

An Audit Report on Statewide Travel Practices

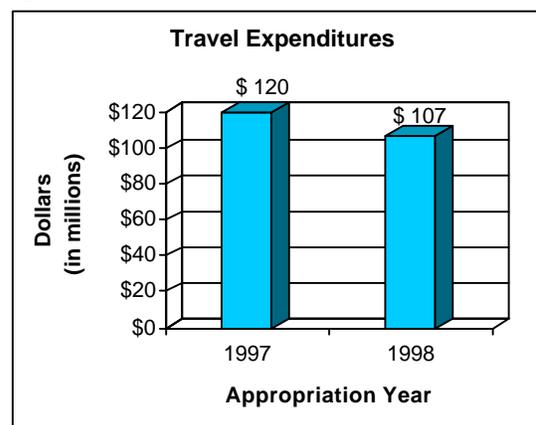
March 3, 1999

Members of the Legislative Audit Committee:

The 75th Legislature's emphasis on limiting employee travel expenditures and using travel funds appropriately increased awareness of the need to manage travel funds wisely. As a result, state agencies and universities spent approximately \$13.6 (11.3 percent) million less on travel in Appropriation Year 1998 than in Appropriation Year 1997¹. Forty-two state entities were not in compliance with the mandated travel cap. However, audit results indicate that, overall, state entities are spending travel funds appropriately.

The travel cap reduced total statewide travel spending from appropriated funds. Agencies and universities achieved an overall reduction in travel expenditures as mandated by the Legislature for Appropriation Year 1998. Information from the State's Uniform Statewide Accounting System (USAS) showed that during 1997, travel expenses reported by all state entities amounted to approximately \$120 million. In 1998, they spent \$107 million. (See Figure 1.) Some state entities did not comply with the travel cap mandate. Others reported varying effects from the spending limitation.

Figure 1



Source: Uniform Statewide Accounting System

This audit satisfies the statutory requirement in the General Appropriations Act (Article IX, Section 14.16) that the State Auditor's Office periodically examine travel expenditures to determine if funds are being spent appropriately. Another requirement to the General Appropriations Act (Article IX, Section 64) limits travel expenditures to 90 percent of the entities' prior year travel expenditures. Any entity, which anticipates exceeding its travel cap, may seek additional travel funding by submitting a waiver request to the Legislative Budget Board. Without specific approval of the request from the Legislative Budget Board, an entity exceeding the travel cap remains in noncompliance with the travel cap mandate.

¹ Per Uniform Statewide Accounting System data for November 11, 1998.

Some Agencies and Universities Did Not Adhere to the Travel Cap

Forty-two (or 19.8 percent) state agencies and universities were not in compliance with the mandated travel cap, as of November 11, 1998. USAS data indicated these state entities had spent \$1.3 million over the travel cap. (See Attachment for a list of state entities and their responses.) Travel expenditures for appropriation year 1998 may increase or decrease as entities record additional transactions or correct information² in USAS. Consequently, the composition of entities exceeding the travel cap may change.

State universities accounted for 25 of the 42 entities that exceeded the travel limitation. In addition to state appropriated funds, universities have access to local funds. Some universities indicated their local funds could be used to pay for travel over the cap. If universities that exceeded the cap used local funds to cover travel expenses over the statutory limitation, they could reimburse the General Revenue Fund approximately \$546 thousand. Some entities have taken this action voluntarily and are now in compliance with the travel cap.

Agencies and Universities Reported Varying Effects From the Travel Cap

Some agencies and universities, included in the scope of this audit, indicated the travel cap affected their ability to fulfill planned activities. They reported various levels of impact ranging from minimal to severe. Areas mentioned as being affected included meeting statutory requirements, training, staff development, or administrative duties. (The Attachment provides management responses from the entities exceeding the travel cap.)

Some entities reported that the travel cap did not consider their fiscal year 1998 responsibilities. They reported expanded responsibilities above those in the previous year. Several entities recognized and reported anticipated mission-limiting impacts during 1998 to the Legislative Budget Board. The Legislative Budget Board increased travel funding for some of these entities.

Agencies and Universities Are Spending Travel Funds Appropriately

Audit work at 12 state agencies confirmed that they spent travel funds appropriately (See Attachment). Apart from compliance with the travel cap, travel expenditures for the 12 agencies were reasonable, properly documented, and appropriate. We found no evidence of gross negligence or fraud.

Objective, Scope, and Methodology

² The Comptroller of Public Accounts sends quarterly travel expenditure information to all agencies for the purpose of verifying the accuracy of USAS accounts. Several responses from management indicated that some travel expenditure data was not originally entered correctly into USAS.

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We performed this statutory audit to assess statewide travel practices. Twelve agencies were judgmentally selected to receive on-site audits of travel transactions and processes. Additionally, we surveyed 37 agencies and universities identified in USAS as exceeding the travel cap. We conducted this audit in a manner that meets *Government Auditing Standards*.

We appreciate the cooperation of all state entities contacted during our review. If you have questions or need additional information, please contact Susan Riley, CPA, Audit Manager, at 479-4700.

Sincerely,

Lawrence F. Alwin, CPA
State Auditor

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Attachment

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cc: Executive Directors, Chancellors, Presidents, Board Chairs, and Internal Audit
Directors of the Agencies and Universities Included in this Report

Agencies and Universities in Noncompliance with the Travel Cap as of November 11, 1998

