May 16, 1995
ILR 95-C

Representative Martin Stephens
Utah House of Representatives
State Capitol Building
Salt Lake City, UT 84114

Subject: Agency Sponsored Retreats

Dear Representative Stephens:

At your request, we have completed a review of the costs incurred by the state for the Attorney General (Litigation Division) and Risk Management retreat held October 20 and 21, 1993 at Bear Lake resort. Specifically, you asked how much the retreat cost, how many employees participated, why the retreat was held, how the site was chosen, whether mileage was paid to participants, and how much the lodging cost. Also, after discussions with you we have included information in this report about retreats sponsored by other state agencies and potential cost reductions that may occur if the state Legislature took more aggressive action to control the frequency of and costs associated with retreats.

We believe an examination of agency sponsored retreats is timely because of the vastly different costs associated with various retreats and the fact that retreats are being held frequently in resorts throughout the state. For purposes of this review we have defined a retreat as any training seminar, conference, or staff meeting held at a resort location (e.g., Park City, Bear Lake, St. George) where the majority of the attendees are residents of the Salt Lake City area and are state or public employees. Our sample of retreats indicated that there are major differences in the costs depending on the resort selected or time of year, the number of meals provided, travel cost control, distance from the Wasatch Front, and participant sharing of rooms. For example, some state agencies held one-day (no overnight stay) retreats and only provided participants a meeting room and a lunch. However, other agencies held retreats of one or more days where the attendees stayed overnight and were provided several meals (some exceeded the state travel allowance) and travel expenses. The state has no policy regarding retreats and state agencies are not required to exercise cost controls. In our opinion the only existing control is the agency's ability to pay for the retreat.

Some of the justifications provided by state agency officials for retreats include: the evening activities can help improve relationships between staff or build unity, the intensity of the training requires evening work, and the staff can focus on the meeting better by being away from the disruptions of the office. We agree that there are some occasions that may justify a retreat meeting, but many of the retreat meetings we sampled were held regularly (year after year) or in our opinion did not appear to require an out-of-town retreat. Since there is no state policy restricting or controlling retreat training it was meaningless for us to attempt to verify the justification of any of the meetings.

Our review of the Attorney General and Risk Management retreat found that the overall cost was $2,489 or $63.82 for each of the 39 employees who attended. The costs included travel to and from the resort, meals, two night's lodging, and incidental expenses at the resort. The retreat was held in order to train employees on new case law and various legal issues and help the two agencies learn to work together more effectively. Bear Lake was chosen for the retreat because the lodging was inexpensive. Ten-and-one-half hours of training were provided. The overall cost of the retreat was below state per diem rates and was one of the lower cost retreats held in the state. Although the costs were low, significant additional cost reductions could have occurred if the training had been held locally, thereby eliminating lodging and travel expenses.

Current reporting practices make it difficult to determine the total amount of state funds spent on retreat training and meetings. Using the best information available, we estimate that over a seven-month period (from July 1, 1994 to February 1, 1995) more than $305,000 of state and federal money was spent on retreats held in state for state agencies and public officials. Using our sample, we estimated that 40 percent of the total costs could be eliminated if retreats were held in the city where most participants worked and lodging was limited to participants who had to travel more than 50 miles. Also, additional reductions of as much as 10 percent would result by reducing travel and meal costs.

In this report we will examine three areas of concern: the questions you had regarding the Attorney General and Risk Management retreat, the lack of control over all retreats, and the reduction and control of retreat training costs by the State Travel Office.

Attorney General and Risk Management Retreat Costs Were Low

Our review of the Attorney General and Risk Management retreat found that the overall cost of the retreat was below the state per diem rate. Several money-saving techniques were used to keep the costs of the retreat low. However, significant additional costs would have been eliminated if the training had been held locally and no lodging paid unless employees lived more than 50 miles from the location of the meeting. This practice would also eliminate the need for many meal reimbursements and travel costs.

