

# **STATE OF LOUISIANA**

## **OFFICE OF STATE INSPECTOR GENERAL**



### **State Airline Travel**

**Date Released:  
September 19, 2014**

**File No. CID 13-030**

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BOBBY JINDAL  
GOVERNOR

STEPHEN B. STREET, JR.  
STATE INSPECTOR GENERAL

**State of Louisiana**  
Office of the Governor  
Office of State Inspector General

September 19, 2014

Honorable Bobby Jindal  
Governor of the State of Louisiana  
P.O. Box 94004  
Baton Rouge, LA 70804-9004

*Re: Case No. CID 13-030*

Dear Governor Jindal:

This report addresses concerns raised about the possible waste of state purchased airline tickets. The report includes five recommendations that, if implemented, would increase the efficiency of purchasing state airline tickets.

We provided drafts of the report to the Louisiana Office of State Purchasing, Louisiana State University, Louisiana Tech University, Southern University, Louisiana Department of Health and Hospitals, The University of Louisiana at Lafayette and The University of New Orleans. Written responses from the Louisiana Office of State Purchasing, Louisiana State University, Louisiana Tech University and Southern University are included as Appendix B.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Stephen B. Street, Jr.", written over a printed name.

Stephen B. Street, Jr.  
State Inspector General

SBS/jf

Enclosure

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## **Executive Summary**

In July 2010, the Office of State Inspector General (OIG) issued a report concerning the expiration of non-refundable airline tickets that state agencies purchased for official travel. That report showed that between 2006 and 2010, state agencies allowed airline tickets valued at nearly \$230,000 to expire and lose all value. Based on the findings of the 2010 report, the OIG made several recommendations to the Office of State Travel and other state agencies relative to expired airfare.

Since the 2010 report, the OIG has conducted further investigation to determine the disposition of additional unused airline tickets purchased with public funds. Our most recent investigation revealed that between July 1, 2011 and December 31, 2013, state travelers purchased 1,190 non-refundable airline tickets valued at up to \$544,648 which were allowed to expire. These tickets lost all their value because they were not used within one year of their scheduled travel dates. Individuals from at least 112 agencies purchased tickets that expired during the period of our review. At least seventy travelers purchased two or more tickets amounting to \$82,201 which went unused and were allowed to expire.

The expired ticket amounts listed in this report are based on figures obtained from Short's Travel Management, which is the state's travel agent. Because agencies utilize this web portal to book flights for their travelers, the expired airfare associated with the agencies is listed herein. However, it should be noted that some agencies require travelers to purchase airline tickets with personal credit cards and to submit travel vouchers for reimbursement. In the event the travelers do not travel on the scheduled dates, they may not be reimbursed for the purchase of the tickets. Additionally, some public agencies utilize other, sometimes private, sources of funds to pay for travel. In these instances, unused tickets attributed to state agencies may not have been purchased with public funds.

The \$544,648 amount above is based on partial data because expired ticket amounts were unavailable for July 2010 through June 2011. Despite the missing data, it is possible to predict the value of expired airfare during this period. During the months that records were available, July 2011 through December 2013, state agencies allowed unused airfare to expire at an average rate of 40% of the value of unused tickets. Applying this percentage to the twelve months of missing data would increase the amount of expired airfare by \$53,751 to \$598,399.

As similarly noted in our previous report, the Office of State Travel was unable to provide complete records of expired tickets which would have made it possible to calculate the exact value of airline tickets that public agencies allowed to expire and become worthless.

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## **Background**

Policy and Procedure Memorandum 49 (PPM 49)<sup>1</sup> sets forth the rules for state employees on official travel. PPM 49, Section 1504.B.2 requires state employees “to purchase commercial airline tickets through Short’s Travel. This requirement is mandatory unless approval is granted from the Office of State Travel.” According to the Office of State Travel, Short’s Travel monitors tickets purchased to ensure compliance with policy and to preserve reporting capabilities.

The Office of State Travel “strongly encourages” state employees to use the lowest logical airfares when those fares are less than the state contract rates. To achieve lower airfare costs, non-refundable tickets are purchased due to their significantly lower cost than refundable tickets. When travelers are unable to fly on their scheduled dates, non-refundable tickets retain their value for one year after the scheduled flight date.

From June 2005 to June 2010, Carson Wagonlit Travel (CWT) served as the travel agent for state agencies. When the CWT contract expired on June 30, 2010, the state awarded the new contract to Short’s Travel Management. At the expiration of its contract, CWT submitted a report documenting all unused airline tickets as of July 10, 2010. The unused tickets still had value and could have been reused prior to their expiration dates. Neither CWT nor the Office of State Travel tracked or updated the status of these tickets after the contract expired. Therefore, we could not determine the final status of these unused tickets or the exact value of any that have since expired.

