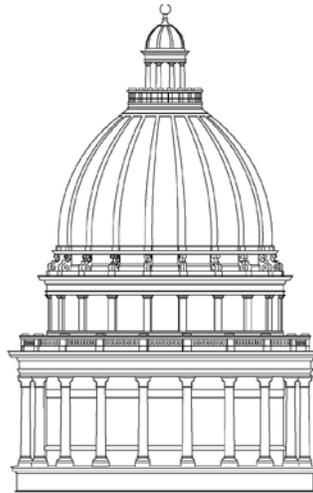


REPORT TO THE
UTAH LEGISLATURE

Number 2010-12



**A Performance Audit
Of
School District Travel Accountability**

October 2010

Office of the
LEGISLATIVE AUDITOR GENERAL
State of Utah



STATE OF UTAH

Office of the Legislative Auditor General

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JOHN M. SCHAFF, CIA
AUDITOR GENERAL

October 21, 2010

TO: THE UTAH STATE LEGISLATURE

Transmitted herewith is our report, **A Performance Audit of School District Travel Accountability** (Report #2010-12). A digest is found on the blue pages located at the front of the report. The objectives and scope of the audit are explained in the Introduction.

We will be happy to meet with appropriate legislative committees, individual legislators, and other state officials to discuss any item contained in the report in order to facilitate the implementation of the recommendations.

Sincerely,

A handwritten signature in black ink that reads "John M. Schaff" with a stylized flourish at the end.

John M. Schaff, CIA
Auditor General

JMS/lm

Digest of A Performance Audit of School District Travel Accountability

Total travel expenditures amount to less than 1 percent of the total annual expenditures in five sampled school districts. This report shows most school administrators and boards in our sample group have started to cut travel expenditures because of difficult budget times. Accuracy of travel expenditures is important because travel expenditures are included on the Annual Program Report (APR), a federally required budget and expenditures report. The Utah State Office of Education (USOE) compiles each district's data and sends the statewide totals to the National Center for Education Statistics (NCES). The data are also posted on USOE's website for public information.

Superintendents' and School Boards' Travel Is Relevant, Has Decreased Recently; Most Travel Expense Is for Teachers, School Administrators. School board members and superintendents annually attend relevant national and in-state conferences and meetings, and have begun to curtail travel in response to budgetary concerns. School board members' and superintendents' travel was cut in four of five sampled districts by 36 to 47 percent from fiscal year 2008 to fiscal year 2009. Total travel expenditures for three of five sampled school districts decreased, while travel expenditures in two districts increased.

More than 90 percent of total travel expense is incurred for teachers and school-based administrators. Many of these trips result in professional development credit toward licensure renewal. We also specifically reviewed Utah participation in the Chinese Bridge Delegation program, sponsored by the Chinese government to promote the development of Chinese language programs in American schools.

- We recommend that school districts review their number and type of association memberships and determine if continued involvement is appropriate in light of budget cuts.
- We recommend that school districts and USOE review their involvement in the Chinese Bridge Delegation travel program.

Chapter I: Introduction

Chapter II: Budget Concerns Are Resulting in Some Reduced School District Travel

Chapter II Recommendations

**Chapter III:
District Reporting of
Travel Expenses to
USOE Should Be
Improved**

**Chapter III
Recommendations**

Travel Data Reporting Is Inconsistent; USOE Should Provide Guidance on Recording/Reporting Travel. School districts' travel expenditures reported to the USOE do not always include all major travel cost components. The USOE should clarify the specific travel data components required by the NCES, and then provide guidance to school districts to ensure consistent, accurate accounting and reporting of district travel expenditures. With correct data, the travel expense line item could allow policy makers, the public, and districts to monitor travel expenses each year and make year-to-year comparisons within and among districts.

- We recommend that USOE provide direction to districts regarding which travel categories and components to include in the travel line item on the APR report in accordance with NCES reporting categories and classifications.
- We recommend that USOE provide more explanation of the travel codes found in the chart of accounts.

REPORT TO THE
UTAH LEGISLATURE

Report No. 2010-12

**A Performance Audit
Of
School District Travel Accountability**

October 2010

Audit Performed By:

| | |
|------------------|----------------|
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Chapter I

Introduction

Total travel expenditures amount to less than 1 percent of the total annual expenditures in five sampled school districts. This report shows most school administrators and boards in our sample group have started to cut travel expenditures because of difficult budget times. Accuracy of this information is important because travel expenditures are included on the Annual Program Report (APR), a federally required budget and expenditures report. The Utah State Office of Education (USOE) compiles each district's data and sends the statewide totals to the National Center for Education Statistics (NCES). The data are also posted on USOE's website for public information.

Travel expenditures identified in this report follow the Internal Revenue Service's (IRS) definition of business travel expenses: "Travel expenses are the ordinary and necessary expenses of traveling away from home for your business, profession, or job." These expenses include transportation (mileage and airfare), meals and lodging, and other similar ordinary and necessary expenses related to business travel.

We were directed to review administrative and school board travel because legislators wanted information about school district travel during the current tight budget times. We further restricted our scope to district superintendents and board members specifically. Although travel is not a large budget item, it is an item of interest, particularly in lean budget years. We were also asked to review the purposes for which trips occurred and assess the value to the districts of completed travel.

Travel Is a Small Percentage of Total District Expenditures

For fiscal years 2005 to 2009, total travel expenses for the surveyed school districts are 1 percent or less of total district expenditures. Within the sampled districts' travel expenditures, travel specifically for school board members and superintendents accounted for less than one-tenth of all districtwide travel expenses.

Figure 1.1 identifies total travel costs and total district expenditures for surveyed districts.

