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A Review of the South Carolina Council
on Vocational and Technical Education

LAC

Report to the General Assembly

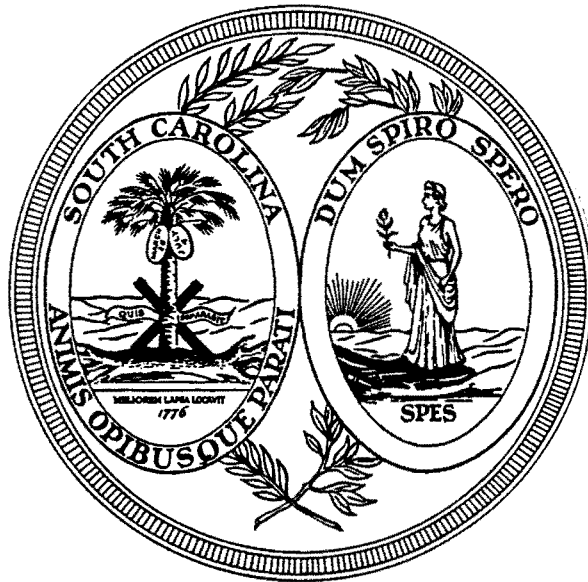
May 1992

**A Review of the SC
Council on Vocational
and Technical Education**

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Copies of all LAC audits are available to the public at no charge.

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Report to the General Assembly

**A Review of the SC
Council on Vocational
and Technical Education**

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Introduction

Audit Objectives

Members of the General Assembly requested that we conduct a limited-scope review of the South Carolina Vocational and Technical Education Council. Our primary objectives were to:

- 1 Determine whether council members have taken personal business, family, or recreational trips at state expense.
- 2 Determine whether state property has been misused and/or transferred to homes of individual council members.
- 3 Determine whether the council has followed state personnel regulations with regard to annual leave.
- 4 Determine whether state employees have been paid per diem, contrary to state law.

Scope and Methodology

This review primarily covers the time period from July 1989 through December 1991. We examined the council's records, procedures, and state and federal laws. We also interviewed council officials, other state government officials, and federal government officials.

We used limited data from the council's computer-based system which were not integral to the objectives of our review. We did not review the council's controls over its system. We also used computer-based data from the Office of the Comptroller General. Data relating to the council's travel were cross-checked with the council's records. We did not independently verify data relating to other state agencies; these data were not integral to the objectives of our review. This review was conducted in accordance with generally accepted government auditing standards.

Background

The State Advisory Council on Vocational and Technical Education was established in 1969. In 1985, the State Advisory Council on Vocational and Technical Education was changed by executive order to become the South Carolina Council on Vocational and Technical Education. The

council has 13 members, appointed by the Governor, representing business, industry, agriculture, labor, and vocational education.

Federal law [20 USCA §2322] requires that each state have a council on vocational education in order to receive federal vocational education funds. Activities of the council include evaluating the state's vocational education programs and making recommendations to the State Board of Education and the State Board for Technical and Comprehensive Education on vocational education planning and policies. In addition, the South Carolina Employment Revitalization Act of 1986 designated the council as the State Occupational Training Advisory Committee (SOTAC). As SOTAC, the council monitors and evaluates the cooperation and coordination between vocational programs, technical colleges, and economic development efforts. The council has no administrative or enforcement responsibilities over vocational and technical education programs.

The council has four staff members. Its expenditures for FY 91-92 were estimated at \$271,652. State funds accounted for \$80,352 of the total expenditures. Whether spending federal or state funds, the council is governed by state laws and regulations relating to travel and subsistence expenses. In FY 90-91, the council issued four publications.

Objectives

Objective 1

Determine whether council members have taken personal business, family, or recreational trips at state expense.

We reviewed each of the council's 334 travel vouchers processed from July 1989 through December 1991 for compliance with state travel regulations. Comptroller General travel regulation 4.2.3.23(M) states that board members, "although exempt from individual meal limitations, are considered state employees for the purposes of filing for travel reimbursement." One council member received travel reimbursement greater than permitted by state regulation on several occasions. There were other cases of questionable compliance with state travel regulations and expenditures which appear to be higher than necessary. In some cases, small dollar violations, if prevalent among other agencies, could represent a significant expenditure of public funds. In addition, council travel expenditures appear high relative to other agencies.