We reviewed records in the Division of Finance, Attorney General's Office, and Risk Management Office and determined that the total cost of the retreat was $2,489. Risk Management sponsored the retreat and paid most of the cost. Thirty-nine employees attended, eight from the Claims Adjustors Section of the Risk Management Office and 31 from the Litigation Division of the Attorney General's Office. However, only 32 employees stayed over night. Attendance for the Risk Management employees was approved before the retreat because Risk Management sponsored the retreat. Attendance by the Attorney General employees was approved by the Litigation Division Chief. The average cost per employee for the entire retreat was $63.82, which is low compared to the maximum per diem allowance of $142 per employee. This included travel to and from the resort, two night's lodging, six meals, and two days of training. Specifically, the expenses totaled $565 for travel expenses which included the rental of three state vans and the use of three state vehicles, $594 for lodging, $1,214 for meals, and $116 for use of the conference room and other incidentals at the site.

The retreat started at 9:00 a.m. on Wednesday, October 20, 1993 and ended at 2:45 p.m. on October 21, 1993, providing 10.5 hours of training. According to the State Risk Manager, there were several reasons for going out of town for this retreat. First, the meetings were held in order to train employees on new case law and various legal issues. Second, it allowed the participants to get away from their day-to-day activities and disruptions, thus allowing them to concentrate fully on the training. Third, it allowed the adjusters and attorneys to get to know each other on a personal basis and build relationships so they could work together more efficiently. The three reasons given for this retreat justify training but not necessarily overnight, out-of-town training. If the same training had been offered at a local hotel meeting room, it would have allowed the participants to train away from the day-to-day disruptions of their offices. In our opinion, only the third reason (to build a working relationship) appears to justify an overnight, out-of-town training. However, it does not appear that the group was building a working relationship in the evening because there was no structured evening meal or planned activity that would bring the entire group together. Consequently, the benefit of staying overnight as a group is not clear.

We have two concerns regarding retreats. First, we are concerned when evening meals or activities are not structured to bring the group together to enable team building. Second, we are concerned with the number of agencies that feel they need to schedule an overnight training retreat every year. In our opinion it only may be necessary for an agency to schedule an overnight training retreat every few years to build a strong working relationship.

The per person cost of the Attorney General and Risk Management retreat was lower than the standard state per diem because the retreat planners planned ahead and made deliberate choices to keep the costs of the retreat low. Five money-saving techniques were used to keep the costs of the retreat low. Figure I shows the actual expenses of the retreat compared to the state per diem rates.

Figure I
Actual Expenses Compared to State Per Diem Rates

Expense Category	Actual Expense	State Per Diem	Difference
Lodging	$ 594	$ 2,880	$ 2,286
Travel/Mileage	565	3,159	2,594
Meals	1,214	1,664	450
Miscellaneous	116		(116)
Total	$ 2,489	$ 7,703	$ 5,214

As Figure I shows the total cost of the retreat was $2,489. There were five money-saving techniques used to keep this cost as low as possible. First, the major reason for the low overall cost of the retreat was that the group stayed at Bear Lake in the middle of October which is considered "off season." Also, a state employee owned a timeshare and was able to rent several condominiums for a minimal fee. The group rented six condominiums for $20 per night for three nights per condominium and a transfer fee of $234. Five or six employees stayed together in each condominium. According to the timeshare owner, sharing condominiums appeared to work well because each condominium had several sleeping areas: one or two bedrooms, living rooms with fold-out beds, and lofts with beds. No one was asked to share a bed. The total lodging expense for 32 employees was $594 or an average of $9.28 per employee per night. This resulted in a savings of $2,286 below what the state allowance would have justified.

The second money-saving technique was that the group traveled to the resort together in three state-owned vans and three state cars instead of being paid mileage. Only one employee who went up early to take the food was paid mileage. The total travel cost was $564.55. If all employees had driven to the resort in their personal vehicles and claimed mileage, the cost would have been $3,159. By driving to the resort together the group saved $2,594. A memo was sent to each attorney stating that if employees chose to drive their own vehicles they would not be reimbursed for mileage. Consequently, it appears most attendees traveled together in the state vans, state cars, or absorbed the travel cost themselves.