## **Scope and Methodology**

We conducted our investigation in accordance with Principles and Standards for Offices of Inspector General as promulgated by the Association of Inspectors General.

The scope of our investigation was limited to unused and expired airfare for the period of July 1, 2010 to December 31, 2013. Data on expired airfare was only available for July 2011 through December 2013 because CWT did not manage such data after the expiration of its contract in June 2010. According to the Office of State Travel, travelers with unused tickets after June 30, 2010 were required to communicate directly with the airlines from which the tickets were purchased without the input of CWT, Short’s Travel, or the Office of State Travel.

The expired ticket amounts listed in this report are based on figures obtained from Short’s Travel. Because agencies utilize this web portal to book flights for their travelers, the expired airfare associated with those agencies is listed herein. Additionally, several agencies have employed policies which require travelers to book flights using their personal credit cards to purchase the tickets.

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<sup>1</sup> La. Admin. Code, Title 4, Part V., Chapter 15, Section 1501, et seq.

## **Expiration of State Purchased Airline Tickets**

Available records show that between July 1, 2011 and December 31, 2013, travelers from 112 state agencies purchased at least 1,190 non-refundable airline tickets valued at up to \$544,648 that were never used and have since expired. An unused, non-refundable ticket can be reused within one year of its date of scheduled travel. If used prior to the expiration date, the value of the original ticket may be applied to the purchase price of a new ticket. The new ticket is also subject to a rebooking fee and any higher fare amount that may then be in effect. Some airlines offer the option of reissuing the ticket in a different name, which may be subject to an additional fee. Tickets which remain unused after the one year expiration date lose all their value.

According to State Travel procedures, it is the traveler's responsibility to retain the invoice/receipt sent upon purchase of an airline ticket. If the traveler does not use the ticket on the scheduled date of travel, it is his responsibility to inform the travel agent that he has an unused ticket when booking a new reservation so that credit from the unused ticket can be applied to the purchase of the new ticket.

Due to the missing data between July 2010 and June 2011, we could not determine the entire amount of expired airfare for the time period of our review. However, given that between July 2011 and December 2013, unused tickets expired at an average rate of 40% of the amount of unused tickets, we can reasonably predict that the amount of expired airfare for July 2010 through June 2011 would be approximately \$53,751, which is 40% of the known unused ticket amount of \$134,378.

Applying this estimate to the overall total of expired airfare would reasonably increase the amount of expired airfare to \$598,399.

## **Travelers with Multiple Expired Tickets**

Since 2010, at least seventy travelers from thirty-eight agencies purchased two or more tickets amounting to \$82,201 which went unused and were allowed to expire because the unused tickets were not utilized for the subsequent booking. These tickets accounted for 15% of the entire value of all expired tickets. In many of these cases, individuals with unused airline tickets available for use rebooked subsequent flights on other airlines. Once a non-refundable ticket is purchased, the same airline must be used when rescheduling a flight in order to utilize an unused ticket.

PPM 49, Section 1504.B.2.c states, "The state will pay for the airfare and/or penalty incurred for a change in plans or cancellation when the change or cancellation is required by the State or other unavoidable situations approved by the agency's department head. Justification for the change or cancellation by the traveler's department head is required on the travel expense form."

## Agencies with Expired Tickets

According to data from the Office of State Travel, travelers from at least 112 state agencies purchased tickets between July 2011 and December 2013 which were allowed to expire. The ten agencies with the most expired airfare are listed in the table below. These ten agencies account for \$330,498 or approximately 61% of the total known value of the expired tickets. A complete listing of all state agencies with expired airfare can be found in Appendix A of this report.

<b>Agency Totals</b>	
LSU*	123,007.39
LSU Athletics	43,179.33
Louisiana Tech	40,747.23
LSU Health Sciences Center - Shreveport	27,568.90
Southern University - Baton Rouge	24,379.21
LSU - NCBRT	18,239.51
Office of Adult and Aging Services	16,358.49
Health/Medical Vendor Administration	14,526.76
University of Louisiana - Lafayette	12,097.18
University of New Orleans	10,394.28
<b>Total Amount</b>	<b>\$330,498.28</b>

Many state agencies reported that they have employed policies which require travelers to book flights using their own personal credit cards and to receive airfare reimbursement via travel vouchers. In the event that a ticket goes unused without agency approval, the employee is not reimbursed for the cost of the ticket. Additionally, some public agencies utilize other, sometimes private, sources of funds to pay for travel. In these instances, unused tickets attributed to state agencies may not have been purchased with public funds.