Agency/University Name		1997 Travel Expenses	Cap (90% of 1997)	1998 Travel Expenses	Amount Over Cap
Agencies	Texas Workforce Commission	\$ 2,787,246	\$ 2,508,522	\$ 2,912,230	\$ 403,708
	Texas Forest Service	274,622	247,160	436,089	188,929
	Telecommunication Infrastructure Fund Board	43,839	39,455	94,154	54,699
	Department of Housing and Community Affairs	1,084,868	976,381	1,002,712	26,331
	Racing Commission	145,185	130,667	150,169	19,502
	Board of Private Investigators and Private Security Agencies	29,638	26,674	37,182	10,508
	Texas Aerospace Commission	16,968	15,271	21,168	5,897
	Commission on the Arts	87,092	87,092 ^a	91,598	4,506
	Board of Plumbing Examiners	71,800	64,620	67,614	2,994
	Office of State-Federal Relations	16,865	15,178	16,887	1,709
	Executive Council of Physical Therapy and Occupational Therapy Examiners	48,005	43,204	44,535	1,331
	Board of Architectural Examiners	30,561	27,505	28,590	1,085
	Board of Podiatric Medical Examiners	2,402	2,162	3,139	977
	Polygraph Examiners Board	4,683	4,215	5,189	974
	Fire Fighters' Pension Commissioner	3,947	3,552	4,255	703
	Structural Pest Control Board	161,552	145,397	145,930	533
State General Services Commission	314,344	282,910	283,128	218	
Subtotal		\$ 5,123,617	\$ 4,619,965	\$ 5,344,569	\$ 724,604
Universities	The University of Texas at Arlington	\$ 563,262	\$ 506,936	\$ 594,460	\$ 87,524
	Texas A&M International University	227,099	204,389	289,821	85,432
	The University of Texas at Tyler	98,090	88,281	148,997	60,716
	The University of Texas at Austin	1,099,408	989,467	1,031,333	41,866
	The University of Texas Health Center at Tyler	338,533	304,679	342,836	38,157
	Texas A&M University - Kingsville	283,487	255,138	288,956	33,818
	Texas Engineering Experiment Station	50,998	45,898	74,339	28,441
	Texas A&M University - Commerce	311,593	280,434	303,906	23,472
	Board of Regents, Texas State University System	113,169	101,852	123,640	21,788
	Sul Ross State University	220,983	198,885	220,450	21,565
	The UT M.D. Anderson Cancer Center	7,645	6,881	21,241	14,360
	West Texas A&M University	267,123	240,411	254,282	13,871
	Sam Houston State University	247,362	222,626	236,292	13,666
	Prairie View A&M University	160,856	144,771	157,391	12,620
	Texas A&M University - Texarkana	86,334	77,701	88,605	10,904
	University of Houston - Clear Lake	139,135	125,221	135,400	10,179
	University of Houston - Victoria	37,213	33,491	40,579	7,088
	The University of Texas of the Permian Basin	0	0	6,445	6,445
	Texas A&M University System Offices	188,349	169,514	174,911	5,397
	Stephen F. Austin State University	551	496	5,282	4,786
	Texas Veterinary Medical Diagnostic Laboratory	75,541	67,987	69,755	1,768
University of Houston System Administration	0	0	796	796	
Midwestern State University	7,654	6,888	7,340	452	
Texas Woman's University	667	600	948	348	
University of Houston - Downtown	47,681	42,912	43,214	302	
Subtotal		\$ 4,573,033	\$ 4,115,458	\$ 4,661,219	\$ 545,761
TOTALS		\$ 9,696,650	\$ 8,735,423	\$ 10,005,788	\$ 1,270,365
NOTE: These amounts have not been audited.		^a Includes LBB-approved additional funding			

Source: USAS Travel Expenditure Report for appropriation year 1998 (as of November 11, 1998).

Responses From Agencies in Noncompliance with the Travel Cap as of November 11, 1998

(Source: USAS unless otherwise noted)

Texas Workforce Commission

Any TWC fiscal 1998 travel expenditures that exceeded 90% of our actual fiscal 1997 spending were in the categories specified in Section 64 as potential exceptions from travel cap requirements. Our records indicate that the following fiscal 1998 expenditures qualify as exceptions to the travel cap under Section 64:

Travel Cap (90% of 1997 Expenses)	\$2,508,522
1998 Travel Expenses	\$2,912,230
Amount Over Cap	\$403,708
Percentage Over Cap	16.09

- *“tax collection activities” -- Unemployment Insurance tax collection travel totaled \$251,270; and*
- *“statutorily-mandated” travel and travel for “other pressing public purposes” — program monitoring, training, and technical assistance for local workforce development boards, Labor Law investigations, U.S. Department of Labor-financed Rapid Response, and NAFTA/Trade Adjustment Act Assistance travel totaled \$380,245.*

When those categories of travel are considered as an exception to the cap, then the balance of TWC fiscal 1998 travel is at a level of less than 82% of actual AY 97 travel.

State Auditor’s Follow-Up Comment:

According to the 1998-1999 General Appropriations Act, Article IX, Section 64, the Legislative Budget Board may consider requests from agencies which demonstrate circumstances which would make reductions in actual travel impractical or inefficient in accomplishing the goals and strategies contained in their appropriations patterns.

While it is true such circumstances may include tax collection activities and statutorily mandated travel, any entity that anticipates exceeding its travel cap, should seek additional travel funding by submitting a waiver request to the Legislative Budget Board. Without specific approval of the request from the Legislative Budget Board, an entity exceeding the travel cap remains in noncompliance with the travel cap mandate.

Texas Forest Service

Management's Response:

By state mandate, the Texas Forest Service responds to emergencies statewide as evidenced by Fire Siege 1998, the Del Rio floods this summer and recent floods in Central and South

Texas. The Texas Forest Service has always made every effort to comply with limitation on travel and will continue to comply whenever possible in the future.

Travel Cap (90% of 1997 Expenses)	\$247,160
1998 Travel Expenses	\$436,089
Amount Over Cap	\$188,929
Percentage Over Cap	76.44

Telecommunication Infrastructure Fund Board

Management's Response:

The Board exceeded the fiscal year 1998 limitation because the limitation cap was based on fiscal year 1997 travel expenditures, which was the beginning year of operations for the agency. The fiscal year 1997

expenditures therefore, were not reflective of a normal operating baseline. A request for a travel expenditure exemption was submitted.

The Board plans to request authorization to adjust the current limitation on travel expenditures.

Travel Cap (90% of 1997 Expenses)	\$39,455
1998 Travel Expenses	\$94,154
Amount Over Cap	\$54,699
Percentage Over Cap	138.64

Department of Housing and Community Affairs

Management's Response:

Two emergencies caused by natural phenomena required that the Department respond with emergency relief during fiscal year 1998. The Department's response to these

emergency relief efforts required travel expenditures not anticipated by the limitation on travel expenditures (the travel cap) established by Article IX of the General Appropriations Act, Sec. 64, 75th Legislature.

During the summer of 1998, the President of the United States instructed the Department of Health and Human Services to release Low Income Home Energy Assistance (LIHEAP) emergency funds to various states to deal with their drought and heat crisis. Texas' allocation was \$51,048,000. The Governor's Office provided an additional \$1,000,000 in emergency relief funds for the Department to administer. The travel expenditures associated with the additional monitoring and technical

Travel Cap (90% of 1997 Expenses)	\$976,381
1998 Travel Expenses	\$1,002,712
Amount Over Cap	\$26,331
Percentage Over Cap	2.70

assistance visits necessary to properly administer these funds were not anticipated in the travel cap.

In August 1998, the Department's Executive Director coordinated the Department's resources in response to emergency relief efforts resulting from torrential flooding of Del Rio, Texas, and the surrounding areas. The Department's Executive Director is a member of the Emergency Management Council established by the Governor's Division of Emergency Management pursuant to Government Code Section 418.013. The Executive Director, as a member of the Council, is responsible for advising and assisting the Governor in all matters relating to disaster preparedness, emergency services, energy emergencies, and disaster recovery. The travel cap did not anticipate travel expenditures associated with this response.

Additionally, the 75th Legislature mandated that the Department, effective September 1, 1997, implement a statewide homebuyer education program, a Statewide Youthworks Program, a Contract for Deed Conversion Initiative, a Consumer Education Program and a Colonia Resident Advisory Committee that meets on a quarterly basis. Each of these new mandates required travel of the Department not anticipated by the travel cap.

