



# Alaska State Legislature

**Senator Anna Fairclough** — Senate District M

## MEMORANDUM

To: Legislative Budget and Audit Committee

From: Senator Anna Fairclough

A handwritten signature in blue ink that reads "Anna L. Fairclough".

Date: October 21, 2014

RE: Audit Request on the State Travel Office

I respectfully request members of the Legislative Budget and Audit Committee approve an audit of State travel for the period FY 12 through FY 15. In 2005, the State entered into a government airfare agreement with Alaska Airlines as a means of reducing fares. As part of the Alaska Airlines contract, the State was required to have a central point of contact. In response, the State centralized its travel planning and procurement efforts by creating a central travel office and contracted with a vendor to arrange all state travel for executive branch employees, members of boards and commissions, and authorized non-state employees traveling on state business. A Legislative Audit of the new travel process, conducted in 2006, made several recommendations for improvement.

Given that transportation costs continue to escalate and continue to be a topic of discussion at budget hearings, and given the last travel audit was conducted eight years ago, I am requesting an audit of the State Travel Office. The general purpose of the audit is to determine whether efficiencies in travel procurement and cost savings have been achieved; identify where improvements could be made; and, determine whether reported travel information is relevant and reliable. Additionally, in recognition of the significance of travel to the University of Alaska's budget, I am requesting a University travel audit to include a general evaluation of travel procurement and procedures to identify potential savings and efficiencies.

Specifically, I request the audit include the following:

- Identify what savings, if any, are obtained through negotiated airfare contracts including last-minute travel, fourteen day advance purchase and use of mileage tickets.
- Evaluate and determine relevance and reliability of travel office savings information reported on air fare, hotel and rental car costs.
- Analyze and compare the reported air fare savings to lost savings reported. Determine whether additional savings, if any, could be achieved by the State.

- Determine whether all state agencies are using the state travel office and at what rate they utilize them. For those agencies not using the state travel office, determine whether savings could be achieved if those agencies were to use the office for travel purchases.
- Evaluate and determine whether state agencies are using accumulated mileage to offset travel costs. Additionally, determine whether the mileage accrual rates or mileage redemption rates have changed since the original contract was signed in 2005.
- Determine the current status of prior travel audit recommendations.
- Identify and report UofA travel costs for the period FY 12 through FY 15 -- reporting in-state, out-of-state and international travel costs separately, if possible.
- Evaluate UofA travel procurement practices to determine whether practices result in the most efficient use of resources. This should take into consideration whether the University is leveraging its buying power to achieve the best possible price.
- Analyze UofA procedures for scheduling and purchasing travel for organizational efficiencies.
- Test a sample of UofA travel transactions for reasonableness of travel costs including air, lodging, meals and other related costs.

In addition, the auditors should pursue any other related matter that comes to their attention during the audit.

My office has worked with Ms. Curtis to draft this audit request. She is confident the audit can be conducted as presented. I appreciate the committee's consideration of this request and again urge member's support.