PPM 49, Section 1504.B.2.j states that unused tickets "should always be monitored by the traveler and the agency. The traveler should ensure that any unused ticket is considered when planning future travel arrangements. Some airlines have a policy which would allow for a name change to another employee within the agency." Although name changes are possible, several airlines charge fees to change flights and/or the names on the ticket. In some cases, the airlines charge up to \$300 to reissue a ticket in a different name.

\*The total for LSU is aggregated from the totals of 93 departments within Louisiana State University

Recommendations:

1. Between July 1, 2011 and December 31, 2013 travelers from 112 state agencies allowed unused airline tickets worth at least \$544,648 to expire and become worthless. State agencies should actively monitor their unused airline tickets so that any unused airfare is applied to the purchase of new tickets. The Office of State Travel should coordinate its efforts with Short's Travel Management to ensure that its web based system notifies stakeholders of any unused tickets and should consider installing additional safeguards in the travel reservation system to ensure that agencies booking travel are required to utilize unused airline tickets when such tickets are available. Those safeguards should prevent new tickets from being purchased when unused tickets are available.
2. The Office of State Travel should consider requiring that all state agencies submit documentation to explain why airline tickets purchased with public funds go unused. If a ticket is unused due to a reason not approved by the agency's department head, a determination should be made as to whether the traveler responsible for causing the ticket to go unused should reimburse the state for the cost of the ticket.
3. Data relative to tickets that expired after the termination of the contract with Carlson Wagonlit Travel was unavailable. The Office of State Travel should pre-arrange for the reporting of expired tickets after the Short Travel Management's contract expires to avoid a repeated lapse in data access.
4. Travelers with multiple expired tickets and agencies with the ten highest amounts of expired tickets account for over 75% of all expired airfare. By minimizing the amount of expired airfare associated with these two categories, the Office of State Travel can nearly eliminate all expired airfare. The Office of State Travel should closely monitor the amounts associated with these two categories to ensure that only a minimal amount of airfare is allowed to expire.
5. Travelers who cancel flights should book their rescheduled flights on the same airline to prevent unused tickets from expiring and losing value. Agency representatives who schedule air travel for other individuals should also apply expiring airfare to new reservations. The Office of State Travel should consider requiring appropriate training and safeguards for such employees to avoid any additional wasting of public funds.