The Department will request exemption from the travel cap pursuant to Article IX of the General Appropriations Act for new and expanded programs or program requirements, statutorily mandated travel, regulatory functions and other pressing public purposes which require the Department to incur travel related expenditures.

Racing Commission

Management's Response:

Sufficient travel funds were not available for the purposes of enforcing racing regulations in Texas, monitoring racetrack owners, supervising racing conduct, regulating licensees, regulating pari-mutuel wagering and administering animal

health/drug testing. To be able to meet its goals (mission), the Commission had to spend over the travel cap in fiscal year 1998. The Commission requested approval to exceed its original travel cap as provided for in Section 64 of the Appropriations Act. The Commission's exemption request was based on their enforcement responsibilities and the eleven FTEs that were added by HB 1445 who regularly travel to perform their job duties.

Travel Cap (90% of 1997 Expenses)	\$130,667
1998 Travel Expenses	\$150,169
Amount Over Cap	\$19,502
Percentage Over Cap	14.93

Board of Private Investigators and Private Security Agencies

Management's Response:

The current management team did not come on board with this Agency until October 1997. The use of fiscal year 1997 as a baseline for the regulation of the travel expenditure cap results in a distortion of the travel expenditures reported for that fiscal year. The Agency was in considerable turmoil during fiscal year 1997 and investigation field operations were not considered to be normal Agency operations. The Board submitted a request for a travel expenditure exemption.

Travel Cap (90% of 1997 Expenses)	\$26,674
1998 Travel Expenses	\$37,182
Amount Over Cap	\$10,508
Percentage Over Cap	39.39

Training was mandated for the Agency staff by the Comptroller's Office to include travel and expense reporting training and EEOC training on the topic of sexual harassment. The training further distorted the reported travel cost as the result of the expenses associated with bringing Agency field staff to Austin. The Agency field staff was also brought to Austin to complete fraud detection training conducted by the State Auditor's Office. Other factors affected the distortion of the travel cap. There were two additional board meetings (beyond the normally scheduled quarterly meetings) during fiscal year 1998. Board members were also making their own travel arrangements early in fiscal year 1998 which resulted in some economical inefficiencies.

Current management was not made aware of the travel expenditure cap until half way through fiscal year 1998. This agency employs eight investigators assigned to five offices who cover the state and monitor the actions of the 160,000 plus individuals and companies we regulate as well as the suspected and reported unlicensed individuals and companies that fall under our statute. A conscious decision was made to continue addressing the substantial investigation backlog as correctly identified by the Office of the State Auditor in its 1997 Management Audit. Sufficient funds were available within our "Investigations Strategy" to continue our operations in this area.

It is anticipated that the Agency's remedial efforts and the successful elimination of backlogs in the Investigation Services Division will mitigate travel expenditures to the extent that the cap will not be exceeded. Monthly travel totals are now reviewed and compared to the amount of travel money available as reported by the Comptroller through a tracking system administered by the Agency's Chief Accountant. This information is provided to the appropriate Department Heads in the course of regular Divisional and Agency staff meetings and discussion groups so that the interaction between Division heads results in more efficient use of current travel funding.

Texas Aerospace Commission

Management's Response:

The Commission's travel is being compared to fiscal year 1997, which was low cost because the agency was in the process of setting up operations. A request for a travel expenditure exemption was requested. The

Commissioners were not all selected and attending regular meetings in fiscal year 1997 as they have in fiscal year 1998. For the Commission to meet performance measures and accomplish projects, this requires extensive travel. Commissioners voted to meet quarterly instead of bi-monthly; this will reduce travel expenses.

Travel Cap (90% of 1997 Expenses)	\$15,271
1998 Travel Expenses	\$21,168
Amount Over Cap	\$5,897
Percentage Over Cap	38.62

Commission on the Arts

Management's Response:

The Commission requested and received from the Legislative Budget Board an exemption to the travel cap, citing many reasons. Some key responsibilities and commitments of

the Commission are to support the equitable distribution of services and financial assistance to all communities and to provide technical and access support to isolated municipalities and ethnically-specific/minority communities. The Commission exceeded the travel cap for some of the following reasons:

Travel Cap - Revised (90% of 1997 Expenses)	\$87,092
1998 Travel Expenses	\$91,598
Amount Over Cap	\$4,506
Percentage Over Cap	5.17

- *The Commission began conducting the on-site monitoring procedures as mandated by the State Auditor's Office. This is a performance measure for the agency.*
- *The Commission was fortunate to have all 18 Commissioners take a more active role on the agency's Commission meetings and panel review processes than in previous years.*
- *The Commission participated in a joint effort with VISTA in the most strategic outreach summer program in education in the nation. Entitled "America Reads", the program was held in Fort Worth and Dallas to advance student achievement through the arts and provided summer employment opportunities for 40 VISTA volunteers. The program required on-site participation and monitoring by TCA staff.*

The Commission cancelled many events that had an impact on its performance measures.

The Commission has taken a proactive step to monitor travel expenditures to comply with the travel cap.

Board of Plumbing Examiners

Management's Response:

In July we began the process of selecting a new Administrator. The limitation is exceeded primarily because of an unscheduled board meeting in August to begin the actual selection process. The agency did submit a request for exemption from the travel expenditure limitation.

Travel Cap (90% of 1997 Expenses)	\$64,620
1998 Travel Expenses	\$67,614
Amount Over Cap	\$2,994
Percentage Over Cap	4.63

The Board has initiated additional travel expenditure reporting to managers and the Board for fiscal year 1999. In addition, the Board has submitted the exemption letter to include fiscal year 1999.

Office of State-Federal Relations

Management's Response:

Due to an accounting code error and an outstanding reimbursement, the Office of State-Federal Relations' (OSFR) actual fiscal year 1998 total travel expenditures should be listed as \$16,036.70. Upon this correction, which has been made within USAS, OSFR's adjusted travel overage for fiscal year 1998 is \$858.47.

Travel Cap (90% of 1997 Expenses)	\$15,178
1998 Travel Expenses	\$16,887
Amount Over Cap	\$1,709
Percentage Over Cap	11.26

Currently, OSFR plans for and monitors the use of travel funds based on mandatory travel (hearings, training, identified state priority issues, etc.), under the General Appropriations Act. With those exceptions, most travel is done by the Executive Director at the request of various state officials for the purpose of attending conferences or delivering briefings on the Texas impact of legislation before Congress. Had it not been for a specific piece of legislation, OSFR's travel would have been well within the "90% of fiscal year 1998 travel expenditures cap".

During the second session of the 105th Congress, legislation pertaining to a low-level radioactive waste disposal compact between Maine, Vermont and Texas came up for active consideration. OSFR's Austin Director was responsible for action on the legislation and expressing the best interest of Texas to Members of Congress. Since this individual is headquartered in Austin, this resulted in significantly increased travel expenses.

OSFR is uniquely hampered by the reduction in travel authority due to the fact that it is based in Washington, D.C., therefore we have opened discussions with the Legislative Budget Board regarding the consideration of a waiver from this provision of Article IX, Section 64 of the current General Appropriations Act for fiscal year 1999 travel expenditures.