Noncompliance with Travel Regulations and Policies

We found the following cases of noncompliance with state travel regulations:

- Although air travel would have been more economical, one council member charged the state the higher cost of privately owned vehicle reimbursement and additional travel days costs including lodging, meals, and per diem. For expenses incurred traveling to a conference in Jackson, Mississippi on October 7-14, 1991, this member received \$352 more in public funds than permitted by state regulation.

The council has stated that "air travel would not have been more economical." The council has estimated that traveling by air would have necessitated two overnight stays in route; we did not find justification for these overnight stays. Additionally, the council's air travel estimate was not economical in projecting rental car needs.

Budget and Control Board travel regulation 19-101.08 states that an employee who elects to travel by automobile for his own convenience when air travel is more economical is only entitled to reimbursement for mileage equal to the cost of coach airfare; vicinity mileage when on official business; parking equal to what would have been paid if the

car were parked at the airport; and subsistence only for the period air travel would have required. Subsistence for additional travel days required by other modes of transportation is to be at the employee's expense.

- During the trip to Jackson, Mississippi, the state also paid additional hotel charges to cover the double occupancy rate due to a person traveling with the council member. According to Budget and Control Board travel regulation 19-101.04 and Comptroller General travel regulation 4.2.3.23(K), only the amount of the single room rate is to be paid by the state if a dependent goes along on an official business trip. Additional charges amounted to \$32.
- Finally, the Council violated Budget and Control Board Regulation 19-101.16, which only permits reimbursement for lodging which is more than 50 miles from the employee's home and place of employment.

A council employee received reimbursement for lodging in Columbia on July 30-31, 1990, even though the council office is in Columbia. The lodging and phone calls home cost the state \$45.59.

We found that a council member received reimbursement for lodging on March 29, 1990, in Myrtle Beach, when travel vouchers indicated the member lived less than 50 miles away. Lodging and portage for the night cost the state \$99.95. Following our review, the council staff declared the written documentation to be in error. They stated that the distance to the council member's home is 58 miles.

We recommend that the Council implement controls to ensure that it complies with all state travel regulations.

Other Travel Expenditures

From July 1989 through December 1991, the council incurred travel expenditures which appear to be higher than necessary, although they may be in compliance with state regulations.

- In the 2½ years examined, the council held 11 of its 22 meetings in hotel meeting rooms. Rental costs for these 11 meeting rooms totalled \$823. The remaining times the council met in state-owned conference rooms at no cost. The average number of council, staff, and guests attending council meetings was 16.

- During six council meetings held in Columbia, a catered lunch was furnished to the council. These lunches cost between \$9 and \$18 per member, for a total of \$682. The council also spent \$617 for coffee, soft drinks and snacks for council meetings in Columbia. However, employees of the council, who work in Columbia, also were present at these meetings.

Budget and Control Board travel Regulation 19-101.12 does not allow state employees meal reimbursement within ten miles of their official headquarters. Regulation 19-101.14 states that employees required by their agency head to attend statewide, regional or district meetings within the area in which the employee is headquartered, may receive meal reimbursement for meals served at these meetings.

In June 1990, however, Regulation 19-101.14 was amended to include that "meetings of boards, commissions or committees are not considered statewide or regional meetings." The council purchased two catered lunches in September and October of 1990, and continued to purchase refreshments for meetings up to December 1991. From the documentation available, we could not determine whether ineligible persons consumed these meals.

Rationale for Travel

The rationale for 19 trips taken by council officials, both in-state and out-of-state, was not documented in council records or vouchers. During our review we received a memorandum from the executive director stating the reasons for these trips, which include:

- Trips to West Virginia on February 6-9, 1990, and October 6-8, 1991, to meet with officials there to observe their management style and to discuss federal requirements.
- Trips to Hilton Head, August 29-31, 1991, and to Charleston, S.C., September 12, 1991, to look at hotel facilities and solicit bids for a regional conference.
- A trip to Hot Springs, Virginia, November 3-5, 1991, to discuss federal rules and a proposed 1993 conference site with vocational and technical education council directors from Maryland, Virginia, and West Virginia.

We found no state regulations which require that state officials document the rationale for trips.

Comparative Travel Expenditures

Travel expenditures for the Council, particularly out-of-state travel, appear relatively high. From July 1989 through December 1991, travel expenditures for the council were approximately \$64,800 and registration fees were approximately \$8,200. Of 49 agencies with total expenditures of \$1 million and less in FY 90-91, the Council ranked third in out-of-state travel expenditures relative to total expenditures (see Appendix A).