Appendix A  
Expired Ticket Amount  
by State Agency

Agency Name	Total	*LSU Departments	Total
		LSU-ACADEMIC PROGRAMS ABROAD	1,646.80
LSU*	123,007.39	LSU-ACCOUNTING	699.45
LSU Athletics	43,179.33	LSU-ADIPOSE TISSUE SIGNALING	520.47
Louisiana Tech	40,747.23	LSU-AG ECON & AGRIBUSINESS	2,772.20
LSU Health Sciences Center - Shreveport	27,568.90	LSU-AGING & NEURODEGENERATION	283.88
Southern University - Baton Rouge	24,379.21	LSU-ARCHITECTURE	730.95
LSU - NCBRT	18,239.51	LSU-ART	1,500.40
Office of Adult and Aging Services	16,358.49	LSU-ASSO EX DIR CLINIC RESCH	4,374.55
Health/Medical Vendor Administration	14,526.76	LSU-BEHAVIORAL MEDICINE	1,154.23
University of Louisiana - Lafayette	12,097.18	LSU-BIOLOGICAL SCIENCES	2,958.35
University of New Orleans	10,394.28	LSU-BIOMEDICAL SCIENCES	532.70
McNeese State University	9,738.90	LSU-CAMD	650.25
University of Louisiana - Monroe	8,978.12	LSU-CAMPUS LIFE	251.66
Office of Attorney General	8,560.35	LSU-CENTER FOR ENERGY STUDIES	394.96
Department of Education	7,650.46	LSU-CHANCELLOR'S OFFICE	388.46
DHH	7,548.56	LSU-CHEMICAL ENGINEERING	1,299.46
Southern University - Shreveport	7,286.52	LSU-CHEMISTRY	3,626.43
LSU - New Orleans School of Medicine	6,576.43	LSU-CIVIL & ENVIRON. ENGIN.	543.80
Southeastern University	6,564.34	LSU-COASTAL SCI	347.99
LSU - Law Center - Administration	6,463.12	LSU-COMPUTER SCIENCE	806.32
Office of State Police	6,247.85	LSU-CONTRACTED AUXILIARY SVS	274.44
Northwestern State University	6,007.30	LSU-CONSTRUCTION MANAGEMENT	2,016.65
Office of Business Development	5,718.89	LSU-CT FOR COMPUTATION & TECH	11,531.93
LSU - Shreveport	5,454.10	LSU-DEAN'S OFFICE - ARTS & SCIENCE	1,181.67
DOTD	4,745.20	LSU-DEAN'S OFFICE - LSU - COLLEGE OF BUS	924.15
Grambling University	4,655.34	LSU-DEAN'S OFFICE - MASS COMM	739.01
Nicholls State University	4,491.84	LSU-DEAN'S OFFICE - SCHOOL OF VET MED	1,113.46
Medical Center of Louisiana at New Orleans	4,407.34	LSU-DEAN'S OFFICE-COLLEGE OF EDUCATION	1,271.30
Workforce Development - Administration	4,090.83	LSU-DEAN'S OFFICE-LSU LIBRARIES	892.34
LSU - Law Center - Instruction	3,975.18	LSU-DEAN'S OFFICE-SCHOOL OF COAST	237.80
Board of Regents for Higher Education	3,737.79	LSU-DIABETES	377.09
GOHSEP	3,729.04	LSU-DIRECTOR'S OFFICE	1,143.97
Delgado Community College	3,581.58	LSU-ECONOMICS	816.90
Southern University - Agricultural Center	3,508.80	LSU-ED THEORY,POLICY & PRACT	697.84
DED - Office of Secretary	3,195.90	LSU-ELECTRICAL & COMPUTER ENG	995.06
LCTCS - Board of Supervisors	2,871.46	LSU-ENGLISH	412.54
LSU - New Orleans School of Public Health	2,700.04	LSU-ENTOMOLOGY	714.00
Southern University - New Orleans	2,672.63	LSU-ENVIRONMENTAL SCIENCES	713.81
Louisiana Technical College	2,607.93	LSU-EXECUTIVE DIRECTOR	1,130.10
OCDD - Waiver and Support Services	2,562.80	LSU-EXECUTIVE VICE PRESIDENT	377.80
Southern Louisiana Community College	2,559.11	LSU-FINANCE	536.62
LSU Health Sciences Center - New Orleans	2,467.85	LSU-FIRE & EMERGENCY TRAINING	1,093.02
Seafood Promotion Board	2,451.70	LSU-FOOD SCIENCE	246.30
Military Affairs - Camp Beauregard	2,246.35	LSU-GEOLOGY & GEOPHYSICS	2,399.73
Recovery School District	2,104.03	LSU-HIGH PERFOR. COMPUTING GP	1,595.10
Office of Tourism	1,852.21	LSU-HUMAN ECOLOGY	1,146.43
Commissioner of Insurance	1,827.34	LSU-HUMAN PHYSIOLOGY	949.40
Office of School and Community Support	1,813.72	LSU-HUMAN RES ED & WORK DEVEL	247.04
Camp Minden	1,783.38	LSU-IBERIA RESEARCH STATION	319.80
Louisiana National Guard	1,598.10	LSU-INFORMATION SYSTEMS	2,664.93
Department of Revenue	1,466.10	LSU-KINESIOLOGY	1,136.30
Office of Agriculture	1,421.62	LSU-LA TRANSPORTATION RESEARCH CTR	557.61
DCFS - Administration and Executive Report	1,309.06	LSU-LANDSCAPE ARCHITECTURE	466.42
Office of State Treasurer	1,265.89	LSU-LAW ENFORCEMENT ONLINE	3,635.21
LSU - New Orleans Allied Health	1,261.25	LSU-LCES-ADMINISTRATION	1,213.67
Louisiana Housing Finance Agency	1,215.15	LSU-LIBRARY AND INFORMATION SCIENCES	354.84
Bossier Parish Community College	1,201.40	LSU-MANAGEMENT	284.28
Office of State Fire Marshal	1,163.94	LSU-MARKETING	407.70
Office of The Governor	1,105.60	LSU-MASS COMMUNICATION	6,321.63
LSU - New Orleans School of Dentistry	1,026.84	LSU-MATHEMATICS	4,788.55
Bridge City Corr. Center Youth	984.50	LSU-MBA PROGRAM	1,435.00
Capital Area Human Services District	960.54	LSU-MUSEUM OF NATURAL SCIENCE	416.70
Baton Rouge Community College	931.06	LSU-MUSIC	1,807.48
Coastal & Non-Game Resources	897.45	LSU-NEUROSCIENCE-ROGERS	318.80
OPH - Administration	891.47	LSU-OFF. OF CAMPUS DIVERSITY	299.92
LSU - HCSD	877.43	LSU-OFFICE OF CIO	292.64
Southern University - Law Center	850.11	LSU-OFFICE OF THE CHANCELLOR	456.77
Facility Planning & Control	849.80	LSU-PARISH OFFICES	319.80
Office of Juvenile Justice	819.04	LSU-PATHO BIOLOGY	551.30
Louisiana State Penitentiary	808.96	LSU-PETROLEUM ENGINEERING	532.20
Office of Quality Educators	801.60	LSU-PHYSICS & ASTRONOMY	7,401.54
Office of Risk Management	786.60	LSU-PLANT PATHOLOGY	452.57
Louisiana Public Defender Bd.	779.09	LSU-PLANT, ENV, & SOIL SCIENC	2,060.71
Office of Conservation	768.00	LSU-POLITICAL SCIENCE	775.45