Figure 1.1 Travel Expenditures Account for Less than 1 Percent of Total District Expenditures (Fiscal Years 2005-2009). Data include in- and out-of-state travel. Travel expenditures include mileage, meal per diem, lodging, airfare, and some registration fees and association dues.

| District | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | Change FY 2008- 2009 |
|--|----------------|----------------|----------------|----------------|----------------|----------------------------|
| Travel Expense | \$ 1,122,459 | \$ 1,091,981 | \$ 1,089,523 | \$ 1,199,710 | \$ 1,159,472 | -3% |
| Total Expense | \$ 484,019,659 | \$ 490,902,160 | \$ 518,820,383 | \$ 652,567,976 | \$ 702,070,714 | 8% |
| Jordan--Travel as a Percent of Total | 0.23% | 0.22% | 0.21% | 0.18% | 0.17% | |
| Travel Expense | \$ 901,497 | \$ 1,067,801 | \$ 1,221,205 | \$ 1,301,415 | \$ 1,183,160 | -9% |
| Total Expense | \$ 406,962,262 | \$ 420,891,788 | \$ 426,419,296 | \$ 497,265,895 | \$ 517,001,266 | 4% |
| Granite--Travel as a Percent of Total | 0.22% | 0.25% | 0.29% | 0.26% | 0.23% | |
| Travel Expense | 680,535 | 721,742 | 661,800 | 692,044 | 691,393 | 0% |
| Total Expense | \$ 221,896,922 | \$ 224,715,289 | \$ 224,039,414 | \$ 246,390,763 | \$ 255,878,952 | 4% |
| Salt Lake -Travel as a Percent of Total | 0.31% | 0.32% | 0.30% | 0.28% | 0.27% | |
| Travel Expense | \$ 149,219 | \$ 136,204 | \$ 137,351 | \$ 237,610 | \$ 319,885 | 35% |
| Total Expense | \$ 44,952,689 | \$ 53,662,238 | \$ 57,342,985 | \$ 59,635,143 | \$ 61,332,325 | 3% |
| Park City--Travel as a Percent of Total | 0.33% | 0.25% | 0.24% | 0.40% | 0.52% | |
| Travel Expense | \$ 397,418 | \$ 396,532 | \$ 413,323 | \$ 408,049 | \$ 462,360 | 13% |
| Total Expense | \$ 34,373,655 | \$ 35,284,143 | \$ 35,077,046 | \$ 44,378,564 | \$ 41,365,682 | -7% |
| San Juan--Travel as a Percent of Total | 1.16% | 1.12% | 1.18% | 0.92% | 1.12% | |

Notes:

Districts sorted by 2009 enrollment (largest to smallest).

Effective July 1, 2009, Jordan School District became two districts. However, their financial data was combined through fiscal year 2009.

Our travel data may differ from the districts' data because we followed the IRS definition provided above to standardize included expenses to allow comparisons among districts.

As can be seen in Figure 1.1, travel expense is a very small component of total expenditures in school districts. Travel expense amounts to less than 1 percent of total expenses in all sampled districts, except for the San Juan School District which is marginally higher. Travel expenses were incurred for job-related training, conferences, and meetings. Mileage expenses (mostly in-state) were also incurred for all district employees who travel from school to school, to the district office, or to other locations as part of their jobs.

As another observation on Figure 1.1, the data show that total travel expenditures from 2008 to 2009 decreased in three of five districts, even though total expenditures increased in four of the five districts.

District Travel Expense to Total Expenses Is Higher Percentage than Statewide

To put school district travel expenses into a larger context, we compared school district travel expenditures to total statewide travel expenditures (all agencies). For fiscal years 2007 through 2009, statewide travel expenses decreased from 0.15 to 0.11 percent of total expenditures. These statewide percentages are much lower than the district travel to total expense percentages shown in Figure 1.1.

Statewide total travel expenses increased 10 percent from fiscal years 2007 to 2008 and then decreased by 22 percent from fiscal years 2008 to 2009. The state's total overall expenditures have increased each year from fiscal years 2007 to 2009. Thus, although total expenditures continued to rise, travel expenses started to decrease. The same pattern occurs in three of five districts where total expenditures increased, but travel expenses started to decrease.

School Teachers and Administrators Do Majority of District Travel

One area of interest to the Legislature was how much travel had been done by administrative personnel versus other staff. We found that over 90 percent of our sampled school district travel expenditures were for trips taken by teachers, principals, and other staff, including administrators other than the superintendent. Most staff conference travel earns professional development credit that can be used toward maintaining teachers' licensure. Chapter II compares travel by school district administrators to staff travel and provides other related information.

The State of Utah requires teachers to obtain and maintain a teaching certification or license. Teachers (and administrators) are required to earn a certain number of credits or points within given time frames to renew their licenses. Credit is given for years of teaching experience as well as for participation in college classes, meetings, conferences, and seminars. Thus, teaching staff travel to conferences (both in- and out-of-state) in part to earn professional development credits that count toward relicensure. (See Appendix A for more detail on selected organizations, including dues information.)

Most travel expenses are for trips taken by teachers and principals and provide professional development credit.

In Addition to Conferences for Teaching Staff, Some Conferences Are Geared Specifically Toward School Boards.

Districts may be members of a number of national and state educational associations, such as the Utah School Boards Association (USBA), the National School Boards Association (NSBA), the National Federation of Urban-Suburban School Districts (NFUSSD), and the Council of the Great City Schools (CGCS). Conferences sponsored by these organizations provide content that is more administrative and policy-oriented rather than instructional.

Audit Scope and Objectives

This audit was requested by a legislator who questioned whether recent budget constraints should necessitate changes in how school districts approach travel expenditures for training, site visits, and other collaborative activities. In addition, he was concerned about international travel to China. A second legislator had concerns regarding the amount school districts spend on association dues and travel to association conferences.

Specifically, we were asked to determine:

- How much travel expenditures have increased or decreased in recent years
- To what extent travel expenditures have been spent on destinations outside the state and outside the country, specifically to China
- For what purposes travel expenses have been incurred
- How much districts have spent on association dues and travel to association conferences

Chapter II

Budget Concerns Are Resulting in Some Reduced School District Travel

School board members and superintendents annually attend relevant national and in-state conferences and meetings, but have begun to curtail their travel in response to budgetary concerns. Travel by school board members and superintendents in four of five sampled districts was cut between 36 and 47 percent from fiscal year 2008 to fiscal year 2009. Total travel expenditures for three of five sampled school districts decreased, yet travel expenditures in two districts increased. Finally, in our opinion, participation in a Chinese Bridge Delegation travel program to China should be reconsidered until school budgets improve.

