

Report on agency compliance with NSW Government travel policies

23 NOVEMBER 2017



NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

SPECIAL REPORT

THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Public Finance and Audit Act 1983*.

Our major responsibility is to conduct financial or 'attest' audits of State public sector agencies' financial statements. We also audit the Total State Sector Accounts, a consolidation of all agencies' accounts.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to agencies to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to agencies and reports periodically to parliament. In combination these reports give opinions on the truth and fairness of financial statements, and comment on agency compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an agency is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an agency's operations, or consider particular issues across a number of agencies.

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In accordance with section 38E of the *Public Finance and Audit Act 1983*, I present a report titled **Agency compliance with NSW government travel policies.**

A handwritten signature in black ink, appearing to read 'Margaret Crawford'.

Margaret Crawford

Auditor-General
23 November 2017

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contents

Agency compliance with NSW Government travel policies

Section one – Agency compliance with NSW Government travel policies

Executive summary	1
Introduction	4
Findings from our audit of agency compliance with the former policy	6
Findings from our survey of agency compliance with the new policy	11

Section two – Appendices

Appendix one – Response from agencies	17
Appendix two – List of selected agencies	21

Section one

Agency compliance with
NSW Government travel
policies



Executive summary

Last year the NSW Government spent almost \$250 million on travel. The government's travel policies aim to help agencies make better travel decisions and reduce costs. The Department of Finance, Services and Innovation (DFSI) is responsible for the government's travel policy and manages the government contract with an approved private sector provider to procure travel services.

This audit assessed how effective agency processes were to ensure compliance with:

- the 'Policy on Official Travel within Australia and Overseas' issued by the Department of Premier and Cabinet in Circular OFS-2014-07 'Official Travel in Australia and Overseas' (the former policy)
- the 'NSW Government Travel and Transport Policy' issued by DFSI (the new policy), effective from 28 September 2016.

We examined 15 agencies from different NSW Government clusters with significant travel expenditure. For a list of participating agencies, refer to the Appendix two.



Conclusion

We found that overall, agencies materially complied with NSW Government travel policies. However, some agencies:

- did not always book official travel through the approved supplier
- had weaknesses in their travel approval processes
- had travel policies that were inconsistent with the government policy
- did not adequately manage their travel records.

Self-assessments indicate agencies comply with most aspects of the new policy. Agencies also believe more guidance from DFSI about certain aspects of the policy would increase compliance.



1. Findings from our audit of agency compliance with the former policy

Some agencies did not always book official travel through the approved supplier

Seven participating agencies did not always use the government's approved travel supplier. A further four agencies had not registered with, or booked any travel through the approved supplier.

Whole-of-government contracts leverage the government's purchasing power and deliver better value for money. The success of these contracts depends on agency participation, hence agency compliance is essential.

Recommendation

DFSI should work with agencies and clusters to overcome impediments to agency participation and maximise savings.

Some agencies had control weaknesses in their travel approval processes

Eight participating agencies had weaknesses in their travel approval processes, including:

- official travel not approved by a delegated officer
- written approval obtained only after official travel was undertaken
- documentation deficiencies, making it impossible to ascertain whether approvals were obtained before or after the official travel was undertaken.

One agency did not require approvals where actual costs exceeded pre-approved expenses.

Recommendation

The government's newly appointed provider's service offering includes a travel tool that automatically records key information fields and approvals. Agencies should use this tool to enhance internal processes, avoid control weaknesses and better document their travel decisions.

NSW Health agencies maintain additional policies to deal with travel-related employee entitlements

NSW Health agencies' policy frameworks offer special travel conditions to deal with certain Award entitlements. Award conditions are backed by legislation and can be difficult to change. If agencies determine departure from the government policy is unavoidable, approval should be sought from the minister responsible. Lack of alignment between agency and government policies reduces the effectiveness of whole of government contracting and policy making.

Recommendations

Agencies with policies that are inconsistent with government travel policy should address the points of difference, or obtain approval for policy departures from the relevant minister.

Most agency records management systems did not retain adequate travel documentation

Ten participating agencies could not provide evidence to support one or more aspects of travel by their public officials.

Recommendation

Agencies' records management processes should ensure documentation is sought and retained to support the validity of options selected for public officials' travel.



2. Findings from our survey of agency compliance with the new policy

The new policy has only been effective since 28 September 2016. We asked agencies to self-assess their compliance with the recently issued government travel policy. When agencies indicated they were not complying, we asked them to provide reasons, including any difficulties they experienced complying with the new policy.

Self-assessments show agencies believe they mostly comply with the new policy

Nine participating agencies self-assessed as being fully compliant with the new policy. A further five agencies believed they had partially implemented compliant processes. Only one agency reported not having implemented compliant processes.

Most agencies do not believe complying with the new policy reduces travel costs

Over half of the participating agencies do not believe quotes obtained by the government's approved supplier are always the cheapest available. Agencies reported the approved supplier was not always able to match or better quotes from other travel providers. Getting the best possible deal is important to agencies and motivates them to use whole-of-government procurement contracts.