Agency Name	Total	*LSU Departments	Total
Office of Coastal Restoration	764.57	LSU-PREVENTIVE MEDICINE	1,643.60
DEQ - Office of Secretary	752.87	LSU-PROGRAM	525.45
Louisiana University Marine Consortium	725.47	LSU-PUBLIC ADMIN INSTITUTE	336.88
Office of Lieutenant Governor	710.08	LSU-REGIONAL OFFICES	485.26
DOA-Office of the Commissioner	694.69	LSU-RENEWABLE NATURAL RESOURC	3,618.40
Board of Embalmers & Funeral Directors	691.47	LSU-SOCIAL WORK	1,634.77
Louisiana Senate	688.28	LSU-SOCIOLOGY	1,100.03
Development Disabilities Council	671.92	LSU-Stephenson Dis Mgmt Institute	1,490.14
Department of Wildlife and Fisheries	656.77	LSU-TEACHING HOSPITAL/CLINICS	836.70
Office of Community Services	635.62	LSU-TELECOMMUNICATIONS	592.26
Office of Veteran's Affairs	634.00	LSU-THEATRE	285.84
LASERS	603.76	LSU-UNDERGRAD. ADMIS.& ST.AID	3,014.06
Louisiana Real Estate Commission	594.60	LSU-UNIVERSITY LAB SCHOOL	972.32
Louisiana Board of Pharmacy	554.01	LSU-UNIVERSITY RECREATION	1,496.73
Department of Military Affairs	544.12	LSU-USER SUPPORT	230.32
Office of Cosmetology	476.16	LSU-VC FINANCE & ADMIN	746.36
Office of Environmental Compliance	443.24	LSU-VC FOR ACADEMIC AFFAIRS	1,827.79
Office of Community Development	415.65	LSU-VC FOR STUDENT LIFE	464.08
DOC - Administration	407.80	LSU-VET CLINICAL SCIENCES	1,175.77
Office of Telecommunications Management	404.53		
Office of Student Financial Assistance	402.99	<b>LSU Total</b>	<b>123,007.39</b>
OCS Region 3 Covington	397.40		
Southern Law Center	391.76		
Louisiana Commission on Law Enforcement	384.80		
State Board of Elementary and Secondary Education	378.80		
Licensing Board of Contractors	377.80		
River Parish Community College	360.72		
DSS - Office of Secretary	351.80		
Military Affairs - Jackson Barracks	339.23		
Ethics Administration	336.80		
OCS Region 1 Orleans	323.40		
Office of Financial Institutions	314.30		
Office of Worker's Compensation	298.51		
Social Services/Field Services	292.30		
Office of School and Student Performance	287.96		
Louisiana School for the Visually Impaired	283.24		
Southern University System	278.86		
EA Conway Medical Center	259.47		
Board of Psychologist Examiners	153.79		
Louisiana Racing Commission	142.71		
Office of State Purchasing	127.16		
Patient's Compensation Fund Oversight BD	121.40		
<b>Grand Total</b>	<b>544,648.02</b>		

Appendix B  
Agency Responses

**BOBBY JINDAL**  
GOVERNOR



**KRISTY H. NICHOLS**  
COMMISSIONER OF ADMINISTRATION

**State of Louisiana**  
Division of Administration  
**Office of State Purchasing**

September 11, 2014

Mr. Stephen B. Street, Jr.  
State Inspector General  
Post Office Box 94095  
Baton Rouge, Louisiana 70804-9095

**Re:** Case No. CID-13-030

Dear Mr. Street:

I have reviewed the report and recommendations presented resulting from your investigation of unused airline tickets through the State's contracted travel agency, Short's Travel Management.

My official response to each of your recommendations is indicated below.