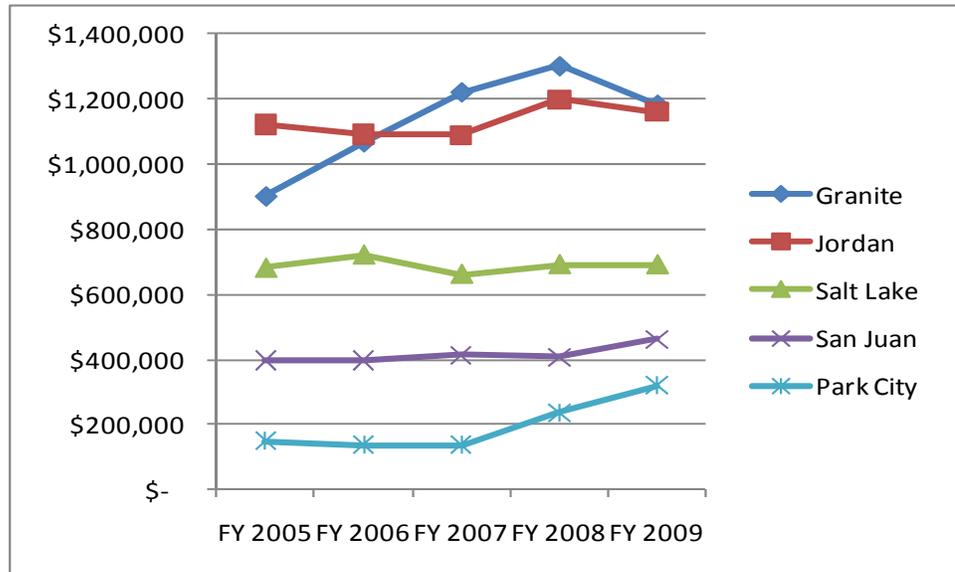
Total District Travel Expenditures Are Starting to Decrease

As noted, three of the five sampled school districts reduced their total travel expenditures from fiscal year 2008 to 2009 even though total expenditures have continued to increase through fiscal year 2009. District budgets will decrease in fiscal year 2010. In preparation for budget cuts, some sampled districts have started taking specific steps to reduce travel, while in others, a general reminder to keep all expenses within budgetary constraints has been issued.

Figure 2.1 identifies the trend in school district travel expenditures for fiscal years 2005–2009.

Total travel expenses decreased in three of five sampled districts but increased in two districts.

Figure 2.1 Historical Travel Expenditures for Select Districts. (Fiscal Years 2005-2009) Three of five districts' travel expenses decreased in fiscal year 2009. Travel expenditures include mileage, meal per diem, lodging, airfare, some registration fees, and some association dues.



Three districts' travel expenses decreased during fiscal year 2009. Only San Juan and Park City School districts' total travel expenses increased from fiscal year 2008 to 2009. As might be expected, total travel expenses have been higher for the two large school districts than for the three smaller districts in our sample.

Recent cost-cutting efforts include formally cutting the travel budget, not attending some national conferences, putting a soft freeze on travel, and instituting a more stringent review of travel requests.

- Salt Lake City School District cut its travel budget, cancelled its membership in the Council of the Great City Schools (CGCS), cancelled travel to the CGCS convention, and changed from paying hotel per diem to actual cost reimbursement.
- Granite School District's board chose not to attend the 2009 conference of the National School Boards Association and instituted a soft travel freeze for part of fiscal year 2008 and for fiscal year 2009. As part of the soft freeze, the district superintendent has reviewed travel requests during regular weekly meetings with assistant superintendents and financial staff with the goal of further reducing travel expenses.

Cost-cutting efforts have included cutting the travel budget, withdrawing from one association, and not attending multiple conferences in any one year.

- San Juan School District’s board chose not to travel, in the second half of fiscal year 2009 even though they had previously budgeted for the travel.
- Park City School District’s board cut the district travel budget by 15 percent for fiscal year 2010.

Superintendents’ and Boards’ Travel Costs Decreasing, And Total Travel Decreasing in Some Districts

In three of five surveyed districts, overall travel expenditures decreased from fiscal year 2008 to fiscal year 2009. Figure 2.2 shows travel expense data for the sampled school districts from fiscal years 2005 through 2009.

Figure 2.2 Travel Expenditures for the Superintendent and School Board Members Have Trended Downward In Four of Five Sampled Districts. (Fiscal Years 2005-2009). Travel expenditures include mileage, meal per diem, lodging, and airfare.

| District | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | Change FY 2008- 2009 |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------------|
| Administrative | N/A | N/A | 37,257 | 53,425 | 33,969 | -36% |
| All Others | N/A | N/A | 1,052,266 | 1,146,285 | 1,125,503 | -2% |
| Total Jordan | \$ 1,122,459 | \$ 1,091,981 | \$ 1,089,523 | \$ 1,199,710 | \$ 1,159,472 | -3% |
| Administrative | 50,530 | 60,221 | 60,910 | 55,564 | 29,252 | -47% |
| All Others | 850,967 | 1,007,580 | 1,160,295 | 1,245,851 | 1,153,908 | -7% |
| Total Granite | \$ 901,497 | \$ 1,067,801 | \$ 1,221,205 | \$ 1,301,415 | \$ 1,183,160 | -9% |
| Administrative | 26,936 | 19,064 | 31,913 | 19,942 | 10,786 | -46% |
| All Others | 653,599 | 702,678 | 629,887 | 672,102 | 680,607 | 1% |
| Total Salt Lake | \$ 680,535 | \$ 721,742 | \$ 661,800 | \$ 692,044 | \$ 691,393 | 0% |
| Administrative | 17,623 | 15,016 | 18,040 | 15,864 | 19,284 | 22% |
| All Others | 131,596 | 121,188 | 119,311 | 221,746 | 300,601 | 36% |
| Total Park City | \$ 149,219 | \$ 136,204 | \$ 137,351 | \$ 237,610 | \$ 319,885 | 35% |
| Administrative | 18,757 | 28,792 | 37,727 | 35,211 | 20,267 | -42% |
| All Others | 378,661 | 367,740 | 375,596 | 372,838 | 442,093 | 19% |
| Total San Juan | \$ 397,418 | \$ 396,532 | \$ 413,323 | \$ 408,049 | \$ 462,360 | 13% |

Note: Administrative includes travel expenses for the superintendent and school board members. Jordan School District’s detail information for FY 2005 and FY 2006 was not readily available due to a change in computer system in FY 2007 and the District division which caused all archived records to be placed in long-term storage.

In fiscal year 2009, school boards’ and superintendents’ travel expenditures decreased between 36 and 47 percent. Park City’s

increase in travel was due to the implementation and expansion of a classroom technology program.