Recommendation

DFSI should monitor agency use of, and seek feedback about government contracts and ensure compliance does not result in higher costs.

Agencies require clearer guidance on how they should manage airline loyalty schemes

In accordance with the new policy, two agencies allow public officials to manage their bookings using personal airline loyalty schemes. However, only one agency believes it has processes in place to ensure airline loyalty points accrued from official travel are not used for personal benefit and private travel. No agency reported having systems and processes that ensure public officials do not retain unused airline loyalty points accrued from official travel after they leave the sector.

Recommendation

DFSI should set clearer expectations and guidance about the processes agencies can put in place to limit the personal benefits public officials might obtain through airline loyalty schemes.

Most agencies are transitioning to payment of actual travel expenses

Twelve participating agencies report having implemented, or being in the process of implementing payment of actual travel expenses rather than per diems to reduce agency travel costs. In some instances, conditions in workplace Awards and employee contracts impede progress. This is possibly the biggest single area where compliance with government policies will reduce travel costs. This will save costs, ease administration and more fairly record the travel related costs.

Recommendation

Agencies should work towards reform of workplace arrangements to transition to travel entitlements based on an actual rather than per diem basis.

Agencies report having better travel management systems and information

All participating agencies reported having:

- implemented appropriate records management systems to comply with the new policy
- better tracking and reporting of public official's travel
- appropriate controls over the booking of private travel by public officials where it is an adjunct to their official travel.



1. Introduction

1.1 NSW Government travel policies

The NSW Government travel policies that form the criteria for this audit are:

- 'Policy on Official Travel within Australia and Overseas' issued by the Department of Premier and Cabinet in Circular OFS-2014-07 'Official Travel in Australia and Overseas' (the former policy)
- 'NSW Government Travel and Transport Policy' issued by the Department of Finance, Services and Innovation (DFSI) (the new policy), which became effective from 28 September 2016.

The former policy covers all official air travel by public officials using public money. The new policy is broader than the former policy, and includes similar requirements for domestic and overseas air travel. It provides agencies with an overarching framework to base development of their own policies and guide their travel and transport decision-making.

NSW Government travel policies apply to all NSW Government departments, other public-sector organisations and services reporting to a minister. State owned corporations (SOCs) and Public Trading Enterprises (PTEs) are encouraged to adopt these policies.

'Official travel' refers to where a NSW public sector agency, responsible to a minister, uses public monies to pay for the travel of a public official or any other person.

1.2 Benefits of compliance

The key objectives of whole-of-government approaches to contracting are to:

- ensure agency spending achieves the best value for money outcomes for the State
- promote timely and effective implementation of government policy decisions and ensure agencies and public servants are responsive to the elected government
- deliver an expected volume of transactions to the approved supplier under their government contract. DFSI estimates savings would exceed \$10.0 million per year if agencies consistently booked their official travel through the government's approved supplier
- provide agencies with an overarching framework to base their own policies, guide travel decisions and avoid 're-inventing the wheel'. Whole-of-government policies are designed to incorporate government values into agency cultures
- promote and maintain transparency in agency purchasing decisions and ensure official travel decisions are recorded, open and transparent, and stand up to scrutiny.

1.3 Scope of audit

The audit covered systems and processes at 15 agencies with significant travel expenditure, including DFSI, which is responsible for the administration of government travel policies and managing the contract with the approved supplier. Appendix two lists the participating agencies.

Procedures were designed to conclude whether, in all material respects, agency processes for ensuring compliance with the NSW Government travel policies are effective.

Our procedures included:

- auditing agencies' compliance with the former policy for the year ended 30 June 2016
- analysis of agency self-assessments of their compliance with the new policy, which became effective from 28 September 2016
- enquiries and examination of evidence supplied by DFSI about their contract management of the approved supplier and their support of agencies.

The scope of this audit did not cover the following parties not subject to the government travel policies and whose audit is outside the mandate of the Auditor-General:

- official travel by Ministers and their staff. The Ministers' Office Handbook maintained by the Department of Premier and Cabinet guides their official travel decisions
- individuals or employees of organisations who provide services as contractors to a public-sector organisation or service.



2. Findings from our audit of agency compliance with the former policy

2.1 Some agencies did not always book official travel through the government's approved supplier

Recommendation

DFSI should work with agencies and clusters to overcome impediments to agency participation and maximise savings.

Whole-of-government contracts leverage the government's purchasing power and deliver better value for money. Success of these contracts depends on agency participation, hence agency compliance is essential.

Section 1.1 of the former policy required agencies to book official travel through the NSW Government's approved supplier under Contract 1008 Travel Management Services, a contract DFSI negotiated for use by all government agencies.