Recommendation 1. Since July 1, 2010, travelers from 112 state agencies allowed unused airline tickets worth at least \$544,648 to expire and become worthless. State agencies should actively monitor their unused airline tickets. The Office of State Travel should coordinate its efforts with Short's Travel Management to ensure that its web based system notifies stakeholders of any unused tickets and should consider installing additional safeguards in the travel reservation system to ensure that agencies booking travel are required to utilize unused airline tickets when such tickets are available. Those safeguards should prevent new tickets from being purchased when unused tickets are available.

Response: The Office of State Travel has coordinated efforts with the State's contracted travel agency, Short's Travel Management. The system used by the travel agency does track unused tickets and notifies the traveler of any unused tickets upon each login when travelers book their travel online. If travelers choose to book their travel by calling an agent, then the agent reviews the traveler's mandatory profile and notifies the traveler of unused tickets available.

As additional assurance, every traveler who has an unused ticket receives an email notification every 90, 60, 30 and 14 days prior to the expiration of the ticket. This serves as notification that reminds the traveler to either utilize the ticket or to advise the agency that it is available for others to utilize.

Our goal is to always minimize the volume of unused airline tickets. Keep in mind that where individual travelers purchased the ticket that went unused, the State may not have reimbursed the traveler, thus no loss by the State was incurred. Additionally, the \$544,648 includes full ticket

value for partially used tickets. Per airline regulations, the balance of partially used tickets cannot be utilized. In many instances, fees to exchange airline tickets are subject to penalties in the amount of \$200 for domestic flights, \$350 for international flights, and an additional \$100 - \$200 fee to make name changes. Penalty amounts vary depending on the airline. Based on the penalty fees, sometimes transferring airline tickets to other users can be more costly than the value of the ticket.

Not mentioned in your report is that the total amount of unused tickets (\$544,648) does not include any vouchers that may have been collected from American Airline (AA) for expired tickets. The State has a unique courtesy agreement with AA that allows unused tickets to be exchanged for vouchers at the value of the expired tickets minus a \$200 administration fee. The agreement has only been in place for 11 months and has already generated \$42,629 in value for vouchers of expired tickets.

Recommendation 2. The Office of State Travel should consider requiring that all state agencies submit documentation to explain why airline tickets purchased with public funds go unused. If a ticket is unused due to a reason not approved by the agency's department head, a determination should be made as to whether the traveler responsible for causing the ticket to go unused should reimburse the state for the cost of the ticket.

Response: The Office of State Travel will propose a change to Policy and Procedure Memorandum 49 (PPM 49), to mandate that all unused tickets which are allowed to expire be reported and justified to the agency's Department Head for review of the need for possible recoupment of funds. This can be accomplished by reviewing the unused ticket report monthly. This report is just one of the reports submitted monthly to each applicable agency by the State's contracted travel agency, Short's Travel Management.

Recommendation 3. Data relative to tickets that expired after the termination of contract with Carlson Wagonlit Travel was unavailable. The Office of State Travel should pre-arrange for the reporting of expired tickets after the Short's Travel Management contract expires to avoid a repeated lapse in data access.

Response: The Office of State Travel will attempt to negotiate this addition for our current contract. Also, since the current contract expires on June 30, 2015, we will ensure that language be added to make this a mandatory requirement for future contracts.

Recommendation 4. Travelers with multiple expired tickets and agencies with the ten highest amounts of expired tickets accounts for over 75% of all expired airfare. By minimizing the amount of expired airfare associated with these two categories, the Office of State Travel should closely monitor the amounts associated with these two categories to ensure that only a minimal amount of airfare is allowed to expire.

Response: In the response to recommendation #2, the Office of State Travel outlined actions that should greatly reduce the loss in both categories.

Mr. Stephen B. Street, Jr., State Inspector General

September 11, 2014

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Recommendation 5. Travelers who cancel flights should book their rescheduled flights on the same airline to prevent unused tickets from expiring and losing value. Agency representatives who schedule air travel for other individuals should also apply expiring airfare to new reservations. The Office of State Travel should consider requiring appropriate training and safeguards for such employees to avoid any additional wasting of public funds.

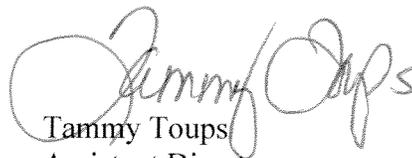
Response: In the response to recommendation #2, the Office of State Travel outlined actions that should assist with this recommendation as well. At times the airline from which the unused ticket was purchased may not service the new destination, or the price may not justify purchasing given the value of the unused ticket.

The Office of State Travel extends an open invitation to conduct training classes on travel upon request. This invitation is presented in PPM 49. In addition, the annual recap letter from the Commissioner of Administration that is included in each year's revision of the travel guide reiterates the availability of training.

