number of miles reimbursed were greater than the state's mileage charts allowed for the trip destinations, resulting in an overpayment of \$55;
- One instance in which an employee was reimbursed

twice for the same expenditure, resulting in an overpayment of \$8;

- One instance in which an employee was reimbursed for a travel-related expense for \$56 without a receipt, when a receipt was required by state policy;
- One instance in which there was no documentation of why the department paid for a night of lodging for \$110 when the meeting did not begin until the afternoon of the following day and was 45 miles from the office;
- One instance in which there was no documentation of why a midsize vehicle was rented even though policy states that normally a compact economy car will be rented; and
- One instance in which the travel reimbursement form was not signed by a manager.

We recommend department management ensure employees responsible for reviewing travel claims understand state travel policy and adequately review travel claims to ensure compliance with the policy. Also, the department should review the 9 instances and consider recovery, if appropriate.

Agency's Response:

We agree with the finding. The department will review its policies and procedures to ensure compliance with state travel policies. Also, we will review the 9 instances specifically identified in your travel expense sample and consider whether recovery of the individual overpayments are appropriate.

Other Matters

State travel policies provide guidelines to state agencies for payment of travel expenses in an efficient, cost-effective manner resulting in the best value for the state.

The department hosts quarterly meetings for administrators of the Tracking of Programs and Students (TOPS) database. The meeting locations are rotated between cities throughout the state in which the community colleges are located. From January 2005 to December 2006, the department reimbursed travel expenses for approximately 27 representatives of the community colleges, mostly database administrators, to attend these meetings.

We estimated the department paid approximately \$63,600 to reimburse travel expenses for community college employees to participate in the quarterly TOPS meetings during our audit period. Further, we estimate \$23,000 of the \$63,600 represented costs incurred specifically for holding the meetings throughout the state, rather than at a more central location, such as Salem.

We recommend department management consider the potential financial advantages of holding the meetings in a more centralized location.

Agency's Response:

We agree with the finding. The Oregon Council on Adult Basic Skill Development (OCABSD) Directors and the Database Administrators met in July and discussed this finding and are reorganizing. As part of the planning process for the quarterly meeting, the department will consider whether a combination of holding the meeting at one central location, such as Salem, in combination with requiring the individual community colleges to share in the travel costs for their employees to attend the meeting is necessary so that this meeting can be conducted in the most efficient and economical manner.

Objectives, Scope and Methodology

The objective of our audit was to determine whether the department

complied with state travel policies and rules.

The department incurred approximately \$332,000 of travel expenses during the audit period from January 2005 through December 2006. Of these expenses, we examined a sample of 57 transactions.

We conducted interviews with department personnel and reviewed department travel records, corresponding accounting records, and other supporting documentation related to our objective.

We performed our fieldwork from February 2007 through June 2007. We conducted our audit in accordance with generally accepted government auditing standards.





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*Courtesies and cooperation extended by officials and staff of the
Department of Community Colleges and Workforce Development
were commendable and much appreciated.*

*This report, a public record, is intended to promote the best possible
management of public resources. Copies may be obtained:*

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