We found seven participating agencies did not always use the government's approved supplier to book official travel. We also found a further four Local Health Districts did not register with, or book any official travel through the government's approved supplier. However, the Ministry of Health (the Ministry) advises all four Local Health Districts have now either transitioned or are in the process of transitioning to the government approved supplier.

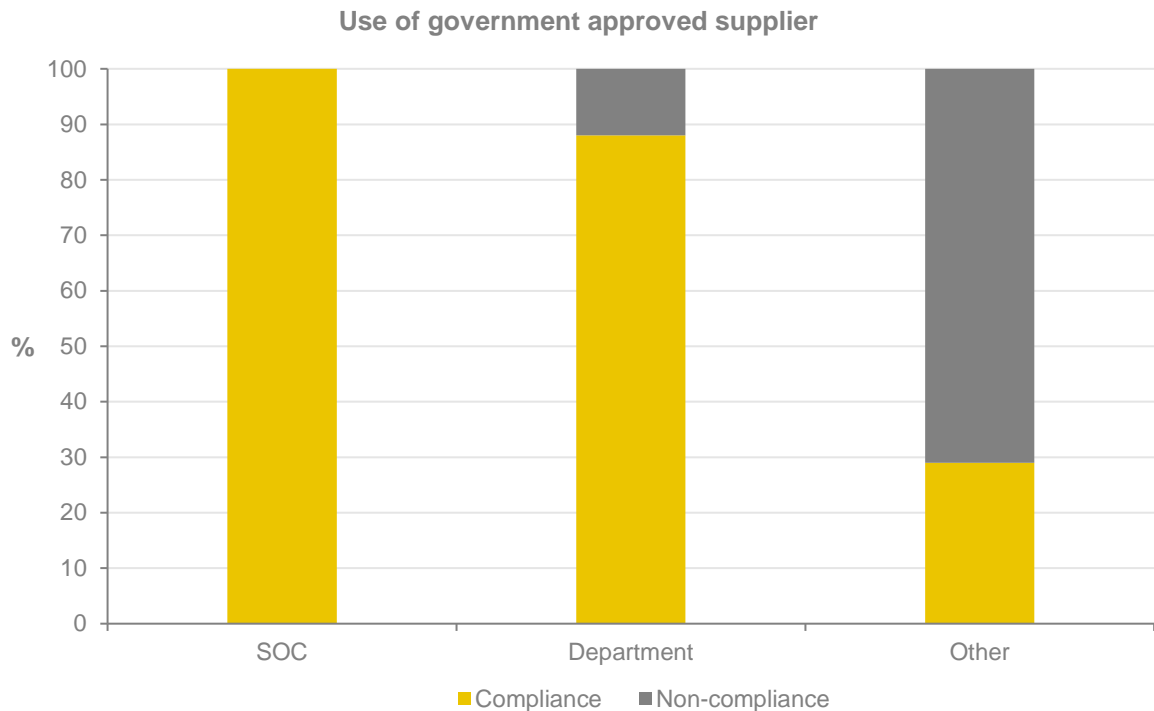
If agencies do not adopt the government policy and/or use other suppliers to book official travel:

- they may not achieve the best value for money because they do not take advantage of discounted air, accommodation and car hire rates
- whole-of-government procurement contracts fail to deliver planned savings to the NSW public sector as a whole and are less attractive to potential suppliers
- agency travel policies may not align with government policy decisions, nor reflect government values.

Use of the Government's approved supplier

We sampled over 240 transactions across the 15 participating agencies. All sampled transactions at the two State owned corporations (SOCs) showed consistent use of the government's approved supplier to book official travel. Eighty-eight per cent of sampled transactions at the ten Departments we audited used the approved supplier. We found only 29 per cent of sampled transactions at the three other government bodies we audited used the approved supplier.

The graph below summarises the compliance rates of different agency types in our sample regarding the use of government's approved supplier.



Source: Audit Office analysis of information provided by agencies (audited).

