

STATE OF LOUISIANA

OFFICE OF STATE INSPECTOR GENERAL



State Airline Travel

Date Released:

July 21, 2010

File No. CID 10-006

STATE OF LOUISIANA

OFFICE OF
STATE INSPECTOR GENERAL



State Airline Travel

Stephen B. Street, Jr.
State Inspector General


Endorsed by:
Governor Bobby Jindal

July 7, 2010

File No. CID 10-006

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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

June 29, 2010

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

Re: Case No. CID 10-006

Dear Governor Jindal:

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

We provided drafts of the report to the State Purchasing Director, Denise Lea and Michael Fairchild, Manager, Carlson Wagonlit Travel, LLC. Written response from the State Purchasing Director is included as Appendix B.

Respectfully submitted,

A handwritten signature in blue ink, reading "Stephen B. Street, Jr.", written over a circular stamp.

Stephen B. Street, Jr.
State Inspector General

SBS/tr

Enclosure

Executive Summary

The State Travel Office alerted the Office of State Inspector General (OIG) to possible misuse of state purchased airline tickets. Our investigation revealed that since 2006, state agencies purchased 598 non-refundable airline tickets valued at \$229,853 that expired because they were not used within one year of their scheduled travel dates. At least 58 agencies purchased tickets that expired during that time.

The amount above is based on partial data because Carlson Wagonlit Travel (CWT), the state contracted travel agency through June 30, 2010, and the State Travel Office were unable to locate many of the monthly expired ticket reports during the period examined. CWT and the State Travel Office could not provide 19 of the 52 monthly reports for the period of January 2006 through April 2010. The missing reports make it impossible to determine the full amount of public funds used to purchase airline tickets that eventually expired and lost all value.

In addition, the State Travel Office informed us that employees of CWT converted state purchased airline tickets to their own personal use. The CWT employees converted more than \$16,000 in airline tickets to credit vouchers, which they then used to obtain 19 airline tickets for their personal benefit.

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Background

Policy and Procedure Memorandum 49 (P.P.M. 49)¹ sets forth the rules for state employees on official travel. All state employees are required to purchase commercial airline tickets through the state contracted travel agency. This requirement is mandatory unless approval is granted from the State Travel Office. According to the State Travel Office, the state contracts with a travel agency to handle control of tickets purchased, compliance, and reporting.

P.P.M. 49, Section 1504.B.2., states: "While the use of the contract travel agency is mandatory, the state traveler has options for the type of airfare purchased." That same regulation goes on to provide that the State Travel Office strongly encourages state employees to use the lowest logical airfares when those fares are less than the state contract rates.

On June 28, 2005 the State Travel Office entered into a three-year contract with Carson Wagonlit Travel (CWT) to serve as the travel agency for official state travel. The contract included an option to extend the contract for two additional one-year periods. The CWT contract expired on June 30, 2010, and the state awarded the contract to Short's Travel Management, effective July 1, 2010.

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 the investigation was limited to expired ticket reports for the period of January 2006 to April 2010 obtained from the State Travel Office and CWT. CWT implemented an accounting software conversion in 2008 and was unable to provide any reports prior to January 2009. The State Travel Office was unable to provide 19 months of reports during the 36-month period of 2006 through 2008.

Our office interviewed current and former CWT employees and employees of the State Travel Office.

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

Expiration of State Purchased Airline Tickets

Available records show that since 2006, 58 state agencies purchased at least 598 non-refundable airline tickets valued at \$229,853 that were never used. When a traveler purchases a non-refundable ticket and is not able to travel on the scheduled date, he has one year to use the ticket before it expires. If he uses the ticket prior to the expiration date, the value of the original ticket is applied to the purchase price of the new ticket. The new ticket is also subject to a rebooking fee and any higher fare amount that may then be in effect. Tickets which remain unused after the 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 that traveler does not use the ticket on the scheduled date of travel, it is his responsibility when booking a new reservation to inform the travel agent that he has an unused ticket so that credit from the unused ticket is applied to the purchase of the new ticket.

In August 2009, the State Inspector General began receiving reports from CWT of airline tickets purchased by state agencies that included both expired tickets and tickets with impending expiration dates. According to CWT, reports were sent to the heads of state agencies to make them aware of the number of unused tickets. Our office compiled a detailed listing of expired tickets along with the state agencies and the travelers' names from previous months' reports from CWT and the State Travel Office.

The chart below shows the monthly amounts of expired airline tickets. The spaces with asterisks, 19 in total, denote the months that reports were unable to be located by CWT and the State Travel Office.