During our 2½-year review period, the executive director spent approximately \$20,100 on travel and \$3,700 on registration fees. One council member spent approximately \$14,100 on travel and \$1,300 on registration fees.

We recommend that the council significantly reduce total expenditures on travel and meetings.

Objective 2

Determine whether state property has been misused and/or transferred to homes of individual Council members and/or employees.

Two items of equipment owned by the council are located in the homes of council officials. The council owns a \$1,358 personal computer which is located at the home of the executive director in Columbia. According to the executive director, the computer is used for state business and "... is not used for personal benefit." We found no evidence of material personal use of this computer. The council also owns a \$761 facsimile (fax) machine which is located at the home of the chairman of the council in Bowman. We found no evidence that the council is incurring telephone charges for this fax machine nor did we find evidence of material personal use.

We found no state law or regulation prohibiting the location of state property at the homes of state employees. Section 8-13-700 (A) of the

South Carolina Code of Laws, which became effective January 1, 1992, states:

No public official, public member, or public employee may knowingly use his official office, membership, or employment to obtain an economic interest for himself, a member of his immediate family, an individual with whom he is associated, or a business with which he is associated. This prohibition does not extend to the incidental use of public materials, personnel, or equipment, subject to or available for a public official's, or public employee's use which does not result in additional public expense.

Objective 3

Determine whether the Council has followed state personnel regulations with regard to annual leave.

We reviewed the council's official records of annual and sick leave used by the executive director. In addition, we examined informal records kept by the council regarding leave used by the executive director. We found no evidence of noncompliance with state regulations regarding annual and sick leave.

We also reviewed the use of compensatory time earned by the executive director for overtime worked. The council maintained official compensatory time records only as far back as January 1991. For calendar year 1991, the records show that the executive director earned 17.7 days of compensatory time and that he used 12.9 days. The council's leave records do not indicate total hours worked in the weeks in which compensatory time was earned. In addition, the council's leave records do not consistently document the reason for compensatory time earned. Through travel records, however, we documented that 13.6 days of the total were earned while traveling to Hilton Head, Myrtle Beach, and Aiken, South Carolina; Ontario, California; Jackson and Natchez, Mississippi; Washington, DC; Charleston, West Virginia; and Hot Springs, Virginia. We found no evidence of noncompliance with state regulations regarding compensatory leave.

Objective 4

Determine whether state employees have been paid per diem, contrary to state law.

We reviewed per diem payments to Council members from July 1989 through December 1991. We found eight per diem payments received by one Council member who is also a state employee. State regulations do not permit state employees to receive per diem payments. However, prior to our audit, this payment was discovered by the Council and repaid to the Council by the employee.

Out-of-State Travel Expenditures^a FY 90-91

	South Carolina Agencies With Total Expenditures of \$1 Million and Less ^b	Agency Total Expenditures	Out-of-State Travel	
			Expenditures	As Percentage of Total Expenditures
1	Chiropractic Board	\$77,405	\$7,011	9.1%
2	Dentistry Board	311,093	20,131	6.5%
3	Council on Vocational & Technical Education	220,922	14,143	6.4%
4	Psychology Board	43,812	2,613	6.0%
5	Accountancy Board	345,843	14,292	4.1%
6	Architect Board	285,342	11,199	3.9%
7	Patient's Compensation Fund	189,044	7,144	3.8%
8	Environmental Sanitarian Board	6,031	197	3.3%
9	Professional Counselors Board	71,646	2,269	3.2%
10	Physical Therapy Board	56,657	1,734	3.1%
11	Geology Board	47,756	1,394	2.9%
12	Reorganization Commission	998,519	26,047	2.6%
13	Pharmacy Board	254,975	6,479	2.5%
14	Medical Board	825,861	20,501	2.5%
15	Opticianry Board	32,523	636	2.0%
16	Environmental Certification Board	200,053	3,486	1.7%
17	Cosmetology Board	499,688	8,644	1.7%
18	Engineers and Land Surveyors Board	443,023	7,324	1.7%
19	Athletic Commission	29,174	473	1.6%
20	Auctioneer's Commission	153,535	2,136	1.4%
21	Commission on Women	86,512	1,119	1.3%
22	Barber Board	200,805	2,447	1.2%
23	Residential Home Builders Commission	691,735	7,805	1.1%
24	Second Injury Fund	845,274	9,142	1.1%
25	Ethics Commission	282,439	2,682	0.9%
26	Funeral Service Board	95,144	757	0.8%