The group also saved money by providing breakfasts and lunches for participants and only reimbursing actual expenses for dinners instead of paying the state per diem. Two breakfasts and two lunches were provided at a total cost of $685.95 or $4.40 per meal per employee. Employees were on their own for dinner and were reimbursed for the actual cost of the dinners. The dinner reimbursement was $528.57 or $13.55 per employee for two evening meals. The total cost for all meals was $1,214, resulting in a savings of $450 below the state allowance.

We commend the organizers of this retreat for keeping the state costs far below the maximum state allowance rates. This retreat cost about $64 per participant which is significantly lower than the average overnight retreat cost of $82 per participant in the sample of 13 overnight retreats tested during this audit. Although the retreat costs were reasonable, we believe even more costs could have been eliminated if the training had been held locally. If the retreat had been held at a Salt Lake City hotel meeting room, employees could have gone home each evening, thus eliminating lodging expenses. It would also have eliminated part of the meal expense and all of the travel expended plus a two-and-one-half hour drive each way for each participant. If the retreat had been held locally and breakfast, lunches, and break food were provided by Risk Management, the cost would have been only $686 or $17.59 per employee, a 72 percent savings. The next section identifies the need for policies and controls over retreats.

State Does Not Control Agency Retreats

There are no state policies or controls over the frequency of and costs associated with retreats. Agencies hold retreats based on their budgets and preferences. Consequently, additional costs may be incurred that may not be justified. Of the retreats we reviewed, most were annual retreats or meetings. Specifically, we found examples where overnight lodging expenses were incurred for employees who lived within a short distance from the training location and the overnight stay may not have been necessary. We are more concerned about retreats that require state employees and public officials to travel long distances (e.g., St. George or Wendover, Nevada) where there is no added benefit to offset the additional costs. In our opinion, many retreat lodging expenses would be unnecessary if the meetings were held closer to Salt Lake City. Second, additional mileage expenses may have been incurred because of where the meeting was held. Third, meals for some meetings cost more than the state per diem and many of the meals may have been unnecessary if local attendees had not stayed overnight.

Since there is no state policy that addresses when retreat participants can stay overnight, agencies have vastly different practices regarding overnight stays. Some agencies lodge all attendees at the retreat hotel in individual rooms while other agencies require their participants to share rooms. Still others have a policy of reimbursing overnight hotel stays only to those who travel more than 50 miles. If attendees travel less than 50 miles, they must drive to and from the meetings each day.

Travel to and from the resort is also uncontrolled; some agencies require all staff to travel in groups in state vehicles, while others simply reimburse each participant for mileage. Some agencies restrict retreat training to nearby areas such as Park City and others schedule training in places such as St. George. The latter practice can be very expensive and unnecessary.

Finally, state agencies lack direction on meal reimbursement for retreat training. Some agencies schedule meals with no regard to the maximum state allowance while others require employees to stay within the allowable rate. It appears that still other agencies try to stay well below the allowable rates by controlling some of the meals and breaks; for example they may purchase snacks for the breaks and offer continental breakfasts rather than pay the state breakfast allowance.

Consequently, state agencies have very different practices regarding retreats and these practices can greatly influence the cost of the training or meetings. In our opinion, state agencies make policy decisions regarding retreat training based upon the amount of unobligated funds available in their budget.

Several western states we contacted are like Utah and have no policies or controls for retreats. However, some require that the meeting costs stay within state per diem rates. One western state owns a hotel and all retreats and meetings are held in this hotel, thereby saving the state money. Two southern states do not allow agencies to hold retreats or to pay for hotel meeting rooms. These two states require that their agencies use state-owned facilities for all meetings.

Most retreats we reviewed involved employees from the Wasatch Front area; Park City was the most popular retreat location. We sampled 15 retreat meetings held between September 1993 and December 1994 to estimate the cost savings that might occur if attendees living within 50 miles were not lodged overnight. The following figure shows the training location, number of attendees, and potential cost savings for the 15 retreats.