Board Travel Is Relevant, Has Reduced Significantly Within the Last Year

Sampled school districts’ board members have attended multiple annual in-state and out-of-state association conferences. These conferences provide value to school boards, presenting information in relevant areas of interest such as education policy and governance. In addition to paying for transportation, lodging, and meal per diem expenses, districts pay annual membership fees and conference registration fees. Cost reductions are possible if school boards choose to participate in fewer out-of-state associations and their conferences. In fact, we found that sampled boards had already reduced association membership expenses and conference attendance expenses over the past three fiscal years.

Figure 2.3 Travel Expenditures for School Board Members Have Trended Downward (Fiscal Years 2007-2009). Travel expenditures include mileage, meal per diem, lodging, airfare, and registration.

| District | FY 2007 | FY 2008 | FY 2009 | Change FY 2008- 2009 |
|----------------|-----------|-----------|-----------|----------------------------|
| Jordan | \$ 30,936 | \$ 42,323 | \$ 22,348 | -47% |
| Granite | 36,324 | 41,257 | 19,653 | -52% |
| Salt Lake City | 26,117 | 16,342 | 9,373 | -43% |
| Park City | 14,179 | 9,852 | 11,502 | 17% |
| San Juan | 22,421 | 20,769 | 10,743 | -48% |

As Figure 2.3 shows, four of five sampled districts reduced school board travel expenses from fiscal year 2008 to 2009. The cost cuts were significant, ranging from 43 to 52 percent.

School Boards Have Reduced Attendance at Out-of-State Conferences

In fiscal year 2009, most school board members from the sampled districts have limited their conference attendance to one national conference that focuses on school board areas of interest. Prior to fiscal

year 2009, many board members attended multiple out-of-state conferences. This reduction in travel also reduces annual membership fees and dues that districts pay to attend conferences.

Our review of conference agendas indicates that conferences have focused on content relevant to the professional development of competent school boards. For example, “Data-Driven Decision Making,” “The Key Work of School Boards,” and “No Child Left Behind: Legal Implications” are a few session titles from a list of National School Boards Association (NSBA) 2010 conference handouts. Such sessions meet the USOE’s recommendation that school boards attend conferences that focus on governance and educational policy issues.

Sampled districts’ school board members attended a variety of educational conferences. For example, all of Jordan’s and Park City’s board members as well as four Salt Lake City board members went to the 2009 NSBA Conference held in San Diego, California. Other associations present conferences and other professional education opportunities each year. In addition to attending the NSBA conference, sampled school districts’ board members attended the following fiscal year 2009 out-of-state conferences:

- Five of seven Jordan District board members attended the National Federation of Urban-Suburban School Districts’ (NFUSSD) annual conference in Jacksonville, Florida.
- Six of seven Granite District board members attended the same NFUSSD conference.
- Two board members from Park City District attended the NSBA Technology and Learning Conference in Denver, Colorado.
- One or two of San Juan’s five board members each attended out-of-state conferences, including a National Association of Federally Impacted Schools conference in Washington, D.C. and a National Johnson-O’Malley Association conference in Seattle, Washington.

Some reduction in out-of-state conference attendance occurred in fiscal year 2009. For example, Granite’s and Salt Lake’s school board members reduced their attendance to one conference. Three of the

Board members in sample districts have attended annual conferences holding sessions dealing with governance and policy issues.

seven Salt Lake board members did not attend any out-of-state conferences in fiscal year 2009. In past years, members of sampled districts' school boards usually went to two or more out-of-state conferences. For example, in fiscal year 2008, six Granite's school board members attended two out-of-state conferences, NFUSSD in Charleston, West Virginia, and NSBA in Orlando, Florida.

Identifying membership dues paid to the educational associations was hampered because of accounting differences between districts as well as internal inconsistencies in where these dues were recorded. However, we found that in fiscal year 2009, Granite School District paid annual dues of \$3,000 to NFUSSD and San Juan District paid \$4,425 to the NSBA.

One District Has Cut Association Memberships to Save Money

In a budget-cutting measure, Salt Lake City School District dropped its membership in the Council of the Great City Schools (CGCS), an organization composed of 66 large city school districts. CGCS' mission is to promote the cause of urban schools and to advocate for inner-city students through legislation, research, and media relations. In fiscal year 2008, budget reductions led the district to stop paying dues and sending board members and the superintendent to the annual conference. As a result, the district will save approximately \$25,000 per year in association dues and about \$2,500 per conference attendee in travel costs. In our opinion, other school boards should also review the cost versus benefit of their out-of-state conference attendance to identify areas where budgets could be cut.

District policies do not specify how many associations districts may belong to or how many out-of-state conferences board members can attend. Those districts already cutting back on out-of-state conference travel provide examples other districts can emulate. Further, we found that the Utah State Board of Education does limit its board members to one out-of-state conference per calendar year. A state board member would need to get approval from two board committees to attend more than one out-of-state conference. Approval by the board's executive committee is also required for a board member to sit on a national committee and attend periodic scheduled committee meetings.

In light of current budgetary concerns, we believe that it is appropriate that membership in and travel to school board conferences should be reconsidered.

In-State Meetings Are Relevant, Appropriate

The most common in-state meetings and conferences for school boards found in district records were sponsored by the Utah School Boards Association (USBA), the state-level equivalent of the NSBA. Meetings are held on the Wasatch Front. Many Utah school board members attend the annual convention sponsored by the USBA. In addition, USBA provides new board members with pertinent training on their new duties and responsibilities and holds an annual leadership retreat for board officers as well as regional meetings and other professional development opportunities.

Occasionally, board members have attended more-specific, subject-related conferences. For example, board members from two surveyed school districts participated in a Utah Association for Supervision and Curriculum Development conference in recent years.

Surrounding states also have state-level school board associations with similar goals and activities, including advocacy for education. As in Utah, these associations also hold conferences and workshops to provide knowledge and tools to strengthen school boards' governance abilities.

Superintendent Travel Is Relevant and Has Reduced Recently

District superintendents travel to both in-state and out-of-state meetings and educational conferences. Events sponsored by both state-level and national educational associations present material that is directly related to the supervision and administration of school districts. Like school board members, most superintendents of sampled school districts have begun reducing their travel because of increasingly tightening budgets, as can be seen in Figure 2.4.