Representatives of our office travel annually to regions statewide to conduct training classes on travel for entities that express interest in and request the training. A portion of the training provided includes the management of unused tickets and emphasizes the importance of ticket utilization.

Thank you for the opportunity to respond to your recommendation. If you require any additional information please contact me.

Sincerely

A handwritten signature in black ink, appearing to read "Tammy Toups". The signature is fluid and cursive, with the first name "Tammy" being more prominent than the last name "Toups".

Tammy Toups  
Assistant Director  
Office of State Travel

August 6, 2014

Mr. Stephen B. Street, Jr.  
Louisiana State Inspector General  
P O Box 94095  
Baton Rouge, La 70804-9095

Re: Case No. CID-13-030

Dear Mr. Street:

Thank you for the opportunity to review and respond to the Louisiana State Inspector General Report on the State of Louisiana's non-refundable airline tickets, which includes LSU.

The University would like to provide the following responses to the recommendations presented:

1. Unused tickets are being actively monitored. Steps have been taken to increase communication to the travelers and the departments in which they are employed including
  - a. Travelers receive e-mail notifications from Short's Travel 90, 60, 30 and 14 days prior to the expiration of the tickets.
  - b. Department Heads received a monthly listing of unused tickets purchased by employees in their department.
  - c. A report of unused tickets for the University is posted on the Accounts Payable and Travel website monthly.
  - d. American Airlines has agreed to convert unused tickets to airline vouchers for tickets that are about to expire.
2. LSU monitors the reimbursement of/payment for tickets that are not used. If the reason for the change in travel plans is not business related, the employee is not reimbursed or must personally pay for the ticket.
3. LSU will work with the State and Short's Travel to be certain that the reporting of unused tickets continues after the termination of the contract, until such time as all tickets are used or expired.
4. LSU will monitor all unused tickets.
5. It is not always feasible for a traveler who must cancel or change their travel plans to use the same airline for which there is an unused ticket. LSU requires the employee use the most economical means of travel. In many instances the penalties and change fees associated with an unused ticket causes the air fare to be greater than purchasing a new ticket. LSU urges all employees to consider the cost of using unused tickets prior to booking travel.

Mr. Stephen B. Street, Jr.  
Louisiana State Inspector General  
August 6, 2014  
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In FY14, LSU had total air spend with Short's Travel in the amount of \$7,705,067, with expired tickets in the amount of \$133,630 – or 2% of total spend. LSU will continue to monitor unused tickets and work to reduce the number and amount of tickets that go unused.

Please let me know if we can provide any additional information for your final report.

Cordially,



Donna K. Torres, CPA  
Associate Vice Chancellor for  
Accounting and Financial Services

C: Daniel T. Layzell, Vice President for Finance and Administration/CFO  
Chad Brackin, Chief Auditor



# LOUISIANA TECH UNIVERSITY

August 6, 2014

OFFICE OF THE PRESIDENT

Mr. Stephen B. Street, Jr.  
Louisiana State Inspector General  
P. O. Box 94095  
Baton Rouge, LA 70804-9095

Re: Office of State Inspector General Audit of Expired Airline Tickets – Case No. CID-13-030

Dear Mr. Street:

During the audit period of July 1, 2010 through December 31, 2013, Short's Travel Management issued airfare totaling approximately \$1.3 million for Louisiana Tech University faculty, staff, students, athletic team travel, prospective employees, student athlete recruits, and other visitors such as speakers. This total does not include the charter flights for athletic team travel issued through Short's. The expired airfare totaling \$40,747 is 3% of the purchased airfare during this time period. Although Louisiana Tech University makes every effort to utilize all airfare prior to expiration, the following factors contribute to expired tickets:

- In compliance with the State of Louisiana travel regulations, Policy and Procedure Memorandum 49, the University encourages its travelers to purchase the lowest logical airfare or "best value" ticket, which, in most cases, is a non-refundable ticket.
- During the audit period, Louisiana Tech University was a member of the Western Athletic Conference which required significant air travel to locations in the western United States, including Hawaii. Athletic team travel may result in penalties and/or expired tickets due to student illness or injury, performance, and other issues related to athletic team travel. The fee to reissue the ticket in the name of another student athlete or for a different trip may often exceed the value of the original ticket. Despite the possibility of ticket changes and the resulting fees and penalties or expired airfare, the University usually purchases non-refundable tickets for athletic team travel due to the significant overall savings for the athletic department.
- Airfare for other students, prospective employees, student athlete recruits, and visitors may be difficult to reuse due to the penalties/change fees for changes in traveler name, travel dates, and destination and departure locations. Again, the fee to reissue the ticket may exceed the value of the original ticket.
- Most of the airfares for University travel, excluding student group and team travel, are purchased by the individual travelers using their personal credit card. The University only reimburses a traveler for an unused ticket and/or penalty when the change or cancellation of the ticket is required by the University or for other unavoidable situations approved by the President and the Office of the Comptroller. Accordingly, many expired airfares were never paid

A MEMBER OF THE UNIVERSITY OF LOUISIANA SYSTEM

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for nor reimbursed by the University; therefore, no loss of state or other University funds occurred.