2.2 Some agencies had control weaknesses in their travel approval processes

Recommendation

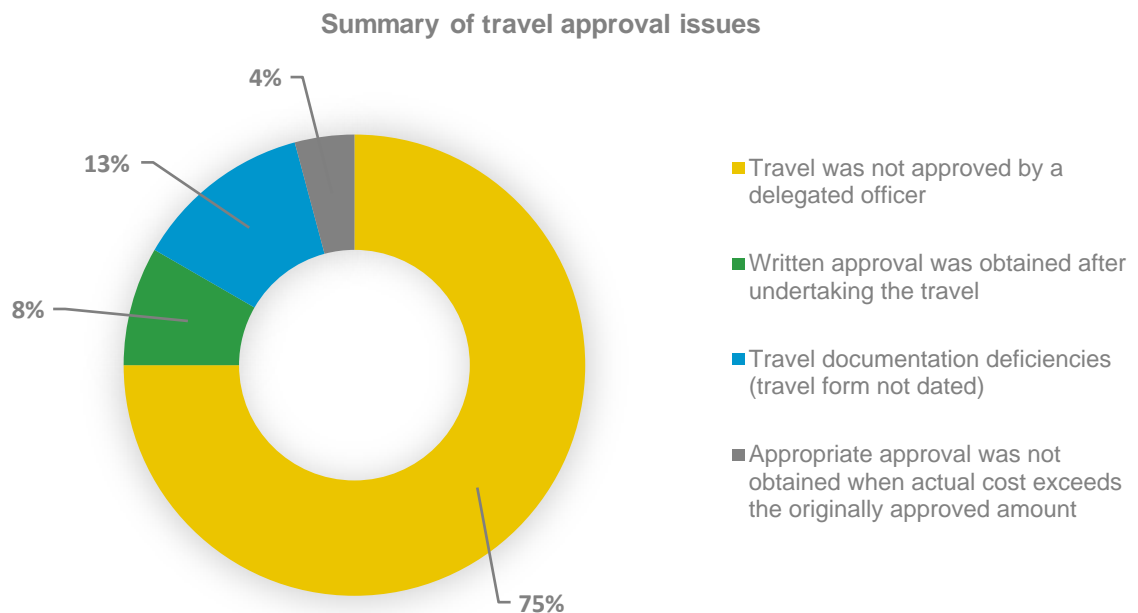
The government's newly appointed provider's service offering includes a travel tool that automatically records key information fields and approvals. Agencies should use this tool to enhance internal processes, avoid control weaknesses and better document their travel decisions.

We found issues in recording travel approvals at eight participating agencies. These included one or more of the following control deficiencies:

- official travel was not approved by a delegated officer
- written approval was obtained after official travel was undertaken. Sections 2.3.1 and 2.4.1 of the former policy required written approval prior to any official travel being undertaken both within Australia and internationally
- travel approval forms were not dated, making it impossible to ascertain whether approvals were obtained prior to official travel being undertaken.

In addition to the above, one agency did not obtain appropriate approvals where actual costs exceeded the pre-approved expenses. Control deficiencies increase the risk of unauthorised travel by public officials and financial loss at agencies.

The following graph summarises the magnitude of each travel approval issue identified in our sample.



Source: Audit Office analysis of information provided by agencies (audited).

Lack of appropriate approval for travel was the most common internal control deficiency

Lack of appropriate approval by a delegated officer for a public officials' travel was by far the most common deficiency. Control deficiencies were most likely to be found in Departments, which accounted for the nearly all of our findings relating to internal control deficiencies. We identified no internal control deficiencies in travel approval processes at SOCs, which as noted at 2.1, were also the most compliant participants in this audit.

2.3 NSW Health agencies maintain additional policies to deal with travel-related employee entitlements

Recommendation

Agencies with policies that are inconsistent with government travel policy should address the points of difference, or obtain approval for policy departures from the relevant minister.

NSW Health agencies' policy frameworks offer special travel conditions to deal with entitlements under the Awards

Lack of alignment between agency and government policies reduces the effectiveness of whole-of-government contracting and policy making. The Ministry of Health (the Ministry) maintains the following policies that deal with travel:

- PD2016_010 'Official Travel' (Official Travel policy)
- PD2016_043 'Training, Education and Study Leave (TESL) for Staff Specialists' (TESL policy).

NSW Health agencies must comply with the Ministry's policy directives. The Ministry's Official Travel policy is broadly consistent with the government travel policy.

The Official Travel policy covers sponsored travel that is paid for directly by external parties, such as universities and pharmaceutical companies. The sponsored travel is undertaken while the public official is on duty. NSW Health agencies consider the funding for this travel is outside the definition of 'public money' and therefore beyond the scope of the government travel policy.

The TESL policy departs from the government travel policy in respect of staff specialists' travel for study and educational purposes. Staff specialists' Award conditions at NSW Health agencies contain TESL allowances, which form a significant part of their package of employment conditions. These allowances can be used for TESL related travel. Award conditions are backed by legislation and can be difficult to change.

If the Ministry determines departure from the government policy to accommodate the TESL arrangements is unavoidable, approval should be sought from the minister responsible. Departures increase the risk the government does not maximise the benefit from central policies and does not achieve the best value for money from its travel contracts.

The TESL policy allows Staff Specialists at NSW Health agencies to:

- travel business class for domestic and overseas trips. Under the government travel policy, only CEOs, Senior Executive Service Officers, Statutory Officers, Senior Officers, Chairpersons of NSW Government boards and committees, and officials travelling with a minister or a government delegation may travel business class to Western Australia, the Northern Territory and overseas
- take private leave in conjunction with TESL related travel (e.g. conference attendance). Under the government travel policy, each public official taking private leave while on official overseas travel, or extending private trips for official purposes must apply in writing to the portfolio minister. Applications will be considered individually on their merits
- earn personal frequent flyer membership points on TESL related airfares, which are booked outside of Qantas or NSW Government travel contract. However, these points must be used for other TESL related purposes. The government travel policy also allows earning of frequent flyer membership points subject to approval of the relevant Secretary or delegate. Refer to section 3.3 for more details on airline loyalty schemes
- submit a written quote from an alternate travel agent to book travel if the government's approved supplier is unable to price match the alternate travel agent's quote, or fails to respond to the alternative quote within three business days. government travel policy requires agencies to book all domestic and overseas official travel through the government's approved supplier.