The USBA provides multiple in-state training events that provide useful professional development opportunities.

Figure 2.4 Travel Expenditures for District Superintendents Have Trended Downward (Fiscal Years 2007- 2009). Travel expenditures include mileage, meal per diem, lodging, airfare, and registration.

| District | FY 2007 | FY 2008 | FY 2009 | Change FY 2008- 2009 |
|----------------|----------|-----------|-----------|----------------------------|
| Jordan | \$ 6,321 | \$ 11,102 | \$ 11,621 | 5% |
| Granite | 24,586 | 14,307 | 9,599 | -33% |
| Salt Lake City | 5,796 | 3,600 | 1,413 | -61% |
| Park City | 3,861 | 6,012 | 7,782 | 29% |
| San Juan | 15,306 | 14,442 | 9,524 | -34% |

As Figure 2.4 shows, three of five sampled districts’ superintendents reduced travel expenses from fiscal years 2008 to 2009. The cost cuts ranged from 33 to 61 percent. The travel reductions will be discussed in the following material.

Superintendents’ Out-of-State Conference Travel Is Relevant

Some superintendents in our sampled school districts attend two to three out-of-state conferences per year. Conferences and meetings are sponsored by national educational conferences tailored to school district administrators and sometimes school boards. We reviewed conference agendas, mission statements, and meeting schedules to determine the purpose of the trips to national conferences. In our opinion, conference content appears to be work-related.

Some superintendents serve on the boards of the conference-sponsoring organizations. As a result, they travel more frequently to meet their responsibilities as board members. In some cases, travel expenses are paid by the organizations. For example, as an association board member, Jordan’s superintendent travels to quarterly NFUSSD board meetings. Most of his expenses are paid by NFUSSD, while the district pays his remaining incidental expenses, such as ground transportation and airport parking.

In-State Conferences Usually Involve the Utah School Superintendents' Association

School district superintendents typically attend a conference sponsored by the Utah School Superintendents' Association (USSA). In addition, we found that superintendents usually accompany school board members to board conferences and other events, including training. Thus, district superintendents typically participate in the USBA as well as the USSA.

Depending on the event scheduled by the USBA, districts pay registration fees for superintendents and board members to attend. The majority of meetings or events is held on the Wasatch Front and usually involves minimal costs to Wasatch Front school districts. Superintendents traveling from other parts of the state, however, will likely incur mileage, lodging, and per diem expenses to attend.

Chinese Bridge Delegation Program Should Be Reconsidered

Legislators specifically asked about travel costs for districts staff travel to China. Approximately one-third of trip expenses are paid by the school district, with Hanban, the Chinese government agency coordinating this program, picking up about two-thirds of the cost. Hanban provided round-trip international airfare, travel costs in China, lodging, group meals, tour guides, and admission tickets. Though a portion of trip costs is paid by Hanban, school districts should consider foregoing the trips until school budgets improve.

The Chinese Bridge Delegation Program started in 2006 and takes place annually in the summer. In 2009, a winter delegation was also organized. The weeklong program was set up “for educators to strengthen their institution’s Chinese programs and partnerships.” The College Board, the American agency coordinating this travel program, indicates that the trips are tailored to the needs of schools and districts already teaching Chinese. The total number of Utah delegates is shown in Figure 2.5.

The China trips are primarily intended for school personnel in existing Chinese language programs.

Figure 2.5 Delegates from Utah and All Other States in the Chinese Bridge Delegation Program. Utah over-participates in the program, sending between 9 and 12 percent of total delegates from all states. (Calendar Years 2008 to 2010)

| Organizations | Number of Delegates | | | | Total |
|--|---------------------|-----------------------|------------|----------------|------------|
| | 2008 Summer | 2009 Summer Winter | | 2010 Summer | |
| K-12 Educators | 33 | 27 | 36 | 37 | 133 |
| USOE Staff | 3 | 4 | 4 | 3 | 14 |
| Charter Schools Educators | 0 | 0 | 2 | 0 | 2 |
| Higher Education Educators | 0 | 6 | 4 | 0 | 10 |
| Total Utah Delegates | 36 | 37 | 46 | 40 | 159 |
| Delegates from U.S. | 392 | 376 | 386 | 390 | 1544 |
| Utah Delegates as a Percentage of All Delegates | 9% | 10% | 12% | 10% | 10% |

Note: Data provided by the College Board.

Since 2008, 159 Utah educators from school districts, in descending order of delegates, (Davis, Granite, Canyons, Jordan, Nebo, Murray, Salt Lake City, Provo, Park City, Cache, and Weber), the State Office of Education, higher education, and charter schools have participated in the program. These educators were largely foreign language teachers, school principals, curriculum specialists, and USOE language program staff. In 2009, 762 delegates were sent by 40 states for an average of 19 delegates per state, while Utah sent 83 delegates.

Costs to the school district (or USOE) include a \$900 registration fee for the summer program and \$450 for the winter program plus cost of airfare to the port of departure. Two sampled districts paid some additional costs in the summer of 2009. Granite School District paid \$490 for one night's hotel and per diem for two staff the night before departure to China. Salt Lake City School District paid meal per diem to its single traveler, even though group meals were provided while travelers were in China. The other surveyed districts did not pay per diem to their travelers while they were in China. Because of travel budget cuts, Salt Lake City District changed its reimbursement practices for the winter, 2009 trip and paid neither meal per diem nor airfare to the port city for three travelers. The Salt Lake City district required the 2009 traveler to repay the \$1,034 meal per diem which was paid in error. The traveler repaid the district on August 13, 2009.

In 2009, the sampled school districts covered about 27 percent of the \$4,100 total estimated trip costs for each Utah participant. Using the sampled district estimate, we calculated the total cost to the State of Utah was about \$90,000 for the 83 educators (\$54,000 for registration fees and \$36,000 for airfare, per diem, and lodging). Because of tight budget times, we recommend that attendance in this program be cut back, at least temporarily.

Recommendations

1. We recommend that school districts review their number and type of association memberships and determine if continued involvement is appropriate in light of budget cuts.
2. We recommend that school districts and USOE review their involvement in the Chinese Bridge Delegation travel program.

In 2009, the cost to the State of Utah was about \$90,000 for 83 educators to go on the Chinese Bridge Delegation Program.