State Auditor's Follow-Up Comment:

As of February 8, 1999, USAS reflected that the correcting entry has not been made. The agency remains non-compliant. The OSFR should process its correcting entry.

Executive Council of Physical Therapy and Occupational Therapy Examiners

Management's Response:

An expenditure was coded to the wrong fiscal year. After correcting the error, the Council no longer exceeds the legislated limitation on travel expenditures.

Travel Cap (90% of 1997 Expenses)	\$43,204
1998 Travel Expenses	\$44,535
Amount Over Cap	\$1,331
Percentage Over Cap	3.08

All requests for travel are submitted to the Executive Director for consideration. He receives a monthly status report on travel funds, broken down by object code. This information is used to help manage the funds and to change the priorities, based upon anticipated requirements. The Council did submit a request to the Legislative Budget Board for an increase for fiscal year 1998.

State Auditor's Follow-Up Comment:

We concur that the agency's subsequent adjustment has been made to USAS and that the agency is now in compliance with the travel expenditures limitation.

Board of Architectural Examiners

Management's Response:

Four different accountants have served as the director of TBAE's accounting division during the last eighteen months. This high turnover resulted from other agencies luring two of the

Travel Cap (90% of 1997 Expenses)	\$27,505
1998 Travel Expenses	\$28,590
Amount Over Cap	\$1,085
Percentage Over Cap	3.95

accountants away with significantly higher salaries. TBAE is a small state agency with limited salary funds and unable to compete with the larger agencies in attracting experienced accountants with state financial expertise. As a result, there was

instability in the accounting division for more than a year and it was impossible to keep track of our financial status. Additionally, 1998 travel appropriations were clearly insufficient for TBAE to represent the interests of the State effectively. Because TBAE represents three different professions, participation is required at three different national levels. With three board meetings and an increasing enforcement caseload there is inadequate travel funds to cover these strategies and national participation at a reduced 1997 funding level.

A highly qualified accountant was hired in late fiscal year 1998. Monthly travel budget forecasts are in place. Travel requests are authorized where the travel funds are encumbered against the travel appropriations. The executive director is made aware of the financial status of the travel budget continually in order to prevent a similar occurrence in fiscal year 1999.

Board of Podiatric Medical Examiners

Management's Response:

The Board exceeded fiscal year 1998 for several reasons. Firstly, they were the subjects of a lawsuit. This required court-ordered travel. Secondly, the Board was given an additional FTE.

Travel Cap (90% of 1997 Expenses)	\$2,162
1998 Travel Expenses	\$3,139
Amount Over Cap	\$977
Percentage Over Cap	45.19

As we have not had our new investigative staff-person on-board for a full year, we do not have a "baseline travel figure" to use as an appropriate yardstick, to measure what a realistic level of travel for the position will be. Thirdly, Board lost three members that traditionally chose not to file travel expenses. New members file for these expenses.

We will continue to examine all requests for travel and not allow any unnecessary or unwarranted travel by our staff or board.

Polygraph Examiners Board

Management's Response:

Due to a change in the Board makeup, we received 3 new Board members, all who have charged the Board for travel. In the past, the Board had 2 members who did not charge for their travel. This was done on their part due to our lack of money, thus their actions in 1997 skewed our need figures down when the 10% reduction occurred. We have been in touch with the Legislative Budget Board.

Travel Cap (90% of 1997 Expenses)	\$4,215
1998 Travel Expenses	\$5,189
Amount Over Cap	\$974
Percentage Over Cap	23.11

We will put a better focus on Board travel expense by initiating a better tracking system for Board travel expenses.

Fire Fighters' Pension Commissioner

Management's Response:

During fiscal year 1997, when the 90% cap was calculated, the former Commissioner was unable to meet with the local Boards due to the agency workload and the 75th Legislative

Travel Cap (90% of 1997 Expenses)	* \$3,552
1998 Travel Expenses	* \$4,255
Amount Over Cap	* \$703
Percentage Over Cap	19.79

session. Therefore, the cap was applied to a lower-than-normal amount of travel expenses paid from appropriated funds. For fiscal year 1998, the Commissioner met with eight of the local Boards as required in the performance measures for the agency. This was an increased amount of travel.

In an effort to better track the Commission travel expenditures, the Commission will separate the appropriated vs. the non-appropriated travel expenses and review the expenses on a monthly basis. Also, for fiscal year 1999, the Commission will apply to the Legislative Budget Board for a waiver of the travel cap, so that we may provide the assistance and education to the local Boards associated with the agency mission and our performance measures.

*** Note:** The entity provided these expenditure amounts. The November 11, 1998, USAS Report data was not used due to unique circumstances.

Structural Pest Control Board

Management's Response:

We had more complaints than the previous year. The agency received complaints, which deal with the public's health and safety and we address those as needed. Those

Travel Cap (90% of 1997 Expenses)	\$145,397
1998 Travel Expenses	\$145,930
Amount Over Cap	\$533
Percentage Over Cap	0.37

complaints are beyond our agency's control. We requested to exceed our travel cap due to the extra federal funding received for the US/Mexico Project and other EPA requirements. Our expenditures would be federal funds and not state funds. The agency was extremely aware of the travel issues and exceeded the travel cap by a minimal amount.

We will continue to aggressively monitor our travel expenditures and seek to remain within our travel cap. We feel we have adequate planning for our travel by reviewing on a monthly and quarterly basis all travel expenditures and setting priorities within our travel allowances.

State General Services Commission

Management's Response:

Travel expenses exceeded the fiscal year 1998 travel cap, by less than one tenth of one percent. This was due to an inordinate amount of mission critical travel that had to be conducted very late in the month of August.

Travel Cap (90% of 1997 Expenses)	* \$282,910
1998 Travel Expenses	* \$283,128
Amount Over Cap	* \$218
Percentage Over Cap	0.08

To preclude exceeding the fiscal year 1999 travel cap, the GSC will further enhance our stringent internal controls utilized to monitor travel expenditures. The critical nature of travel cap use mandates executive staff level monitoring and control. Accordingly, the GSC executive staff reviews travel budgets and expenses on a monthly basis throughout the first ten months of the fiscal year. The monthly review utilizes standard trend and variance analysis. GSC executive staff also incorporates monthly "division travel calendars" in their review, facilitating the most effective use of scarce travel cap authority. Beginning with the fiscal year's eleventh month, travel expenses and emergency travel requests are tracked on a weekly basis to ensure mission critical travel receives priority consideration, as staff guards against exceeding the travel cap.

*** Note:** The entity provided these expenditure amounts. The November 11, 1998, USAS Report data was not used due to unique circumstances.

Responses from Universities in Noncompliance with the Travel Cap as of November 11, 1998

(Source: USAS unless otherwise noted)

The University of Texas at Arlington

Management's Response:

The USAS travel expenditure report sent on 11/19/98 was incomplete due to USAS entries still being entered into the system at that time. The State Comptroller's due date to have all

USAS entries completed was 11/30/98. We requested a new report that reflects the correct travel expenditures for fiscal year 1998. These corrections put the University under the legislated 90% travel cap. Based on the corrected report, the University did not exceed the travel cap for fiscal year 1998.