Louisiana Tech University does concur with the finding related to expired airfare and will continue to make every effort to minimize the occurrence of expired airfare. The University will continue to notify departments and employees concerning unused tickets and encourage the utilization of the unused tickets whenever possible. The University will also encourage travelers who cancel flights to book their rescheduled flights through the same airline to help prevent the unused tickets from expiring.

Sincerely,

A handwritten signature in blue ink that reads "Leslie K. Guice". The signature is fluid and cursive, with the first name "Leslie" and last name "Guice" clearly legible. The middle initial "K." is smaller and less distinct.

Dr. Leslie K. Guice  
President



Office of the Chancellor  
P. O. Box 9374  
[225] 771-5020  
FAX [225] 771-2018

August 14, 2014

Mr. Stephen B. Street, Jr.  
Louisiana State Inspector General  
Post Office Box 94095  
Baton Rouge, LA 70804-9095

**RE: Case No. CID-13-030**

Dear Mr. Street:

Southern University and A&M College at Baton Rouge (SUBR) concurs in part with the findings related to the above referenced State Inspector General Case No. CID-13-030. Specific points of concurrence and/or non-concurrence applicable to SUBR are discussed below:

- The management of SUBR does not concur with the amount of reported unused travel tickets as it relates to the A&M Campus. The total amount of \$28,166.87 reported includes unused tickets for the Southern University System and the Southern University Agricultural Center. Each of these entities represents separately budgeted agencies within the Southern University System and as such should be reported individually. The correct amount of unused travel tickets for SUBR should be reported for \$24,186.81.
- Recommendation No. 1: Although we concur that state agencies should actively monitor their unused airline tickets, we also recognize that before this can be effective, the state contracted travel system must provide the capability for this level of monitoring to occur. The automated travel management system should have the capability to alert both the traveler and the agency's travel card administrator on a recurring basis when travel cards become unused and when cards are about to expire. Also, it has been brought to our attention that in some cases the change fee for the ticket is more than the price of the unused ticket, which is not cost effective to neither the University nor the State.

Southern University and A&M College will continue to strengthen existing controls over the management and use of the state travel card based on the information currently made available to SUBR's Travel Card Program Administrator. The travel card program will continue to be evaluated on a continuous basis to ensure efficiency in the University's travel operations and to achieve cost savings to both the University and the State.

The point of contact for this action is the SUBR **Travel Manager, LaCarte/Travel Card Program Administrator, Mrs. Linda Roberson.**

Mr. Stephen B. Street, Jr.  
Louisiana State Inspector General  
Case No. CID-13-030

Please contact me at (225) 771-5020 or Mrs. Linda Roberson at (225) 771-4585, if you have questions or need further assistance as it relates to the University's response.

Sincerely,

A handwritten signature in blue ink that reads "Flandus McClinton, Jr." in a cursive style.

Flandus McClinton, Jr.  
Acting Chancellor

Copy: Linda Roberson, Travel Manager

Eleven copies of this public document were published in this first printing at a cost of \$60.02. The total cost of all printings of this document, including reprints is \$60.02. This document was published by the Office of State Inspector General, State of Louisiana, Post Office Box 94095, 150 Third Street, Third Floor, Baton Rouge, LA 70804-9095 to report its findings under authority of LSA-R.S. 39:7-8. This material was printed in accordance with the standards for printing by state agencies established pursuant to LSA - R.S. 43:31.

A copy of this report has been made available for public inspection at the Office of State Inspector General and is posted on the Office of State Inspector General's website at [www.oig.louisiana.gov](http://www.oig.louisiana.gov). Reference should be made to Case No. CID-13-030. If you need any assistance relative to this report, please contact Stephen B. Street, Jr., State Inspector General at (225) 342-4262.

## **REPORT FRAUD, WASTE, AND ABUSE**

To report alleged fraud, waste, abuse, or mismanagement relative to state programs or operations, use one of the following methods:

- Complete complaint form on web site at [www.oig.louisiana.gov](http://www.oig.louisiana.gov)
- Write to Office of State Inspector General, P. O. Box 94095, Baton Rouge, LA 70804-9095
- Call the Office of State Inspector General at (225) 342-4262