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Chapter III

District Reporting of Travel Expenses To USOE Should Be Improved

School districts' travel expenditures reported to the Utah State Office of Education (USOE) do not always include all major travel cost components. The USOE should take the lead in clarifying the specific travel data components required by the National Center for Education Statistics (NCES), then provide guidance to school districts to ensure consistent, accurate accounting and reporting of their travel expenditures. The USOE compiles information received from districts and generates year-end reports to NCES. The data are also available on the USOE web site for use by policy makers and the public. With correct data, the travel expense line item could allow policy makers, the public, and districts to monitor travel expenses each year and make year-to-year comparisons within and among districts.

Travel expenditure data that does not account for all components of travel expense may result in poor budget decisions, unreliable district-to-district comparisons, and incorrect reporting to the NCES. Some specific concerns we identified include:

- Incorrectly excluding mileage reimbursement expenses from travel costs
- Inconsistently recording conference registration fees, sometimes registration fees are included in the travel code, other times, the fees are not included in travel
- Incorrectly including association membership dues in travel instead of in the appropriate account code for "Dues and Fees"

Travel Data Reporting Is Inconsistent, Some Errors Were Found

Sampled school districts differ in the data included as travel expense for the federally required Annual Program Report (APR). As a result of differences, inconsistencies, and errors, district travel data reported to USOE on the APR has reduced usefulness. Overreporting of travel costs has been as high as \$592,000 in one year, while

Some districts overreport travel expenditures while others underreport. Useful comparisons cannot be made because of the lack of consistency.

underreporting has been as much as \$525,000. As a percentage of adjusted actual travel budgets, reported expenses have varied between 63 percent and 149 percent.

Travel expense is a line item on the APR report that can provide valuable information to policy makers, districts, and the public, if the data reported by the districts is complete and correct. District comparisons should be easily made using the APR reports. However, because the data are incomplete, inconsistent, and inaccurate, comparisons would not be helpful.

As noted in Chapter I, the Internal Revenue Service (IRS) includes transportation (such as vehicle mileage and airfare), meals and lodging, and other similar ordinary and necessary expenses in its definition of business travel. The NCES definition agrees with the IRS definitions. However, based on accounting records we examined, most of the sampled districts do not apply the same definition. For example, just three of five sampled school districts included mileage reimbursement as a travel expense, and two excluded conference registration fees.

Travel Expenses Reported To USOE Are Inconsistent

The cost components used by school districts to identify actual travel cost on the state APR report vary among districts. In some cases, a significant part of normally recognized travel expense may be included in other nonrelated expense categories. Figure 3.1 indicates the differences in the expenses included in travel by each of the sampled school districts.

Figure 3.1 Districts Vary in the Travel Expense Components Reported to USOE on the APR. Mileage reimbursement and conference registration fees have been reported inconsistently as part of travel by sampled districts.

| Travel Component | Jordan | Granite | Salt Lake City | Park City | San Juan |
|------------------|--------|---------|----------------|-----------|----------|
| Meal Per Diem | X | X | X | X | X |
| Airfare | X | X | X | X | X |
| Lodging | X | X | X | X | X |
| Mileage | X | | X | | X |
| Conference Fees | Some | | X | X | X |

Figure 3.1 shows there are three travel components that all five sampled school districts report consistently. However, other components are not handled consistently by all districts. For example, only three of the five sampled districts included mileage reimbursement within total travel expenses. This cost is a significant component of travel in some districts ranging from 9-49 percent of total travel expense in reviewed districts. Inconsistent inclusion or exclusion of mileage reimbursement expense can significantly affect total reported travel cost and reduce the usability of travel data in district-to-district comparisons. Appendix B provides a chart that depicts the sample districts’ mileage reimbursement as a component of total travel.

Conference registration fees are another inconsistently handled expense. Only three of the five sampled districts include these costs with total travel costs. In our opinion, conference registration fees are a component of travel expenses because without the conference, the employee would not be making the trip.

We also identified incorrect reporting for two other travel-related expenditures—association dues/fees and student expenses. Two sampled districts incorrectly report annual association membership dues as part of travel expense, while other districts correctly record these expenses in account 810, “Dues and Fees.” USOE’s chart of accounts describes code 810 as “expenditures for membership in professional or other organizations or associations.” One district included \$105,000 of student travel expenses, (19% overreported) although the USOE has designated a different object code for student travel.

The primary reason for underreporting travel expenses is the exclusion of mileage reimbursement expenses. The reported association membership dues included by two of the five districts and inclusion of some student transportation expenses by San Juan District also contributed to the needed adjustments. For information on all districts, see Appendix C.

USOE Should Provide Better Direction to Districts on Recording and Reporting Travel

Guidance on the reporting of travel expenses and standardizing account coding is needed to remedy current inconsistencies in travel expense reporting. The USOE needs to clarify what travel data NCES wants included, then provide clear direction to districts to improve accuracy and consistency of reporting travel expenses on the APR. The expenses that should be included can be determined from several sources, including the USOE's chart of accounts, federal agencies' guidelines, and the State Travel Office. USOE needs to work with the NCES and school districts to standardize included expenses. Accounting and reporting standards should then be developed by the USOE to ensure accuracy and consistency for all districts' data.

As an example, the IRS and NCES count transportation costs, including mileage, as part of travel, as does the State Travel Office. Given this guidance, mileage reimbursement expense should be included in districts' reported travel expenses. Currently, just three of the sampled districts include mileage with other travel costs.

In addition, expense coding errors need to be addressed. We found reporting errors caused by differences between districts' and the USOE's account codes. These errors reinforce the need for standardized account coding. As examples, in fiscal year 2008, Jordan School District, due to a reporting error, reported just under \$600,000 in bond and other expenses as travel. The same year, Park City mistakenly reported just over \$330,000 in other expenses in the travel category.

Recording of association membership dues is also treated inconsistently among districts. Even within districts, annual

The chart of accounts gives a school district the ability to accurately and effectively report on its financial activities and be able to compare data with other school districts within the state.

membership fees may be included within travel or accounted for elsewhere. The USOE's Chart of Accounts provides guidance in this case, indicating that "expenditures or assessments for membership in professional or other organizations or associations" should not be included within travel expenses.

Recommendations

1. We recommend that USOE provide direction to districts regarding which travel categories and components to include in the travel line item on the APR report in accordance with NCES reporting categories and classifications.
2. We recommend that USOE provide more explanation of the travel codes found in the chart of accounts.