Travel Cap (90% of 1997 Expenses)	\$506,936
1998 Travel Expenses	\$594,460
Amount Over Cap	\$87,524
Percentage Over Cap	17.27

State Auditor's Follow-Up Comment:

We concur that the university's subsequent entries have placed it in compliance with its travel expenditures limitation. The University should note that the travel cap applies to appropriation year 1998, not fiscal year 1998. The Comptroller's due date of November 30, 1998, applies to fiscal year 1998 and is not relevant to appropriation year 1998 which includes the period from September 1, 1997, through August 31, 2000.

Texas A&M International University

Management's Response:

The University is a developing university that has been growing at the rate of 6-10 % per year. The Legislature has been providing the University with transition funds since

becoming a four-year university in 1995 and with program development funds to develop the required new programs. Additionally, the University has been constructing a completely new campus with the funds provided by the Legislature. At this point the pressures for travel by university personnel have been great because of all of the new initiatives. As an example, the faculty has increased by 170% since the expansion began, 21 new degree programs have been added to the program inventory, 7 new degree programs are being processed and phase III of construction has been in the planning and construction should begin in 1999. In addition to these travel requirements, the University participated in the Activity Based Accounting pilot project. This required several personnel to travel to Austin as well as other meetings held by state agencies in Austin and the Texas A&M University System in College

Travel Cap (90% of 1997 Expenses)	\$204,389
1998 Travel Expenses	\$289,821
Amount Over Cap	\$85,432
Percentage Over Cap	41.80

Station where the University was required to attend. The University submitted a request for a travel expenditure exemption.

The University will not exceed the travel cap in fiscal year 1999 and has budgeted accordingly. Other institutional funds will be used for a portion of the required travel. The requirements for university travel to accomplish the mission will not diminish in this fiscal year.

The University of Texas at Tyler

Management's Response:

Budgetary constraints were placed on the departments during fiscal year 1996 and 1997 as a measure to improve the financial condition of the institution. These constraints were lifted in fiscal year 1997 and 1998. Student recruitment increased resulting from downward expansion to a 4-year university. Officer participation increased on UT System committees.

Travel Cap (90% of 1997 Expenses)	\$88,281
1998 Travel Expenses	\$148,997
Amount Over Cap	\$60,716
Percentage Over Cap	68.78

The University will comply with the limitation by restricting travel to critical activities required to accomplish the mission, such as recruitment of critical positions. Additional travel will require prior approval from the vice-president of the applicable department. The limitation on travel has resulted in reducing staff development and training activities required to provide effective and efficient operations. The University has attempted to mitigate this impact through teleconferencing and the use of the internet.

The University of Texas at Austin

Management's Response:

As of August 31, 1998, the University was in compliance with Article IX, Section 64 of the current General Appropriations Act. The State Comptroller's Office generated a report that reflected total appropriation year 1998 travel expenditures of \$970,073.85 which is \$19,393.01 less than the 90% limit. The travel expenditure report dated November 11, 1998 did exceed the 90% limit by \$41,865.92. Since we adjust travel expenditures between state funds and institutional funds on a quarterly basis, we have not had a chance to move the expenditures to the University's institutional accounts.

Travel Cap (90% of 1997 Expenses)	\$989,467
1998 Travel Expenses	\$1,031,333
Amount Over Cap	\$41,866
Percentage Over Cap	4.23

State Auditor's Follow-Up Comment:

The University's subsequent quarterly adjustment of travel expenditures was verified. The University is now in compliance with the travel cap mandate.

The University of Texas Health Science Center at Tyler

Management's Response:

Based upon the November 11 report, the Health Center did exceed the limitation, but corrected this in late November by transferring the expenditures to a local funding source.

Throughout the year we did not think that we were going to exceed the limitation, but during the last quarter we exceeded the limitation. This was corrected before the books were closed for Fiscal Year 1998.

The Health Center plans to monitor the travel expenditures on a monthly basis to make sure that we are staying in compliance with the travel budgets. The budgets have been set under the 90% cap, so by monitoring the monthly budgets we will assure that we are not exceeding the limitations.

Travel Cap (90% of 1997 Expenses)	\$304,679
1998 Travel Expenses	\$342,836
Amount Over Cap	\$38,157
Percentage Over Cap	12.52

State Auditor's Follow-Up Comment:

We concur that the subsequent correcting entries have placed the Center in compliance with the travel expenditures limitation.

Texas A&M University - Kingsville

Management's Response:

Texas A&M University – Kingsville exceeded its travel limitations, largely for the reasons that were listed in our letter of waiver request on July 2, 1998. Faculty recruitment for new academic programs and an unusual number of retirements and resignations during the past year from key administrative and academic positions made it difficult to comply with the 90% cap on travel expenditures.

The University will continue this year with the policies and procedures imposed last year to comply with the limitations of Article IX, Section 64. All department heads have been advised of the travel cap and have been requested to reduce their expenditures from state funds accordingly. Unfortunately, many academic departments do not have private funds for travel and have little choice other than to exceed the cap in order to keep the department functioning. The University reviews

Travel Cap (90% of 1997 Expenses)	\$255,138
1998 Travel Expenses	\$288,956
Amount Over Cap	\$33,818
Percentage Over Cap	13.26

all departmental travel expenditures at budget time and monitors these expenditures on a monthly basis. Since travel, as an expenditure category, is not budgeted separately from departmental operating it is impossible to control expenditures. We do, however, monitor travel expenses in comparison to our 90% target goal and wherever possible use non-state funds to pay for travel costs.

The limitation on travel expenditures has a tremendous negative impact on the operations of the University. Much administrative travel is mandated, i.e. Coordinating Board meetings, Regents meetings, legislative hearings, etc. and simply cannot be reduced. Additionally, recruitment travel for new and replacement faculty members continue to push us over the 90% cap. Recruiting qualified faculty and senior administrators requires us to compete nationally and our campus location (Kingsville) is an expensive plane fare from nearly everywhere. Finally, we believe that the faculty should not bear the brunt of this reduction to their already limited travel funds by reducing attendance at professional meetings to present papers or otherwise advance their education. In short, this has been a difficult regulation to comply with, and it is expected that we will request a waiver from the 90% cap for fiscal year 1998-99 as well.