**Appendix A
Out-of-State Travel Expenditures**

27	Confederate Relic Room	199,165	1,529	0.8%
28	Nursing Board	756,264	5,403	0.7%
29	Legislative Information Systems	820,597	4,763	0.6%
30	Optometry Board	50,390	271	0.5%
31	Commission on Prosecution Coordination	49,902	197	0.4%
32	Commission on Intergovernmental Relations	265,367	958	0.4%
33	Contractors Board	410,891	1,133	0.3%
34	Council on Economic Development	854,664	1,333	0.2%
35	Commission on Appellate Defense	839,800	1,113	0.1%
36	Legislative Special Services	339,748	312	0.1%
37	Exchange Building Commission	180,927	70	0.0%
38	Podiatry Board	3,117	0	0.0%
39	Speech Pathology Board	15,542	0	0.0%
40	Occupational Therapy Board	6,306	0	0.0%
41	Sentencing Guidelines Commission	77,159	0	0.0%
42	Nursing Home Administrators Board	63,192	0	0.0%
43	Social Work Board	90,100	0	0.0%
44	Foresters Board	30,582	0	0.0%
45	Cemetery Board	19,783	0	0.0%
46	Law Enforcement Hall of Fame	143,585	0	0.0%
47	Migratory Fowl Commission	147,309	0	0.0%
48	Veterinary Board	33,208	0	0.0%
49	Procurement Review Panel	126,515	0	0.0%
	Total	\$12,818,924	\$198,887	Average 1.6%

a Based on financial data reported by the Office of the Comptroller General. Total expenditures of the Legislative Audit Council (LAC) were \$1,080,550 in FY 90-91 and do not appear in this table. For that year, out-of-state travel expenditures of the LAC were \$5,359, which was 0.5% of total LAC expenditures.

b These agencies do not include statewide elected offices.

Agency Comments

Appendix B
Agency Comments

South Carolina Council on Vocational and Technical Education

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Response to the 1992 Legislative Audit Council Report of the SC Council on Vocation and Technical Education

This is a response to the Legislative Audit Council Report: "A Review of the SC Council on Vocational and Technical Education." We commend the diligence and professionalism of the audit team, who spent several weeks in the Council office scrutinizing every voucher processed during the two and one-half years encompassed by this audit.

The audit team may have failed to notice in the federal authorization P. L. 101-392, Title I, Part B, Section 112 (e) "Each State council is authorized to obtain the services of such professional, technical, and clerical personnel as may be necessary to enable it to carry out its functions under this Act and to contract for such services as may be necessary to enable the Council to carry out its evaluation functions, **independent of programmatic and administrative control by other State boards, agencies, and individuals.**" Further, Sec. 112(f)(2) provides that "The expenditure of the funds paid pursuant to this subsection **is to be determined solely by the state council for carrying out its functions under this Act, and may not be diverted or reprogrammed for any other purpose by any State board, agency, or individual.**" (Emphasis added).

The SC Council on Vocational and Technical Education involves the Council membership in the initial identification of study areas, close involvement with the design and conduct of studies, and eventually involves the members in the identification and language of commendations and recommendations. This is different from the practice of most agencies where there is strong board reliance on staff work. In order for the Council (Board) members to draw valid conclusions regarding appropriateness of vocational and technical education programs, the members must be very familiar with, at the minimum: 1) the content and nature of the existing programs within the state, 2) the technological nature of many occupational areas, and 3) current trends in vocational and technical education throughout the nation.

This Council of 13 members is unusually active in visiting vocational and technical education programs, and in attending meetings. Greater involvement of Board members necessitates greater travel costs. For out-of-state conferences, the Council's Executive Committee policy is to extend the offer of these trips to a very limited number of Council members on a rotating basis. If the invited member cannot attend, however, the trip is offered to another member who can reschedule his/her time. It is of value to have representation at important regional and national meetings.

State Councils have a voice in establishing developments in vocational and technical education. The Council has strong leadership and this leadership is manifest in that Mr. Frank M. Hart has been designated as chair of a Committee of the National Association of State Councils (NASCOVE), and twice has been elected as Regional Chairman of the Southeastern Region of NASCOVE. As Chairman, he is a Member of the Board of NASCOVE. To not participate fully would be to abrogate the trust placed in him by the member SCOVES of the region. It is necessary for the executive director to attend regional and national meetings both in support of

the regional NASCOVE Chair, and as a source of information for the SC Council members. Information obtained on out-of-state trips is helpful during committee work and Council discussions.