Figure II
Comparison of Actual Cost to Estimated Cost if Held Locally

Agency	Destination	Date	# Of Attendees	Actual Cost	Local Cost	Savings	
A	Snowbird	Sept. 15 - 16, 1994	517	$ 34,950	$ 26,746	$ 8,204	(b)
B	Park City	Oct. 4 - 5, 1994	486	40,299	24,752	15,547	(a,b)
C	Park City	June 20 - 22, 1994	80	7,654	7,349	305	(a)
D	Homestead	Sept. 8 - 9, 1994	162	12,542	6,209	6,333	(b)
E	Homestead	Sept. 23 - 24, 1993	148	11,498	4,994	6,504	
F	Park City	Dec. 2 - 3, 1994	107	6,273	2,714	3,559	(a,b)
G	St. George	Jan. 5 - 7, 1994	28	9,445	1,969	7,476	
H	Homestead	May 16 - 17, 1994	35	2,361	1,317	1,044	
I	Park City	July 8 - 9, 1994	14	2,138	1,220	918	
J	Bear Lake	Oct. 20 - 21, 1993	39	2,489	686	1,803	
K	Wendover, NV	Jan 19 - 21, 1994	11	2,409	1,010	1,399	
L	Park City	Aug. 9 - 10, 1994	22	2,866	1,121	1,745	
M	Homestead	May 17 - 18, 1994	18	2,128	846	1,282	
N	Alta Peruvian Lodge	Nov. 4, 1994	36	551	551	0	(b,c)
O	Park City	Aug. 30, 1994	234	6,079	6,079	0	(b,c)
Total			1,937	$ 143,680	$ 87,563	$ 56,117	

(a) Federal Funds
(b) Calculation of mileage cost was not feasible. There would be even more savings if mileage was included.
(c) No overnight stay

Figure II shows that significant cost reductions could occur if controls were implemented requiring agencies to hold most training locally and restrict overnight stays to individuals traveling more than 50 miles to the training or meeting. The total cost for the 15 retreat meetings reported above is $143,680 and the cost reductions (if the meetings were held locally) amount to $56,117 or about 39 percent of the total costs. One example from Figure II is agency "B", which spent $40,298 to provide seven-and-one-half hours of training to 486 state employees and public officials in Park City, Utah. The meeting was set up so that there were four hours of training the first day and three-and-one-half hours the second day. Each participant was lodged overnight in a separate room and the average cost of this retreat was $82.92 per participant. A large number of the participants came from the Salt Lake City area; if the meeting had been held locally or participants living within 50 miles had not been given lodging, then cost reductions would have been $15,547. In our opinion, this conference would have better served the taxpayers if the training had been provided in one day instead of two half days, thereby eliminating the cost of an overnight stay and additional meal charges.

We compared this training to agency "A" in the above figure; it spent $34,950 to provide 11 hours of training to 517 state employees from around the state at Snowbird, Utah. The average cost of this retreat was $67.60 per participant. One of the primary reasons the average cost of this retreat was significantly lower than for that of agency "B" is that only attendees who had traveled more than 50 miles one way were allowed to stay overnight. In addition, in order to cut costs, two people had to share a room. If attendees preferred separate rooms, they had to pay the difference. This agency has written policies stating that only attendees who travel more than 50 miles one way can be reimbursed for in-state lodging. The meeting planner felt she could cut the cost of this conference even more by holding the conference in Salt Lake City. However, she did not feel she could find a hotel in the city that could accommodate their group.

An example of a far more cost efficient retreat is that of agency "O", which spent $6,079 for an annual meeting for 234 employees and professionals in Park City. This retreat had an average cost of $25.98 per participant. There were no lodging charges because no one stayed overnight. The only cost to the agency was providing lunch and breaks to the attendees as well as renting audio-visual equipment for the meeting. Mileage was not included because most attendees were not from within the agency. This agency plans to hold their next annual meeting in Salt Lake City instead of Park City because some people were unwilling to spend the extra travel time to travel to Park City and therefore did not attend. The agency policy or practice concerning overnight stays for retreat training seems to have a major impact upon reducing the total cost of their retreat.

Some agencies hold retreats in southern Utah or Wendover, Nevada where all or most employees must travel great distances to the retreat. These retreat costs are relatively more expensive because each employee incurs significantly higher travel expenses as well as lodging and meal expenses. This is additional money that better could be spent for other training or agency functions. In addition, unnecessary travel time reduces the organization's productivity and places a burden on those employees who do not want to travel to the distant areas but are required to attend training.

