Joint Committee on Performance Evaluation and Expenditure Review (PEER)
The Mississippi Legislature

Action Brief:

A Review of State Travel Expenses for Fiscal Years 2015 and 2016
August 15, 2017 (Report #610)

Background:

Prior to the 2017 Regular Session, the Legislature established several tax and budget review committees to examine spending for the state's largest agencies. For each agency examined, one area of budget review focused on travel expenditures and policies. The committees questioned agency leadership to determine whether opportunities exist for more efficient travel management policies and practices that could result in savings to the agencies and state.

In times when state revenue and growth falls below forecasted estimates, state agency travel budgets receive additional scrutiny—often the result of the perception that such travel is susceptible to misuse or inefficient use of state dollars and subject to cutbacks. Thus it is critical that states manage expenses (including travel) and ensure that they adhere to established guidelines and follow best practices.

PEER sought to review state travel expenditures for fiscal years 2015 and 2016 by agency, funding source, and broad category of travel type (in-state, out-of-state, and out-of-country). In addition, PEER reviewed the methods used by the Department of Finance and Administration (DFA) to control the travel expenditures of state agencies; compared Mississippi's travel expenditures to those of neighboring states; and examined best practices that other states administer nationwide to control travel costs.

Agency Travel Overview FY 2015 & FY 2016

- Total amount expended: FY 2015 – $37,437,836; FY 2016 – $38,212,831
- Average total travel expenses among neighboring states (AL, AR, LA, TN) was $36.2 million for FY 2016.
- Grants/federal funds was the largest funding source for state travel expenditures both years, accounting for approximately 42.6% and 42.8%, respectively, followed by special fund and general fund monies.
- In-state travel represented the majority of state travel expenditures for both fiscal years 2015 and 2016, accounting for approximately 81% and 80.9%, respectively. Approximately 18.5% in FY 2015 and 18.8% in FY 2016 was expended on out-of-state travel, whereas out-of-country travel accounted for 0.5% or less for the two fiscal years.

DFA travel management data systems have the ability to collect and maintain historical travel-related data across all agencies. However, in order to produce a comprehensive statewide fiscal year-end travel expenditure report that includes each agency's total travel expenses segregated by travel type and commitment item, DFA has to extract data from multiple systems.

PEER requested travel expenses by commitment item (e.g., meals, lodging, transportation, etc.) for each agency for fiscal years 2015 and 2016. However, PEER could not conduct an agency-by-agency comparison because the travel-related data vary depending on the individual travel expenditure and from which data collection system these expenditures originate.

According to DFA staff, travel expenses for reimbursement to state employees are entered in detail into SPAHRS (Statewide Payroll and Human Resource System) and detailed information reports are available through the Mississippi Executive Resource Library and Information Network. Travel expenses from such items as a direct bill to an agency's business travel account or paid to a state vendor are processed in MAGIC, the statewide accounting system adopted in 2014. Any data entries from SPAHRS that are posted in MAGIC are posted in summary to a limited range of general ledger codes and vary based on the types of expenditures incurred by each agency.

When pulling travel-related expenditure data from its multiple systems, DFA must use a consistent set of general ledger codes that will produce a report providing the same information in the same format for each agency to enable it to analyze and directly compare travel expenses among state agencies by commitment item.

DFA performs post-audits to ensure that required travel documentation has been submitted, but these audits focus primarily on compliance with state policy and law rather than identification of ways to better manage expenditures. DFA should monitor travel-related information to ensure that it is of appropriate and sufficient detail to allow analysis and reporting of expenditures.

Using its authority granted through MISS. CODE ANN. § 27-104-103(1) (1972) to "review and monitor" government and agency expenditures and manage the state's fiscal affairs, DFA should

- enforce travel policies at the agency level by performing random and scheduled audits to help determine how agencies and staff could better manage travel expenditures. This should include random audits for travel less than $1,000. These audits should be performed in addition to what is currently done to ensure that required documentation is submitted.
- routinely analyze travel data for trends in order to identify areas for cost reductions, identify opportunities for tighter cost controls, and to provide state agencies with useful information for decision making.
- routinely review the implementation of the trip optimizer system established by MISS. CODE ANN. § 25-3-41 (1972) and report on any cost savings at least annually.
- periodically review *State Travel Policy Rules & Regulations* for additional areas for potential improvements in the efficiency of travel-related expenditures.
- produce annually a fiscal year-end travel expenditure report for the Legislature that includes each agency's total travel expenses segregated by travel type (in-state, out-of-state, and out-of-country) and commitment item (meals, lodging, transportation).

While DFA has recently taken steps to make travel agent fees more uniform and to have travel agents submit their state expenditure logs in a consistent format (e.g., fiscal year time period, type of service provided, number of transactions), it should ensure that it can identify and compare the total amount spent in fees by agent. Furthermore, DFA should evaluate these fees to identify potential areas for cost savings, such as additional reductions in the fee amounts, or even to determine the necessity to continue to use travel agencies in the future.

In FY 2017, DFA contracted with 12 travel agencies to book travel for the state. These contracts authorize agents to charge a set fee for each transaction or service. Although the use of travel agents has historical precedence, advancements in technology may negate the justification for their use.

Prior to FY 2017, the state accepted rates set by each individual travel agent for booking certain types of tickets or service. DFA recently established a fixed travel agent fee schedule and now requires travel agents to submit their state expenditure logs in a consistent format (e.g., fiscal year time period, type of service provided, number of transactions, itemization of fees by type, etc.). DFA should also require travel agents to report the amount spent on travel agent fees for each type of booking (e.g., airline, Amtrak, lodging, etc.) and should maintain these data on a historical basis.

DFA should annually evaluate and review the use of state-contracted travel agencies, such as travel agent fees, types of tickets booked, group or solo bookings, etc. A formal evaluation of whether travel agent booking is providing a benefit or cost savings to the state would allow DFA to determine the viability of the continued use of travel agent services. It could then adjust *State Travel Policy Rules and Regulations* accordingly, based on its findings.

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