Texas Engineering Experiment Station

Management's Response:

Several years ago, the University made the decision to show restricted sponsored research contracts in our Legislative Appropriations Request (LAR) submitted to the Legislative Budget Board (LBB). Although these funds were not appropriated monies

Travel Cap (90% of 1997 Expenses)	\$45,898
1998 Travel Expenses	\$74,339
Amount Over Cap	\$28,441
Percentage Over Cap	61.97

and institutions/agencies of higher education were not required to provide this information in their LARs, the University did so in order to help show the State's decision-makers how TEES leverages the state's funds to generate external dollars. These restricted contract expenditures were then reflected in our bill pattern in the General Appropriations Act. This worked very well until the last biennium when legislation resulted in caps intended for appropriated monies also being placed on non-appropriated, externally funded research contracts. The travel limitation was interpreted as being applicable to all sources of funds that appeared in the bill pattern. This resulted in a travel cap for TEES on sponsored contracts in addition to general revenue and/or appropriated monies. The University certainly would have preferred the limitation on general revenue funds only. But because of our unusual bill pattern, we had to implement the travel legislation accordingly and did not consider it necessary to monitor the travel expenditures based on general revenue funds only as reflected in the USAS report.

TEES will continue to work with this legislature to change our bill pattern to insure that the restricted externally sponsored contract funds for this agency are treated in the same manner as other institutions and agencies of higher education. Until such

time that our situation can be remedied, we will continue to make every effort to limit the travel expenditures on these sources to the cap according to the legislation. The University has been in contact with the Legislative Budget Board on this issue throughout the year.

Texas A&M University - Commerce

Management's Response:

The report provided to the State Auditor's Office did not include all applicable USAS entries. The following adjustment was made to transfer expenditures between Fund 001 and local E&G funds:

Travel Cap (90% of 1997 Expenses)	\$280,434
1998 Travel Expenses	\$303,906
Amount Over Cap	\$23,472
Percentage Over Cap	8.37

Fund 0001 - 25,254.94 object codes 71xx (travel)
 Fund 7999 + 25,254.94 object codes 71xx (travel)
 Fund 0001 + 25,254.94 object codes 7470 (rental of space)
 Fund 7999 - 25,254.94 object codes 7470 (rental of space)

A travel expenditure report for appropriation years 97 and 98 with a run date of 11/24/98 reflect all USAS travel entries for fiscal year 1998. At this point, TAMU-Commerce fiscal year 1998 travel expenditures from appropriated funds are within the 90% travel limitation. We sent a letter to the Legislative Budget Board requesting adjustment to the base.

Every area has been charged with the responsibility of cutting travel expenses by at least ten percent from fiscal year 1997. Monitoring is done on a periodic basis by calculation of the travel expenses by department compared to fiscal year 1997 expenditures.

State Auditor's Follow-Up Comment:

The November 11, 1998, USAS report included all USAS entries processed as of that date. The University made subsequent entries which have been verified. The University is now in compliance with the travel cap mandate.

Board of Regents Texas State University System

Management's Response:

Properly and effectively carrying out statutorily mandated management and over-sight responsibilities by the Board of Regents and the System staff necessitates considerable travel. Since

Travel Cap (90% of 1997 Expenses)	\$101,852
1998 Travel Expenses	\$123,640
Amount Over Cap	\$21,788
Percentage Over Cap	21.39

institutions in the Texas State University System (TSUS) are located throughout the state, as are the Regents' domiciles, travel expenses constitute a significant part of the System Office budget. None of our University locations are serviced by commercial airlines that provide direct access to Austin, which further increases the related costs. The same circumstance holds for the majority of Board members' domiciles.

TSUS's travel is almost completely event oriented as follows:

- *Board Meetings – the Board conducts four (4) quarterly meetings per year. These meetings are held on the University campuses as required by State Statute and Board policy.*
- *Commencement Ceremonies – each university recognizes graduating students at the end of the fall, spring and summer sessions. Board members and System staff are active participants in these ceremonies.*
- *Oversight Responsibilities – the System Office provides oversight and assistance to member institutions in several areas, including construction, legal and financial affairs. The majority of this activity requires travel to the University sites.*
- *Hearings and Conferences – an increasing number of requests have been made by legislative committees and oversight agencies (Legislative Budget Board, Legislative Audit Committee, Higher Education Coordinating Board, State Auditor's Office, etc) for Board member participation in their activities.*

Additionally, unexpected events or potentially crisis situations at the institutions require a response on the part of the Board members through the Board's committees and System staff. There is little, if any, "discretionary" travel incurred.

While the Board and System staff are acutely aware of holding a tight line on travel expenses, there is also recognition that providing assistance and oversight and addressing emergency situations must take priority. System travel was held to a minimum for the 1998 year, though due to the responsibilities outlined above, the costs incurred were in excess of those of the prior year. Not all of this excess is caused by increased trips, however. Room costs and airfare rates for state planes were increased from the prior year. The policy of the Board and System staff is to incur expense only when it is essential and at the least cost.

Sul Ross State University

Management's Response:

Mileage expenses make up almost 50% of the total university travel expenditures. These expenses are required primarily because of Alpine's remote location and because of the unique services provided by Rio Grande College. Professional meetings, legislative hearings, system office business meetings, and training conferences are primarily scheduled in Austin. Alpine is located approximately 400 miles from Austin and 160 miles and 2 ½ hours from the nearest airport in Midland. Consequently, it is often more cost effective and time efficient to drive rather than fly to Austin. Hence, the large percentage of mileage expenses.

Travel Cap (90% of 1997 Expenses)	\$198,885
1998 Travel Expenses	\$220,450
Amount Over Cap	\$21,565
Percentage Over Cap	10.84

The Rio Grande College (RGC) provides classes at three sites: Uvalde, Eagle Pass, and Del Rio. Faculty are required to drive from 110 to 146 miles round trip between locations to teach these classes. As a result, most of the travel expenses incurred are for instructional and related travel and represent approximately 66.5% of total RGC travel.

For SRSU to remain under the travel cap would adversely impact our ability to educate students and would result in a reduction of overall services offered. A waiver was requested for fiscal year 1998. We plan to submit a request for waiver of the travel cap for fiscal year 1999. If the request is denied for fiscal year 1999, the University will need to find alternate sources of funding as opposed to reducing travel expenditures and thus providing a less than desirable level of service for students and training for faculty and staff.

The University of Texas M.D. Anderson Cancer Center

Management's Response:

In fiscal year 1997, we had minimal appropriated funds travel expenditures. In fiscal year 1998, our travel charges for Advanced Research, Advanced Technology, and Science Park appropriations caused us to exceed the 1997 90% cap. Additionally, we understood the cap amount was the result of 90% of fiscal year 1997 appropriated travel expenditures and all local fund travel expenditures. In the future, we will consider requesting an exemption.

Travel Cap (90% of 1997 Expenses)	\$6,881
1998 Travel Expenses	\$21,241
Amount Over Cap	\$14,360
Percentage Over Cap	208.69

West Texas A&M University

Management's Response:

The University exceeded the 1998 limitation on travel expenditures by 5.7% (\$13, 871). This was due primarily to two reasons. The first reason is the amount of travel required

to attend various training and conference workshops, and travel expenditures associated with various employees who served on interim legislative committees. The total of this required travel was in excess of \$18,100. The second reason is that the University experienced three times the number of faculty retirees last year than in previous years, resulting in more than \$45,000 of travel expenses to recruit faculty members. In analyzing the demographics of our faculty, we believe we will have a large number of retirees over the next several years resulting in high travel costs to recruit for these positions. The University requested a waiver to exceed the travel limitation expenses due to the above stated reasons.