For example, agency "G" had a retreat for 28 people in St. George at a cost of $6,963 for lodging and meals. State vehicles were used by all attendees to travel to St. George. If travel costs were determined at the motor pool rate of $.15 per mile, the additional cost for mileage was $2,482. Consequently, the total cost of the retreat was $9,445 for an average per participant cost of $337.32. This is very expensive even when compared with the more expensive retreats held in Park City or Snowbird (agencies "A" or "B" above). However, the cost of this retreat is almost 13 times greater than the retreat sponsored by agency "O" above and four-and-one-half times greater than the average cost of $74 per attendee for the 15 retreats reported in Figure II. In our opinion, any retreat that requires the vast majority of the participants to travel hundreds of miles to attend should be clearly justified and controlled to ensure that the location of the retreat is in the best interest of the state and the taxpayers.

The analysis shown in Figure II above does not consider the cost reductions that could occur if additional controls were exercised over meal allowances and travel. In our opinion, the state could realize cost reductions of at least 40 to 50 percent below the current total resort training expenditures, depending upon the strictness of future policies and controls the Legislature may choose to implement.

State Travel Office Could Help Control Retreat Costs

The Division of Finance has a State Travel Office that assists agencies in planning meetings and retreats and is the liaison with hotels in the state. However, this office doesn't have any formal authority over agencies planning retreats. The office assists only those agencies seeking their services. Also, this office has no formal direction concerning retreat policies or controls. Consequently, their efforts are very limited.

For example, this office helps agencies by negotiating with hotels to arrange lower rates. Most hotels give some complimentary rooms for every block of rooms used. Generally, one complimentary room is given for every 50 rooms used. Often the state agency travel planners are not familiar with this accepted hotel practice. During the review we found an agency that had used 482 rooms and paid for each room used. However, the travel office could have received about nine complimentary rooms with such a large block of rooms.

The Travel Office currently offers very limited services to agencies planning retreat training. They will arrange for hotel accommodations and negotiate rates. In addition, they establish a menu with hotel officials that will stay within the state per diem rates. However, these functions do not include controlling or limiting overnight stays for retreat training, such as discussed in this report. The Division of Finance does not have any formal authority over agencies. In our opinion, the Legislature may want to consider establishing policies for state agencies considering retreat training. The Legislature could consider assigning the control responsibility to the Division of Finance and the State Travel Office.

The State Travel Coordinator has indicated that the types of concerns identified in this report are regularly occurring with certain agencies, but she has no authority to challenge agencies' retreat plans. We recommend that the Legislature consider dealing with retreat training by establishing a general direction, in the law, regarding retreats. In addition, the Legislature may want to give authority to the Division of Finance to establish retreat policies and procedures. The following questions are specific concerns we believe both the Legislature and the Division of Finance may want to consider:

1. What conditions justify overnight retreat training and how frequently should agencies be allowed to sponsor out-of-town retreats?

2. Should a 50-mile policy be implemented for all retreat overnight stays by state employees?

3. Should all room rates be negotiated by the State Travel Office and not all owed to exceed the state allowance?

4. Could other controls be considered to help reduce the cost of retreat training, such as sharing overnight rooms by state employees?

5. Should restrictions be placed upon the distance employees are allowed to travel from their primary work site to the hotel? It does not make financial sense to allow state workers to travel to St. George or Wendover for retreats when the vast majority of the workers are from the Salt Lake City area.

6. Should large numbers of employees from the same agency be required to car pool in state vans or vehicles when traveling to a retreat meeting?

7. Should agencies sponsoring a retreat conference or training meeting be required to ensure all employees do not exceed the state per diem rate for meal costs?

Although we believe the training received in the retreats discussed in this report is valuable to employees, we feel the interests of taxpayers would be better served if the costs associated with these retreats were under tighter control.

We hope this letter has provided the information you need on this issue. If you have any questions regarding this report, or need additional information, please contact us.

Sincerely,

Wayne L. Welsh
Auditor General

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