2.4 Most agency records management systems did not retain adequate travel documentation

Recommendation

Agencies' records management processes should ensure documentation is sought and retained to support the validity of options selected for public officials' travel.

Ten participating agencies could not provide sufficient evidence to support various aspects of public officials' travel, including whether:

- travel was appropriately approved before the travel was undertaken
- the purpose of official travel was for government business
- agencies selected the lowest logical fare and/or restrictive fare
- the class of travel used was appropriate and in accordance with requirements
- private leave was requested and approved as an adjunct to a public official's overseas travel
- travel expense claims were valid and/or correct
- approval was granted for an exemption from using NSW Government's approved supplier to book domestic travel.

Without a robust travel records management process, agencies may not meet community expectations in terms of transparency, accountability and value for money in their public officials' travel arrangements.

The main reasons agencies could not provide documentation for travel records include:

- agencies did not use the approved supplier's booking tool, which automatically records required fields of information making record keeping more complete
- DFSI transitioned to the new approved supplier in March 2016. Travel records retained by the previous approved supplier were difficult to access and retrieve
- staffing changes at agencies
- decentralised travel booking processes and distributed databases.

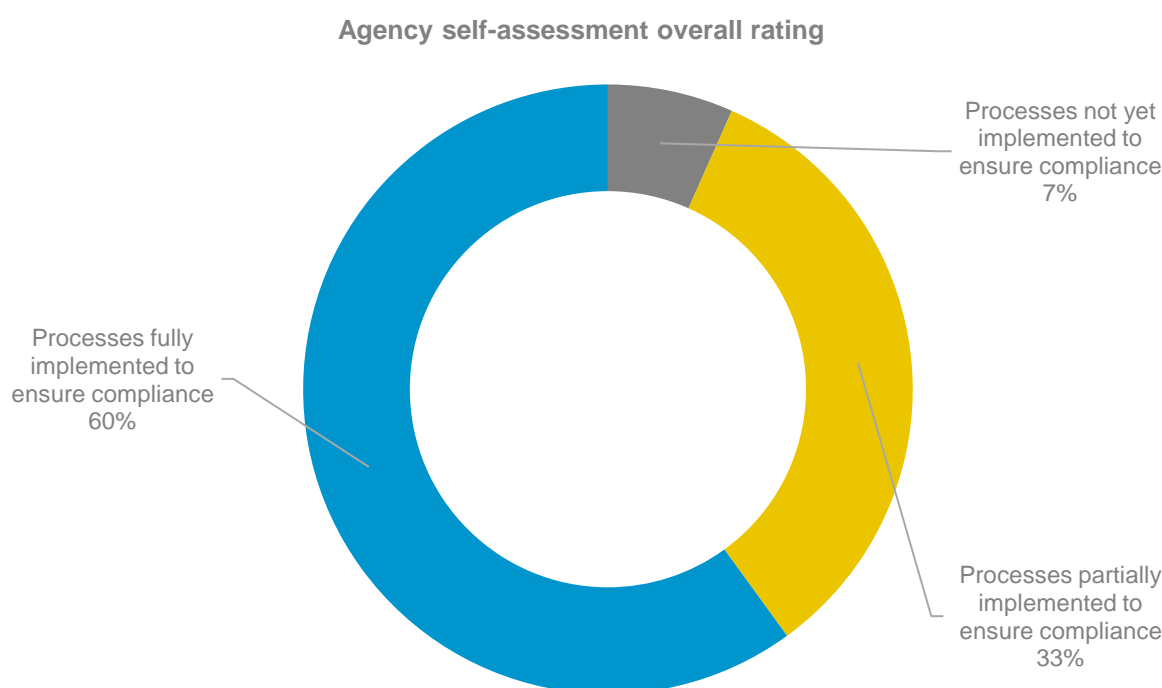


3. Findings from our survey of agency compliance with the new policy

We asked the 15 participating agencies to complete a self-assessment of the processes they have implemented to comply with the new policy. The key observations are summarised below.

3.1 Self-assessments show agencies believe they mostly comply with the new policy

Nine participating agencies believe they have fully implemented processes to comply with the new policy. Five participating agencies have partially implemented processes to comply with the new policy. Only one agency has not implemented processes to ensure it complies.



Source: Self-assessment survey responses from agencies (unaudited).

Agencies self-assessed as highly compliant with the new policy. The self-assessment was a significant improvement over the results of our audit of their compliance with the former policy. More advanced online booking and reporting tools provided by the government's new approved supplier may have contributed to the improved outcome.