The University has implemented a reporting system to aid our department in reviewing their travel expenditures as it relates to the travel limitation. The University will continue efforts to comply with this limitation.

Travel Cap (90% of 1997 Expenses)	\$240,411
1998 Travel Expenses	\$254,282
Amount Over Cap	\$13,871
Percentage Over Cap	5.77

Sam Houston State University

Management's Response:

Our travel for fiscal year 1998 exceeded the "90% cap" due to three areas of travel. These included Law Enforcement Management Institute (LEMIT), launching the Criminal

Research Information Management Evaluation System (CRIMES), and off-campus travel to the University Center of North Harris Montgomery College District. Actions taken during the last Legislative Session increased LEMIT responsibilities and travel expenses through newly mandated training programs not reflected in the previous budget expenditures. Extensive travel is required to install CRIMES, train agency personnel, as well as maintain and update the system. In September of 1997, The University Center, a multi-institutional center located near the Woodlands, some 39 miles from Sam Houston State University, began offering classes. The University Center is both an entirely new enterprise and one, which is essential to Sam Houston State University's strategic goals, and in the past we have had no travel expenses to The University Center. The University submitted a request for a travel expenditure exemption.

Sam Houston State University is continuing practices of informing all departments of the "90% CAP" amounts and daily monitoring of the requests to travel and travel voucher by department and college. A travel report is reviewed and examined

Travel Cap (90% of 1997 Expenses)	\$222,626
1998 Travel Expenses	\$236,292
Amount Over Cap	\$13,666
Percentage Over Cap	6.14

monthly by our administrative accounting travel department. The deans and department heads access this information upon request by utilizing their computer workstations.

Prairie View A&M University

Management's Response:

We failed to stop processing travel reimbursement requests after we had reached the State Travel Cap. We are in the process of correcting this matter by reimbursing our State Appropriations for the amount in excess of the cap. In the future, we will closely monitor the travel cap to ensure that we do not process any travel reimbursements after we have reached the cap.

Travel Cap (90% of 1997 Expenses)	\$144,771
1998 Travel Expenses	\$157,391
Amount Over Cap	\$12,620
Percentage Over Cap	8.72

Texas A&M University - Texarkana

Management's Response:

In the fall of 1996, Texas A&M University-Texarkana began a three year transition to a full-service campus. New employees were added including cashiers, accountants, a payroll manager, a purchasing manager, a controller, a human resources/EEO manager, and a director of financial aid. New and existing employees were sent to Austin, College Station and other destinations to attend multiple training sessions and meeting updates. This training was necessary to develop competent employees and to remain compliant and current with state and system regulations. The University submitted a request for a travel expenditure exemption. TAMU-T continues to be conservative with travel authorizations but will request a waiver from the travel reduction requirement for fiscal year 1999 from the Legislative Budget Board.

Travel Cap (90% of 1997 Expenses)	\$77,701
1998 Travel Expenses	\$88,605
Amount Over Cap	\$10,904
Percentage Over Cap	14.03

University of Houston - Clear Lake

Management's Response:

The University informed all departments of the travel reduction requirements placed by the State Legislature. Departments were requested to monitor expenditures and

to not exceed an allocated dollar amount. Departments were sent quarterly reports showing all of the travel expenditures. The Accounts Payable department did not review each travel voucher to make sure it did not exceed total travel limits but left those decisions up to the departments. During the end-of-the-year-rush to get vouchers into USAS before the August cut off date, vouchers were processed without checking the impact on overall university expenditure total. This led to the over expenditures.

The University requested a waiver in a letter on March 16, 1998. This request for a waiver was based upon three new research grants that the University received from the Coordinating Board and had travel of \$4950. This request was denied in a letter received August 28, 1998. However, since these were new research grants, the University had assumed that these would be approved and the travel expenditures had already taken place. In August a request was received from the Dean of Education for an additional approval of \$3500 in travel expenses. These funds were expended for faculty searches for new faculty members, where no vacancies existed in the prior year. This request was denied also.

For fiscal year 1999, the University will inform departments on a monthly basis what their total travel expenditures are. The Accounts Payable office will monitor travel expenditures on a monthly basis and departments will not be allowed to over-expend. This will create an additional amount of manual work in the A/P area.

Travel Cap (90% of 1997 Expenses)	\$125,221
1998 Travel Expenses	\$135,400
Amount Over Cap	\$10,179
Percentage Over Cap	8.13

University of Houston - Victoria

Management's Response:

The University exceeded their fiscal year 1998 limitation on travel expenditures due mainly to faculty travel doing research in the 4th quarter of the year. The University is in the process of sending back to the General Appropriations Fund, from local funds, the amount of money needed to be in compliance of the 1998 limitation.

Each department using State Funds for travel will be notified of their dollar limitation for fiscal year 1999. The Comptroller will monitor each travel voucher to ensure that fiscal year 1999 travel expenditures do not exceed 90% of fiscal year 1997 levels.

Travel Cap (90% of 1997 Expenses)	\$33,491
1998 Travel Expenses	\$40,579
Amount Over Cap	\$7,088
Percentage Over Cap	21.16

The University of Texas of the Permian Basin

Management's Response:

Travel expenditures in fiscal year 1997 were not reimbursed by the State Treasury and this resulted in the limit being set at 0. In March of 1998, UTPB submitted a request for our limit

to be reset at actual expenditures of \$145,124. During fiscal year 1998, UTPB expended approximately \$72,628 for state travel from local funds. Although as of 11/11/98 only \$6,445 has been reimbursed from state funds, the remaining \$66,159 is also scheduled to be reimbursed from state special item funds.

Travel Cap (90% of 1997 Expenses)	\$0.00
1998 Travel Expenses	\$6,445
Amount Over Cap	\$6,445
Percentage Over Cap	N/A

The University of Texas of the Permian Basin is located in Odessa, Texas. It is important to travel to Austin regularly for training, conferences, meetings on administrative matters, as well as the academic travel that takes place to keep faculty informed and to expand their knowledge base in addition to recruiting.

The University is currently accumulating and monitoring travel expenditures on a monthly basis. These costs are reviewed by departments incurring travel costs to ensure the limitation is not exceeded.

Texas A&M University System Offices

Management's Response:

In fiscal year 1998, expenses in the amount of \$12,054 were inadvertently coded as State Comptroller Object Code 7444. These expenses should have been coded 7443. This

correction was made to USAS prior to the completion of the USAS AFR load on November 25, 1998. Once the correction was made, fiscal year 1998 travel expenditures were correctly reported as \$162,856.50, which was \$6,657.64 less than the fiscal year 1997 90% cap.

Travel Cap (90% of 1997 Expenses)	\$169,514
1998 Travel Expenses	\$174,911
Amount Over Cap	\$5,397
Percentage Over Cap	3.18

Personnel within the System Administrative and General Office's Business Office will continue to monitor travel expenditures recorded in USAS on a quarterly basis.