Dollar Amount of Expired Airline Tickets per Month

Month	2006	2007	2008	2009	2010
January	*	\$ 1,073.90	\$ 10,475.50	\$ 7,347.30	\$ 12,677.67
February	*	\$ 3,487.58	*	\$ 1,087.53	\$ 8,255.95
March	\$ 10,106.62	\$ 13,993.61	\$ 12,487.49	\$ 347.00	\$ 6,667.87
April	\$ 3,629.31	*	\$ 10,768.53	\$ 1,335.50	\$ 3,973.30
May	*	\$ 9,358.06	\$ 8,584.52	\$ 1,543.53	
June	\$ 5,114.20	\$ 6,614.20	*	\$ 1,715.99	
July	*	\$ 7,789.19	*	\$ 4,656.49	
August	\$ 25,801.20	*	*	\$ 7,638.56	
September	*	*	*	\$ 3,368.54	
October	*	\$ 11,167.35	*	\$ 2,207.65	
November	*	\$ 5,857.64	*	\$ 2,847.38	
December	*	\$ 5,227.60	*	\$ 12,647.02	
Total	\$ 44,651.33	\$ 64,569.13	\$ 42,316.04	\$ 46,742.49	\$ 31,574.79

Grand Total: \$229,853.78

* Reports unable to be located by CWT or the State Travel Office.

Even though 19 of the 36 expired ticket reports from 2006 through 2008 are unavailable, we can use that data in the reports we did receive to project an estimate of the total value of tickets that went unused. Based on a monthly average of \$6,965 for the months we did receive, a total projected value of all the expired tickets would be in excess of \$362,000.

Since 2006, at least sixteen state employees included on the report purchased two or more tickets with public funds which they allowed to expire.

Fifty-eight state agencies are listed on the expired ticket reports. Five of those agencies had expired tickets totaling at least \$10,000. These five agencies account for approximately \$105,000 or 45% of the total known value of the expired tickets.

Agency	Total Expired Airline Fares
Louisiana State University	\$ 33,151.95
LSU Counter Terrorism	\$ 26,845.92
Louisiana State University Athletics	\$ 21,898.84
LSU Health Science Center New Orleans	\$ 11,632.55
Southern University Baton Rouge	\$ 11,378.87

A complete list of all agencies included in the \$229,853 total is provided as Appendix A of this report.

State Airline Tickets Used by CWT Employees

Between 2008 and 2009, two CWT employees converted more than \$16,000 in unused airline tickets purchased with public funds to their own personal use. The tickets that the two employees converted were nearing their one year expiration dates. The two employees used the tickets to obtain low cost airfares in the names of the state employees who originally purchased the tickets. The new tickets purchased, which were never intended to be used, were much lower in value than the original ticket. This allowed the CWT employees to obtain credit vouchers for the remaining amount from the airlines in their own names. They were then able to use the credit vouchers for travel on dates of their own choosing.

The CWT employees used the credit vouchers to obtain approximately 19 airline tickets for personal travel. The tickets were issued in the CWT employees' names, and in the names of their friends and family members.

A CWT employee who was laid off in 2009 informed CWT management of the use of the state tickets by CWT employees. CWT performed an audit of the state's unused tickets and confirmed that state tickets had been converted for personal use by their employees. CWT terminated both employees and obtained full restitution from them to repay the State of Louisiana.

In August 2009, CWT implemented a Travel Portal and Portrait system to improve the travel reservation process for state employees. This required each traveler to complete a profile on the system. The system maintained the travel records for each employee and alerted CWT staff if there were any unused airfare credits when the employee made a new reservation.

Recommendations:

1. Between 2006 and 2010, 58 state agencies allowed unused airline credits worth at least \$229,853 to expire and become worthless. State agencies should actively monitor records of their own employees' unused airline tickets so that any unused airfare is applied to the purchase of new tickets before additional funds are expended unnecessarily.
2. State agencies should clearly document the reasons 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 employee responsible for causing the ticket to go unused should reimburse the state for the cost of the ticket.
3. The State Travel Office cannot locate 19 of 36 monthly reports of expired airline tickets purchased by state agencies between 2006 and 2008. The missing reports make it impossible to determine the true amount of public funds used to purchase airline tickets that were never used. The State Travel Office should record and store these reports in a location where they will not be misplaced so an accurate accounting of such funds can be ensured.

Appendix A
Expired Ticket Amount
By State Agency

Expired Ticket Amount by State Agency

Agency	Total Expired Airfares
Louisiana State University	\$ 33,151.95
LSU Counter Terrorism	\$ 26,845.92
Louisiana State University Athletics	\$ 21,898.84
LSU Health Science Center New Orleans	\$ 11,632.55
Southern University Baton Rouge	\$ 11,378.87
University of New Orleans	\$ 8,458.16
Economic Development	\$ 6,665.90
Nicholls State University	\$ 6,304.58
Health and Hospitals	\$ 6,020.15
Senate	\$ 5,948.10
Education	\$ 4,833.52
Grambling State University	\$ 4,697.67
Louisiana Community and Technical College Systems	\$ 4,594.40
Transportation and Development	\$ 4,421.30
Social Services	\$ 4,387.49
Culture, Recreation, and Tourism	\$ 4,038.34
House of Representatives	\$ 3,855.35
Office of the Governor	\$ 3,705.21
Justice	\$ 3,385.91
Pennington Biomedical	\$ 3,384.31
Louisiana Tech University	\$ 3,259.74
Public Safety and Corrections	\$ 3,217.84
University of Louisiana at Lafayette	\$ 3,203.05
Division of Administration	\$ 2,852.30
Southern University Baton Rouge Athletics	\$ 2,653.85
Lieutenant Governor	\$ 2,547.40
Southeastern University	\$ 2,526.00
Revenue and Taxation	\$ 2,428.90
Boards and Commissions	\$ 1,697.41
Southern University Systems Office	\$ 1,691.00
Labor	\$ 1,639.20
Louisiana State University Agriculture Center	\$ 1,517.96
LSUMC HCSD	\$ 1,475.29
Education Television Authority	\$ 1,463.80
University of Louisiana at Monroe Athletics	\$ 1,304.32
Treasury	\$ 1,204.40
Environmental Quality	\$ 1,175.10
Louisiana Housing Finance	\$ 1,037.25