The government's new approved supplier is well utilised

All 15 participating agencies claimed they now use the new NSW Government's approved supplier to book their official air travel. This represents a significant improvement compared to our audit of their compliance with the former policy and the use of the previous approved supplier's services, where we found seven participating agencies did not always book official air travel through the government's approved supplier (refer to 2.1).

3.2 Most agencies do not believe complying with the new policy reduces travel costs

Agencies report the approved supplier does not always get them the best deal

Recommendation

DFSI should monitor agency use of, and seek feedback about government contracts and ensure compliance does not result in higher costs.

Getting the best possible deal is important to agencies. Cheaper prices prove the case for whole-of-government procurement contracts.

Agencies and public officials are motivated to comply where they are convinced the government's approved supplier consistently provides them with the best deal. However, agencies report the approved supplier is not always able to match or better quotes from other travel providers. In particular, if agency staff are based overseas and need to travel domestically or internationally, it is cheaper to book travel from the country of origin rather than use the approved supplier.

Travel costs represent a relatively small portion of individual agencies' budgets. Some agencies do not believe compliance with the new policy will result in significant cost savings.

3.3 Agencies require clearer guidance on how they should manage airline loyalty schemes

Public officials manage their bookings to change seats and flights and pre-order in-flight catering using their personal loyalty scheme details. However, in doing so a personal benefit (in terms of loyalty points) may accrue to individuals. The government policy requires agencies to put in place processes to prevent public officials obtaining a benefit from travel undertaken in their private capacity.

Recommendation

DFSI should set clearer expectations and guidance about the processes agencies can put in place to limit the personal benefits public officials might obtain through airline loyalty schemes.

Only two agencies permit the use of airline loyalty schemes

Thirteen participating agencies have not yet developed travel policies that allow public officials to accept loyalty or frequent flyer points in respect of official travel. Where public officials accrue airline loyalty points from their official travel, these points are to be used to pay for further official travel. Public officials must not use these points for personal travel or other personal benefits.

The approved supplier's system allows the use of airline loyalty schemes, but has limited ability to track its use

The approved supplier's system can only report on:

- travellers who have a membership number loaded into the approved supplier's system, but not the actual membership numbers
- bookings made through the approved supplier utilising frequent flyer points
- when frequent flyer points are used to pay for business travel.

The approved supplier cannot report on frequent flyer points accrued or utilised for official travel.

Agencies find setting policy for the use of airline loyalty schemes difficult

Only two participating agencies reported permitting the use of airline loyalty schemes. Only one agency believes it has processes in place to ensure airline loyalty points accrued from official travel are not used for personal travel or other personal benefits. This agency requires staff to maintain records of flights and points used, which are declared each year as part of the private interest declaration process. However, this agency also emphasised personal frequent flyer accounts are the private records of public officials. Frequent flyer membership is held in an individual's name, and there is a direct relationship between the individual and the airline.

DFSI's Frequently Asked Questions for frequent flyer points and loyalty programs acknowledges business versus private frequent flyer point usage cannot be policed. It expects travellers will be honest in their declaration and use of points.

Section 2.3.6.1 of the new policy requires public officials to sacrifice any points accrued from official travel when their employment is terminated or their appointment ends. No agency reports having systems and processes to deny terminated public officials the use of airline loyalty points accrued from their official travel.

Agencies believe the administrative burden of managing their public officials' personal scheme points would outweigh the benefit. Some agencies questioned whether the use of airline loyalty scheme will result in any saving, given the amount of travel required to generate a free flight.

The new policy permits public officials to accept loyalty or frequent flyer points from any airline in respect of official travel, with approval of the relevant Secretary or delegate. This was not allowed under the former policy and may relieve the compliance burden, but does not address concerns about accrual of personal benefit to public officials.

3.4 Agencies are transitioning to payment of actual travel expenses

Twelve agencies are implementing payment of actual travel expenses

Recommendation

Agencies should work towards reform of workplace arrangements to transition to travel entitlements based on an actual rather than per diem basis.

Agencies are encouraged to reimburse actual travel expenses rather than pay per diems, wherever possible. This will save costs, ease administration and more fairly record the travel related costs. Twelve participating agencies have implemented or are in the process of implementing internal policies to pay only actual travel expenses. For some agencies, including the Department of Education and Water NSW, per diem payments remain an entitlement under employee Awards. The process of changing Awards is difficult, but where implemented offers benefits including:

- lower accommodation cost - the actual cost per night is usually less than the per diem entitlement
- GST benefits – agencies can claim input tax credits on a tax invoices, but not on a per diem payments
- more efficient process – submitting and processing public official's travel expense claims is time consuming. Actual expenses can be paid through agencies' accounts payable systems
- better duty of care – agencies can use travel itineraries to quickly locate their public officials in emergencies. This allows agencies to better attend to public officials' needs and discharge their duty of care
- more extensive travel reporting – agencies can now provide full transparency by reporting total actual travel costs.