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Appendices

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Appendix A

Information on Select Associations

Fiscal Year 2009

| Association Name | Acronym | Utah Members 2009 | Annual Dues | How Membership Dues are Calculated | Dues Paid by All Utah Districts |
|---|---------|-------------------------------|------------------|---|---------------------------------|
| District Memberships in National Associations | | | | | |
| Council of the Great City Schools | CGCS | 0 (one former member) | N/A | N/A | N/A |
| National Federation of Urban-Suburban School Districts | NFUSSD | 4 districts | \$3,000 | N/A | \$12,000 |
| National School Boards Association | NSBA | Utah School Board Association | 23,394 (FY 2011) | By number of pupils, per capita income, and state assoc. revenues | 23,394 (FY 2011) |
| District Memberships in State Associations | | | | | |
| Utah School Boards Association | USBA | 40 districts | 1,101 to 15,000 | \$1,000 base and 65 cents per student. \$15,000 max. | 239,389 |
| Utah School Superintendent Association | USSA | 40 districts | 1,259 to 5,906 | \$1,250 base and 6 cents per student | 80,000 |
| Individual Memberships in State Associations | | | | | |
| Utah Association of Elementary School Principals | UAESP | 530 principals or asst. prin. | 125 | N/A | 66,250 * |
| Utah Association of Secondary School Principals | UASSP | 524 principals or asst. prin. | 135 | N/A | 70,216 * |
| Utah Association for Supervision and Curriculum Development | UASCD | N/A | 45 | N/A | N/A |
| Student Memberships in National Associations | | | | | |
| Distributive Education Clubs of America | DECA | 1,626 students | N/A | N/A | ** |
| Family, Career, and Community Leaders of America | FCCLA | N/A | N/A | N/A | ** |
| School Memberships in State Associations | | | | | |
| Utah High Schools Activities Association | UHSAA | 134 schools | N/A | \$500 base and \$40 for each activity/sport. | 72,360 *** |

*Association dues can be paid by the district, school, or individual. The amount shown assumes districts paid the dues for all the members shown.

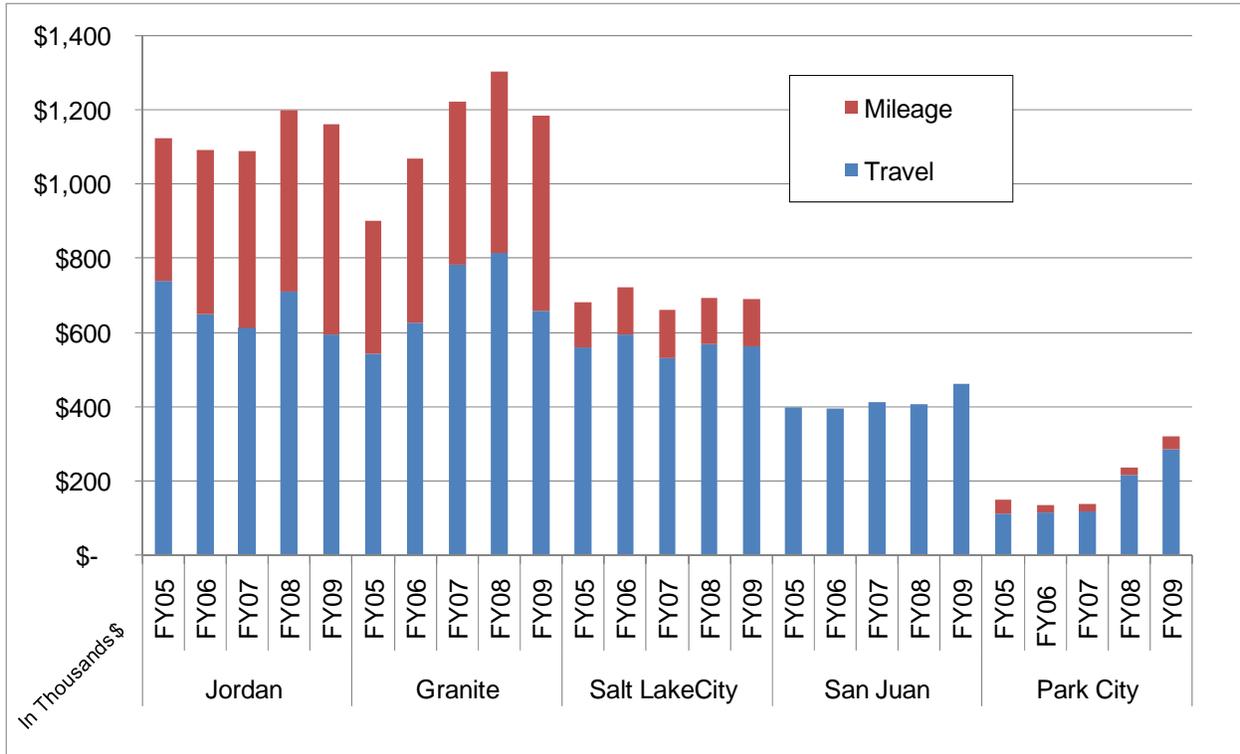
**Districts usually do not pay membership fees for student organizations.

***This is an auditor estimate based on each of the 134 schools paying the \$500 base fee and \$40 for 20 activities.

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Appendix B

Detail of Mileage and Travel for Select Districts Fiscal Years 2005 -2009



Notes:

Detail between mileage and other travel costs was not available from San Juan District so total travel expenses are reported. However, the business manager told us that mileage makes up about 50 percent of the total travel cost.

Mileage reimbursement includes not only in-state travel for conferences and meetings that might provide some professional development credit, but also trips within the district as required by an employee's job responsibilities.

For the four districts for which we could isolate mileage costs, mileage ranged from 9 to 49 percent of total travel costs.