The SC Council on Vocational and Technical Education prides itself on an efficient operation, and one that has avoided the normal tendency to add staff as the responsibilities of the agency increased. Staff commitments become long-term liabilities, while investments in technology and efficiency are minimal, one-time investments.

While this is a limited-scope audit, it seems incumbent to report both sides of any coin. We believe the reader is entitled to also know of the Council's effective utilization of technology through a networked local area network (LAN), appropriate use of facsimile and other machines, highly qualified and motivated staff, very active board member involvement, and other techniques to maximize productivity.

Specific Comments/Reactions:

OBJECTIVE 1

NONCOMPLIANCE WITH TRAVEL REGULATIONS AND POLICIES

Page 3. Paragraph that begins "Although air travel" The report alleges that air travel would have been more economical. This trip involved two meetings: one at Natchez, MS, and one at Jackson, MS. with consecutive dates.

Air travel would not have been more economical. Had this Council member traveled by air, it would have been necessary to leave on the same date that he actually departed, stay overnight in route, fly to Jackson, then rent a car for a minimum of three days. The rental car would have been required for the drive to Natchez and the return to Jackson for the second meeting, with both the board member and the executive director traveling together. Overnight lodging on the return trip from Jackson was necessary due to the age of the board member, regardless of the mode of travel. There would have been much less mileage paid, but there would have been the air fare equivalent and charges for a rental car. Careful calculation of revised reimbursement based on the method suggested by the Report did not result in any savings of the total trip expense.

Page 4. First paragraph (regarding payment for double occupancy on the Jackson trip). We are accustomed to meetings where there is a conference rate, and reimbursement was made which exceeded the single occupancy rate. We regret this error, but since the discrepancy on this voucher has been pointed out, restitution has been made by the board member.

Page 4. Paragraph number three. "A council employee received reimbursement for lodging in Columbia...." The circumstances were that there were meetings late each evening and early the next morning. The employee's residence was approximately 70 miles from Columbia, and it would have been unsafe for this female employee to drive home that late at night and return early the next morning. The administrative decision was that because of the very economical room rate, it was in the best interest of the Council for the employee to stay overnight. We regret any violation of policy, but this voucher did pass desk audit in the office of the Comptroller General. This person is no longer an employee of the Council. Measures will be taken to avoid any future irregularity.

Page 4. Paragraph four. Any error was in the justification. The actual distance from the Council member's residence to the hotel was 58 miles, and this was a proper expenditure.

OTHER TRAVEL EXPENDITURES.

Page 4 and Page 5. No specific violations were noted. Meals are allowable to eligible board members as long as the total reimbursement or cost of meal(s) provided does not exceed the allowable daily limit, which they did not.

The report cites "travel expenditures which appear to be higher than necessary ..." The audit fails to account for **cost avoidance**. Virtually all other boards and commissions lease conference rooms within their office complex. We do not lease sufficient conference room space for the Council to have full meetings. The cost avoidance for not leasing conference space during the two and one/year span would far exceed the nominal cost for meeting rooms of \$823. A 400 square foot meeting room at the rate of \$5.50 year foot/year would factor out to over \$5,500. We are very proud of the cost savings achieved by not leasing space for a conference room, but by renting meeting room space in hotels when borrowed space is not available from other agencies on the necessary dates. Despite some inconvenience for staff, we would recommend this practice to other agencies, and would be pleased to explain this management practice to anyone.

Page 5. It was the Council's practice to have working lunches at the Board (Council) meetings which in effect, permitted the members to continue their discussions without interruption and provide a more effective Board meeting. Total reimbursement for the members did not exceed the daily in-state allowance for food. The report also cites \$617 expended for coffee, soft drinks and snacks during this two and one-half year period. We are pleased that prior to June, 1990, we had made arrangements for purchase of these items from the lowest-cost provider, a grocery store, rather than from the much more costly commercial vendors which would have been permissible.

RATIONALE FOR TRAVEL

Page 6. Final sentence. We concur. We are not aware of any regulations that require state officials to document the rationale for trips. The trips were necessary and justified and the Executive Committee was aware of the travel.

COMPARATIVE TRAVEL EXPENDITURES

Page 6. Paragraph one of the Report states "Travel expenditures for the Council, particularly out-of-state travel, appear relatively high." The basis for comparison fails to reflect the role of the council (board), the operational style, the size of the boards, the frequency of meetings or other required travel, or the percent of participation of board members. We do not accept that the comparison is valid. Other agencies in the grouping in the Appendix are either administrative or regulatory agencies. The only valid comparison would be with agencies having similar functions, responsibilities, board size, and board participation.