3.5 Agencies report having better travel management systems and information

Agencies report having processes to manage their travel records

All participating agencies believe they now have systems and processes in place to ensure they properly obtain and retain supporting documentation for all travel expenses in accordance with the requirements of the new policy. This represents a significant improvement compared to our audit of agencies' compliance with the former policy, where we identified issues with travel records management in more than half of participating agencies (refer to 2.4).

Agencies report they are collecting and receiving better travel data

All participating agencies have systems and processes in place or are implementing processes to collect appropriate travel data which allows ongoing analysis of whether:

- travel expenditure is being managed appropriately
- travel decisions meet the strategic needs of the agency.

The approved supplier provides a Strategic Travel Management Review, which it reports to agencies on quarterly basis. This report includes useful information, such as total savings on airfares, lost savings, average hotel spending and top ten travellers by expenditure. It allows agencies to analyse their travel expenses and make better travel decisions. Agencies can also run a suite of the approved supplier's standard reports to meet their data analysis needs.

Agencies report they have processes to manage private travel as an adjunct to official travel

More than half of the selected agencies allow private travel as an adjunct to official travel. Only three agencies use government's approved supplier to book private travel. These agencies believe they have systems and processes to manage private travel booked through the approved supplier and ensure that:

- NSW Government rates offered by the approved supplier are not applied to private travel
- private travel is paid for separately at the time of booking from the public official's private funds
- the private booking is made at the same time as the booking for official travel
- a government-issued credit card or other account is not used in any circumstances.

Section two

Appendices



Appendix one – Response from agencies



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Office of the Secretary

Our ref: BN17/3063
Your ref: D1727263

Ms Margaret Crawford
Auditor-General of NSW
Via email: Reiky.Jiang@audit.nsw.gov.au

Dear Ms Crawford

Thank you for your letter of 23 October 2017 regarding the performance audit on agency compliance with the NSW Government's (NSWG) Travel Policies.

NSW Procurement (NSWP) in the Department of Finance, Services and Innovation (DFSI) manages Contract 1008 (C1008), Travel Management Services.

We agree in principle with the findings of the draft report and offer the following feedback for your consideration. We have summarised our comments in line with the key findings.

1. Findings from audit of agency compliance with the former policy

Some Agencies did not always book official travel through the approved supplier

NSWP awarded C1008 to FCM Travel Solutions (FCM) on 1 March 2016. NSWP partnered with FCM to implement the new arrangement via travel roadshows. NSWP also educated travel bookers about the digital platform technology available, including the difference in airline fare rules.

Recommendation

DFSI agrees with the proposed recommendation. NSWP will continue to work with agencies and clusters to overcome any impediments.

Some agencies had weaknesses in their travel approval processes

FCM offers technology that can support agency-specific delegations for approval of travel.

Recommendation

DFSI agrees with the proposed recommendation. NSWP and FCM will continue showcasing FCM's online approval system to agencies.

NSW Health agencies maintain additional policies to deal with travel-related employee entitlements

DFSI recognises there may be agency-specific employment award entitlements relating to official travel. These are usually specific to certain professions or roles within the agency. In such instances, the award condition or entitlement takes precedence over the NSWG Travel and Transport Policy requirements if there is any inconsistency. The extent of agency-specific award entitlements not being within the Travel and Transport Policy will be considered when the Policy is renewed.

Most agency records management systems did not retain adequate travel documentation

DFSI agrees and supports the proposed recommendation.

2. Findings from Survey of agency compliance with the new policy

Self-assessments show agencies believe they mostly comply with the new travel policy

FCM reporting has shown an increase in compliance to the new travel and transport policy.

Most agencies do not believe complying with the new policy reduces travel costs

NSWP has reviewed all travel related contracts including the travel management company, airlines and accommodation providers. The new contracts are in line with NSWG travel requirements and are expected to deliver significant savings.

Recommendations

DFSI agrees with the recommendations proposed. NSWP will collaborate with key stakeholders for example, the cross-sector Travel Category Management Working Group and other jurisdictions, to communicate the benefits and seek feedback on Government contracts. NSWP will again encourage agencies to advise NSWP when FCM quotes are not competitive.

Agencies require clearer guidance on how they should manage airline loyalty schemes

NSWP has published additional guidelines on the use of airline loyalty schemes. Each cluster is able to adopt these guidelines to meet agency-specific requirements.

Most agencies are transitioning to payment of actual travel expenses

DFSI agrees with the recommendation to move away from per diem allowances using payment methods such as the American Express business travel account under Contract 1009 and departmental purchasing cards issued to travellers.

NSWP partnered with agencies to support the payment of actuals through the Procurement Benefits Program – removal of per diems, where possible.

