

AIRFARE PURCHASING - HB 135**QUESTION**

What is the general expectation of the Department of Administration for developing and managing a state airline ticket purchasing program?

BACKGROUND

The Legislative Audit Committee (LAC) introduced HB135 that would require the Department of Administration (DofA) to implement a program for cost-effective state airline ticket purchasing. The genesis for this bill was a performance audit report of state airfare purchasing practices, and DofA's request that statutes be modified to clarify their authority and responsibility for oversight and management of airfare purchases.

Audit Report Background

The performance audit report concluded that the average cost for airfares purchased by the state is significantly higher than the average cost of all airfares with similar characteristics. The reason for higher average costs for state airfare purchases was a general lack of management oversight of airfare purchasing. To address this issue, we recommended DofA:

- Develop and implement programs and procedures to assist agencies in identifying and obtaining more cost-effective airfares.
- Direct state agencies to use the state purchasing card for airfare purchases and analyze purchasing card management information to improve airfare purchasing activities.

DOFA EFFORTS TO IMPLEMENT THE RECOMMENDATIONS

DofA has initiated efforts to address the issues raised the audit report, including:

- ✓ Education. DofA has implemented an enhanced state employee travel website that provides information about airfare vendors, airline policies and practices, and factors to consider when determining the most cost-effective airfare.
- ✓ Management information. To obtain better management information, DofA modified state purchasing policy to require agencies use the state purchasing card for airfare purchases unless it can be documented that another purchasing method is in the state's interest.

GENERAL DIRECTION FOR AN AIRFARE PROGRAM

Ongoing management of airfare purchases requires a continued commitment promoting cost-effective airfare purchasing. Interviews with travel professionals and review of government and private sector airfare and travel management programs identified best management practices and options for airfare purchasing programs.

- Monitoring Data. Regular monitoring of airfare purchases data is necessary for determining and evaluating airfare purchasing and travel needs.
- Improving Airfare Purchasing. Using management information, management can identify options for improving airfare purchasing, such as potential for contracting for airfares or need for centralized airfare purchasing or travel function.
- Compliance Monitoring. A monitoring program is useful for verifying compliance with airfare/travel purchasing policies. Additionally, contractors usually want management controls to ensure compliance with contract requirements.
- General Travel Expenditures and Practices. Airfare purchasing is just one part of state agency travel. Monitoring and evaluating airfare purchasing and contracts may identify other options for reducing state travel expenditures, such as determining whether air travel is more cost-effective and whether legislative action or department policies need to be revised.