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Appendix C

District Reported Travel Expenditures on APR

| DISTRICT | FY 2005 | FY 2006 | FY 2007 | FY 2008 | FY 2009 | Change from | Change from |
|--------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| | | | | | | FY 2005 to FY 2009 | FY 2008 to FY 2009 |
| ALPINE | \$ 272,239 | \$ 275,508 | \$ 287,599 | \$ 368,559 | \$ 397,716 | 46% | 8% |
| BEAVER | 100,924 | 64,910 | 31,233 | 109,334 | 65,249 | -35% | -40% |
| BOX ELDER | 253,527 | 276,099 | 279,649 | 295,712 | 300,319 | 18% | 2% |
| CACHE | 312,870 | 278,266 | 325,500 | 445,416 | 1,340,147 | 328% | 201% |
| CARBON | 310,795 | 295,098 | 297,777 | 253,108 | 177,792 | -43% | -30% |
| DAGGETT | 22,952 | 24,211 | 26,626 | 45,944 | 44,675 | 95% | -3% |
| DAVIS | 920,217 | 1,210,677 | 1,186,007 | 1,287,038 | 1,420,328 | 54% | 10% |
| DUCHESNE | 257,208 | 253,298 | 264,737 | 487,602 | 442,534 | 72% | -9% |
| EMERY | 56,162 | 67,947 | 63,152 | 129,286 | 93,954 | 67% | -27% |
| GARFIELD | - | 154,143 | 109,137 | 148,982 | 138,785 | | -7% |
| GRAND | 30,911 | 39,287 | 27,920 | 31,755 | 68,806 | 123% | 117% |
| GRANITE | 542,213 | 626,852 | 783,653 | 815,761 | 657,968 | 21% | -19% |
| IRON | 254,225 | 264,298 | 296,683 | 341,322 | 275,024 | 8% | -19% |
| JORDAN | 1,122,459 | 1,091,981 | 1,218,799 | 1,791,505 | 1,159,472 | 3% | -35% |
| JUAB | 86,317 | 84,559 | 94,112 | 99,094 | 78,450 | -9% | -21% |
| KANE | 60,094 | 49,666 | 71,632 | 60,913 | 50,191 | -16% | -18% |
| LOGAN | 108,151 | 285,950 | 256,125 | 106,973 | 204,016 | 89% | 91% |
| MILLARD | 186,654 | 157,240 | 181,428 | 171,732 | 191,665 | 3% | 12% |
| MORGAN | 12,960 | 17,549 | 37,432 | 34,194 | 155,007 | 1096% | 353% |
| MURRAY | 94,994 | 73,013 | 78,587 | 99,564 | 90,516 | -5% | -9% |
| NEBO | 674,241 | 610,208 | 768,511 | 1,016,600 | 923,005 | 37% | -9% |
| NO. SANPETE | 122,694 | 108,668 | 126,185 | 122,844 | 84,164 | -31% | -31% |
| NO. SUMMIT | 62,810 | 87,036 | 65,729 | 58,012 | 47,747 | -24% | -18% |
| OGDEN | 423,944 | 521,312 | 505,826 | 374,378 | 454,908 | 7% | 22% |
| PARK CITY | 186,610 | 188,324 | 192,699 | 570,437 | 144,324 | -23% | -75% |
| PIUTE | 57,019 | 91,759 | 61,505 | 62,729 | 39,905 | -30% | -36% |
| PROVO | 490,786 | 499,335 | 569,580 | 1,502,659 | 459,506 | -6% | -69% |
| RICH | 24,233 | 34,333 | 97,655 | 29,745 | 32,181 | 33% | 8% |
| SALT LAKE | 716,112 | 613,997 | 671,631 | 732,718 | 708,944 | -1% | -3% |
| SAN JUAN | 482,579 | 419,336 | 499,345 | 535,265 | 568,207 | 18% | 6% |
| SEVIER | 189,476 | 187,801 | 226,228 | 454,667 | 286,838 | 51% | -37% |
| SO. SANPETE | 32,608 | 17,671 | 22,552 | 43,383 | 48,033 | 47% | 11% |
| SO. SUMMIT | 98,030 | 98,976 | 108,622 | 123,645 | 78,727 | -20% | -36% |
| TINTIC | - | 16,135 | 13,939 | 44,152 | 25,227 | | -43% |
| TOOELE | 335,377 | 179,844 | 242,654 | 488,163 | 541,699 | 62% | 11% |
| UINTAH | 381,023 | 332,556 | 77,343 | 545,973 | 491,061 | 29% | -10% |
| WASATCH | 94,787 | 107,116 | 122,035 | 143,299 | 130,981 | 38% | -9% |
| WASHINGTON | 680,033 | 715,406 | 755,425 | 1,031,139 | 962,231 | 41% | -7% |
| WAYNE | 39,348 | 29,339 | 17,621 | 38,330 | 30,223 | -23% | -21% |
| WEBER | 429,151 | 439,521 | 1,058,678 | 1,103,369 | 1,176,267 | 174% | 7% |
| TOTAL | \$ 10,526,733 | \$ 10,889,224 | \$ 12,121,552 | \$ 16,145,301 | \$ 14,586,792 | 39% | -10% |

Notes: The travel expenditures reported in this figure were self-reported by districts on the Annual Program Report (APR) submitted to USOE. USOE compiles this self-reported data and reports it to the NCES and posts it on the USOE web site. For comparison purposes, OLAG auditors computed the percentage changes in the last two columns. San Juan, Jordan, and Park City expenditures were overstated in FY 2008. See page 20 for further detail.

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Agency Response

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September 1, 2010

John M. Schaff
Auditor General
W315 State Capitol Complex
Salt Lake City, UT 84114

Dear Mr. Schaff:

Thank you for allowing a review of the exposure draft of A Performance Audit of School District Travel Accountability (Report No. 2010-12). The Utah State Office of Education (USOE) agrees with the recommendations of the audit. USOE is committed to improving its efforts in collecting, analyzing and reporting school district fiscal information in a way that is consistent and relevant for assessment and comparative analysis. The audit provided a very good review of travel practices within school districts reporting within the Annual Program Reports.

USOE will incorporate the audit recommendations as follows:

- USOE will review its participation in the Chinese Bridge Delegation to assure participation is aligned with legislative priority and benefit for Utah's school children.
- USOE has hired additional audit support for review of school district and charter school financial reporting. More direction will be given to audit work of AFR and APR reporting and provide greater clarification of reporting definitions and consistency.
- USOE will encourage school districts to more accurately account for travel expenditures in accordance with NCES reporting categories and classifications.

Thank you again for this opportunity to comment on the audit and for the professional manner of your audit staff in researching and recommending process improvements.

Sincerely,



Larry K. Shumway, Ed.D.
State Superintendent of Public Instruction