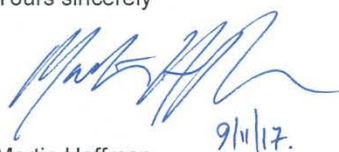
Agencies report having better travel management systems and information

Under C1008, FCM offers highly customised reporting and analytics tools. NSWP believes these have assisted with better visibility and management of agencies' travel spend.

Comments on the report

We understand the audit was based on a previous supplier and superseded Policy. DFSI recommends that future audits review the current policy and travel provider.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Martin Hoffman', with the date '9/11/17.' written below it.

Martin Hoffman
Secretary

Ms Margaret Crawford
Auditor-General of NSW
The Audit Office of NSW
GPO Box 12
SYDNEY NSW 2001

Our ref H17/79279

Dear Ms Crawford

Review of Agency Compliance with Government Travel Policies

I am writing in regard to the recent communication between your office and the Ministry of Health on the Audit Office's review of compliance with Government travel policy. A review has been completed on the documentation provided and I would like to offer additional context for your consideration.

Within the NSW Health System, travel is governed by the NSW Health policy directive Official Travel (PD2016_010). In addition to the policy framework, operations are subject to industrial Awards and Determinations that set out the package of conditions for our employees. These have been specially designed to meet the requirements of our staff and are unique to NSW Health.

Training, Education and Study Leave (TESL) is a specialised set of entitlements provided to senior doctors within the NSW Health System and is governed by the Staff Specialists Determination 2015. NSW Health has developed a specific policy directive (PD2016_043) to support consistency in the application of TESL entitlements while still meeting the requirements of the Determination. Separately, our policy framework also accommodates sponsored travel which is funded by third parties. Sponsored travel is subject to the provisions of PD2016_010 and applications are assessed to ensure that any sponsorship does not conflict with the function and purpose of the NSW Health System.

Documentation is enclosed with this letter to assist with reflecting these additional considerations within travel management for NSW Health. Please find attached the following:

- NSW Health's response to the relevant audit findings;
- comments on the provided draft Management Letter; and
- completed Representation Letter.

If you would like to discuss the provided information or have any additional queries, please contact Paul Giunta, Director, Corporate Governance and Risk Management on 9391 9654 or Paul.Giunta@moh.health.nsw.gov.au

Yours sincerely



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Finding	Recommendation	NSW Health's Response
2.1 Agencies did not always book official travel through the Government's approved supplier	Whole of Government contracts leverage the Government's purchasing power and deliver better value for money. Success of these contracts depends on agency participation, hence agency compliance is essential. DFSI should work with agencies and clusters to overcome impediments to agency participation and maximise savings	<p>The NSW Health Official Travel Policy Directive (PD2016_010) provides that all domestic and international travel bookings are to be made through the NSW Government's approved supplier.</p> <p>Further direction will be provided to those Health Organisations where there has been a delay in their transition to the latest government provider.</p>
<p>2.3 Some agency's policies were inconsistent with the Government travel policy</p> <p><i>Observation specific to NSW Health: Health agency policies were consistent with Ministry directives, but inconsistent with the Government travel policy.</i></p>	Lack of alignment between agency and Government policies reduces the effectiveness of whole of government contracting and policy making. Agencies with policies inconsistent with Government policy should address the points of difference. If a departure from Government policy is unavoidable, the required approval from the relevant Minister should be sought and retained as part of the agency's record keeping process.	<p>The departures listed in the report relate to those provisions available to Staff Specialists as part of their package of employment conditions under NSW Staff Specialists Determination 2015. These are supported by the NSW Health Training, Education and Study Leave (TESL) Policy Directive (PD2016_043). Where these departures from government policy exist, a clear assessment criteria is established through PD2016_043 to provide assurance on the appropriateness of their approval.</p> <p>A review of the underlying authorising environment with regard to the process of Ministerial approval for these conditions will be undertaken to maximise alignment with Government policy, without contravening obligations on NSW Health under the relevant industrial Awards and Determination.</p>



Appendix two – List of selected agencies

Agency	Cluster
Departments	
The Treasury	Treasury
Department of Finance, Services and Innovation	Finance, Services and Innovation
Service NSW	Finance, Services and Innovation
Department of Family and Community Services	Family and Community Services
Department of Premier and Cabinet	Premier and Cabinet
Department of Planning and Environment	Planning and Environment
Ministry of Health	Health
Department of Industry	Industry
Department of Education	Education
Department of Justice	Justice
State owned corporations	
Landcom	Planning and Environment
Water NSW	Industry
Other bodies	
Sydney Children's Hospitals Network	Health
Sydney Trains	Transport, Roads and Maritime
SAS Trustee Corporation	Treasury

OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

OUR MISSION

To help parliament hold government accountable for its use of public resources.

OUR VALUES

Purpose – we have an impact, are accountable, and work as a team.

People – we trust and respect others and have a balanced approach to work.

Professionalism – we are recognised for our independence and integrity and the value we deliver.

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