A recent non-statistical poll of other State Councils on Vocational Education show that this agencies' expenditures for travel is completely within the normal range, either by dollar amount or by percentage of budget. We found travel budgets for other State Councils on Vocational Education to range from 7% to 16%. This Council's total expenditures for travel is actually near the low end of the range reported to us by the other State Councils.

Most of the travel budget is composed of federal funds, and the Federal Act specifies that the use of funds "is to be determined solely by the State council for carrying out its functions under this Act..." State funds for the 1991-1992 budget year comprise only 1/2 of one percent of the agencies' total budget, with nearly all travel costs being paid from federal funds. The Council's 1992-1993 Budget contains only \$997 in state funds for travel. The expenditure of federal funds is governed by Sec. 112(f)(2) of the Carl D. Perkins Vocational and Applied Technology Education Act of 1990. However, the Council does abide by all of the State Rules and Regulations in its operation.

OBJECTIVE 2

Page 6. The largest single cost of most governmental agencies is personnel costs. Through judicious utilization of the available technology, the Council is able to avoid additional personnel costs, and reduce the lost time inherent in mail or hand delivery of documents.

The Council has provided the Chairman of the Council with a readily available facsimile machine, allowing accurate and timely communication between the Chairman and the Council office. This also avoids additional time involvement on the part of the Chairman. Council policy provides that this unit will be moved

when another Chairman is elected. Use of a personal computer for Council business also is an efficient technique that the Council is pleased to utilize, this not only enhances the quality of work but in fact provides additional time for the "exempt" employee to develop materials and time to learn to utilize additional PC software.

We also are not aware of any state law or regulation prohibiting the location of state property at the homes of state employees, providing there is compliance with the provisions of Section 8-13-700 (A) of the South Carolina Code of Laws. Although this section of the Code became effective January 1, 1992, this was the practice of the Council long before this came into effect.

OBJECTIVE 3

Page 7. Please note that for each of the past several years the executive director has consistently lost from ten (10) to more than twelve days of annual leave at the end of each calendar year.

OBJECTIVE 4

Page 8. We regret that we make any errors. Out of 334 travel vouchers processed during the two and one-half years, the audit team found only three clerical errors, and one of these errors had been corrected a year prior to this audit.

Council Conclusions

We found two recommendations in the Report. One is "that the Council implement controls to ensure that it complies with all state travel regulations" (page 4). The other (on page 6) states "We recommend that the council significantly reduce total expenditures on travel and meetings."

The Council has always followed state policies and procedures in the expenditure of funds, with particular attention to travel. Every effort is made to purchase airline tickets with at least a 30 day advance which has generally provided the lowest possible air fares. One Council member, at his own expense, purchases Senior Citizen Coupons and when traveling on Council business requests only reimbursement for the cost of the coupon used — resulting in savings of up to 50% off the lowest published advance purchase air fare. Staff and members, when possible, stay in moderate to low cost hotels/motels, and then request (and usually secure) the lowest of either the government rate or the rate available through various other means (AARP, Senior Citizen, AAA, or other plans).

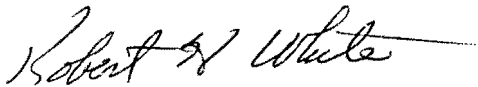
The Council frequently schedules one or two committee meetings on the same date as the Council meeting, despite limited Council staff, to conserve travel funds and reduce member's travel time.

Meetings are scheduled monthly for ten months of the year, but when circumstances permit, meetings are canceled and agenda items carried forward, thus reducing meeting and travel expense. This policy has been in effect for more than a decade.

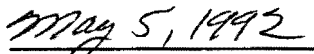
The mission of the Council is to evaluate, appraise, and report on the utilization of federal funds for secondary vocational education and post-secondary technical education. This role dictates that members and staff visit vocational centers and technical colleges so that recommendations may be based on first-hand observations.

Federal funds are provided for the Council to carry out its duties, and the Act specifically provides that the use of federal Council funds shall be determined solely by the Council. The Council complies with state policies regarding expenditures of funds, and is justifiably proud of an economical and efficient operation.

Respectfully Submitted



Robert H. White, Ph.D.
Executive Director



May 5, 1992

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