State Auditor's Follow-Up Comment:

We concur that the System's subsequent correcting entries now place it in compliance with the travel expenditures limitation.

Stephen F. Austin State University

Management's Response:

The travel expenditures shown for Stephen F. Austin State University (\$5,282) were included as a per-diem payroll item and were inadvertently reported through USAS. For fiscal year 1998, SFA used local funding sources to fund in excess of \$3 million of eligible education and general expenditures. The \$5,282 would have offset a portion of those charges if they had not been reported as travel costs. We've reinforced procedures to exclude all travel expenditures from future USAS reports.

Travel Cap (90% of 1997 Expenses)	\$496
1998 Travel Expenses	\$5,282
Amount Over Cap	\$4,786
Percentage Over Cap	964.92

Texas Veterinary Medical Diagnostic Laboratory

Management's Response:

We were informed by the Fiscal Department of Texas A&M University, who manages our fiscal matters, that a programming error had occurred which incorrectly summarized the local funds data submitted quarterly in USAS. The fiscal year 1997 and fiscal year 1998 travel expenditures reported for the Texas Veterinary Medical Diagnostic Laboratory (Agency 557) were incorrectly reported. This error was discovered when the State Comptroller released comparative numbers for the agencies but the programming changes were not finalized until this past fall.

Travel Cap (90% of 1997 Expenses)	* \$67,987
1998 Travel Expenses	* \$69,755
Amount Over Cap	* \$1,768
Percentage Over Cap	2.60

By using the correct travel expenditure information, the agency was not in compliance with the limitation on travel expenditures for fiscal year 1998. In fiscal year 1999, an adjusting entry was made to transfer certain fiscal year 1998 travel expenditures from state funds to restricted funds. This reduction in fiscal year 1998 state fund expenditures now brings the agency into compliance with its travel cap for fiscal year 1998.

The agency will continue to monitor its fiscal year 1999 travel expenditures to ensure that they remain within the travel cap limits and comply with the intent of Article IX, Section 64.

State Auditor's Follow-Up Comment:

We concur that the agency's recent transfer entries have now placed it in compliance with its travel cap mandate.

*** Note:** The entity provided these expenditure amounts. The November 11, 1998, USAS Report data was not used due to unique circumstances.

University of Houston System Administration

Management's Response:

The USAS travel report does not completely agree with the University's financial records. Both reporting systems show that the University of Houston System incurred actual travel expenses of \$2,072.20 during fiscal year 1997. These expenses were incurred in a service center account that recovers costs from other University funding sources. In the University's accounting system, these transactions are classified as cost recoveries. In USAS, however, the recovered costs are classified as negative expenditures in travel and reduce the net travel expense to zero. The University of Houston System believes the 90% travel limitation should be applied to the \$2,072.20 of actual travel expenditures.

Travel Cap (90% of 1997 Expenses)	\$0
1998 Travel Expenses	\$796
Amount Over Cap	\$796
Percentage Over Cap	N/A

The University of Houston System does not concur that the travel limit was exceeded. We will continue to monitor travel expenditures on a monthly basis to ensure that travel reimbursed from educational and general funds does not exceed the travel limit.

State Auditor's Follow-Up Comment:

The travel cap legislation states that entities may not exceed 90 percent of appropriation year 1997 travel expenditures without prior approval from the Legislative Budget Board. The Comptroller of Public Accounts (Comptroller) provides quarterly USAS reports to help state entities monitor their compliance with the travel cap mandate.

Any disagreement with the Comptroller's method of computing its quarterly travel expenditure reports should be submitted to the Legislative Budget Board for consideration. Unique situations may warrant a waiver of the travel cap, if applied for in a timely manner. It should be noted, however, that the Legislative Budget Board is no longer approving waivers for appropriation year 1998 travel expenditures.

We encourage the University to use the Comptroller's reports to monitor its travel expenditures. We further encourage the University to contact the Legislative Budget Board to discuss the University's situation.

Midwestern State University

Management's Response:

We were unable to determine exactly how the University exceeded the fiscal year 1998 limitation on travel expenditures. We primarily pay all travel expenses through local funds not held in the State Treasury, but we still have one account that is able to use State funds for travel.

Travel Cap (90% of 1997 Expenses)	\$6,888
1998 Travel Expenses	\$7,340
Amount Over Cap	\$452
Percentage Over Cap	6.56

We have adjusted the budget in that one account to the amount we will be able to expend for fiscal year 1999. An over expenditure should not occur in the future.

Texas Woman's University

Management's Response:

One of the expenditures was entered into USAS with the incorrect object code. An expenditure transfer voucher was entered to correct the object code. This entry decreased the travel expenditures in USAS from \$947.99 to \$270.19, below our 90% cap.

Travel Cap (90% of 1997 Expenses)	\$600
1998 Travel Expenses	\$948
Amount Over Cap	\$348
Percentage Over Cap	58.00

State Auditor's Follow-Up Comment:

We concur that the University's subsequent correcting entries now place it in compliance with the travel expenditures limitation.

University of Houston - Downtown

Management's Response:

We exceeded the fiscal year 1998 limitation because there was one voucher paid in October 1998, which was not verified against the travel records. Our plans for the future will be to closely monitor our travel expenditures and check any payments against remaining balances. We have set up a sort report from our internal travel records. We are reconciling all USAS travel object codes expended against this internal report. We have begun preparing this new travel reconciliation on a quarterly basis for fiscal year 1999 expenditures.

Travel Cap (90% of 1997 Expenses)	\$42,912
1998 Travel Expenses	\$43,214
Amount Over Cap	\$302
Percentage Over Cap	0.70

Travel Expenditures Were Reasonable and Properly Documented, and Travel Funds Were Used Appropriately

(Results From 12 On-Site Visits)

On-site testing of 12 state agencies confirmed that agencies spent travel funds appropriately. Travel expenditures for the 12 agencies were reasonable, properly documented, and appropriate. We found no evidence of gross negligence or fraud during the audit.

The agencies we audited included:

- Department of Transportation
- Department of Protective and Regulatory Services
- Board of Vocational Nurse Examiners
- Texas Lottery Commission
- Department of Housing and Community Affairs
- Historical Commission
- Credit Union Department
- Structural Pest Control Board
- Cancer Council
- Commission on the Arts
- Racing Commission
- Texas Workforce Commission

We tested a sample of 30 travel-related vouchers processed in fiscal year 1998 at each agency. Our test criteria included several attributes, including the following:

- Were travel expenses incurred in the conduct of official state business?
- Were state activities conducted while on travel status necessary to execute the State's business?
- Was travel necessary to conduct the State's business?
- Was the number of individuals on travel status necessary to conduct the State's business?

We noted no significant problems with these specific criteria. We noted a few minor instances of noncompliance with the *State of Texas Travel Allowance Guide* and we have communicated these to agency management.