Agency	Total Expired Airfares
Southeastern University Athletics	\$ 1,024.80
University of Louisiana at Monroe	\$ 1,016.62
Delgado Community College	\$ 980.30
Louisiana Tech University Athletics	\$ 959.69
Natural Resources	\$ 944.30
LSUHSC Shreveport	\$ 770.92
Wildlife and Fisheries	\$ 765.00
Secretary of State	\$ 744.49
Northwestern State University	\$ 716.30
Board of Regents	\$ 709.19
Insurance	\$ 708.30
McNeese State University	\$ 699.70
Southern University New Orleans	\$ 670.54
New Orleans Center for Creative Arts	\$ 659.40
Louisiana State University at Shreveport	\$ 517.20
University of New Orleans Athletics	\$ 487.90
Civil Service	\$ 354.20
Lottery	\$ 297.90
Board of Trustees	\$ 181.10
LUMCON	\$ 142.60
Grand Total	\$ 229,853.78*

* Grand Total does not include 19 months of reports that were unable to be located.

Appendix B

Office of State Purchasing Response

BOBBY JINDAL
GOVERNOR



ANGELE DAVIS
COMMISSIONER OF ADMINISTRATION

State of Louisiana
Division of Administration
Office of State Purchasing

June 22, 2010

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

Re: State Airline Travel

Dear Mr. Street:

I have reviewed your report and recommendations regarding the investigation of unused airline tickets through the State's contracted travel agency, Carlson Wagonlit Travel. Please be aware that the current contract with CWT will expire on June 30, 2010 and a new award for travel has been issued to Short's Travel Management.

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

Recommendation 1. Between 2006 and 2010, 58 state agencies allowed unused airline credits worth at least \$229,853 to expire and become worthless. State agencies should actively monitor records of their own employees' unused airline tickets so that any unused airfare is applied to the purchase of new tickets before additional funds are expended unnecessarily.

Response: This office concurs with this recommendation. Unused tickets may only be used by the employee whose name the original ticket is issued. In the past, the travel agency distributed reports of unused tickets to the agency program administrators and Department Heads. Starting July 1, 2010, a new contractor will take over the contract and we will begin utilizing a new tool. The new travel agency has an internal system, Electronic Ticket Tracker (ETT) which will notify the travelers, travel arrangers and the travel managers of all unused tickets available for reuse as soon as they sign-on to travel portal. This automatic notification will flag the traveler's profile both inside the agent reservation system and the self booking tool so that any unused non-refundable tickets will be exchanged on the next reservation. Also, an email is sent to the traveler and travel arranger reminding them of the credit prior to expiration. We will make it mandatory that all travelers enter their information into this system to provide us the needed technology to link the tickets to the traveler.

Recommendation 2. State agencies should clearly document the reasons 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 employee responsible for causing the ticket to go unused should reimburse the state for the cost of the ticket.

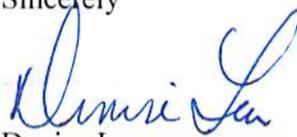
Response: This office concurs with this recommendation. The new contract system allows an agency to produce their own reports, when necessary, to monitor issues such as unused tickets. The Office of State Travel will continue to remind state travel program administrators, through email communications, to monitor unused tickets on a regular basis and inform them of the importance of documenting reasons for non-use. They will be required to document in their file what action was taken for not utilizing the credit.

Recommendation 3. The State Travel Office cannot locate 19 of 36 monthly reports of expired airline tickets purchased by state agencies between 2006 and 2008. The missing reports make it impossible to determine the true amount of public funds used to purchase airline tickets that were never used. The State Travel Office should record and store these reports in a location where they will not be misplaced so an accurate accounting of such funds can be ensured.

Response: This office concurs with this recommendation. This office intends to begin producing and storing reports in one location for immediate availability. Please be assured that all employees under my supervision have been trained in the importance of proper maintenance of these records. In addition, the new travel agency contract will make real-time reporting available to us. Therefore, the Office of State Travel will have the ability to create all necessary reports for monitoring issues without relying on the travel agency.

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

Sincerely



Denise Lea
Assistant Commissioner

c: Marsha Guedry, Division of Administration Auditor
Tammy Touns, Office of State Travel

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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. Reference should be made to Case No. CID-10-0006. If you need any assistance relative to this report, please contact Greg Lindsey, CIA, CIG, State Audit Director at (225) 342-4262.

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- Complete complaint form on web site at 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