cutting through complexity™

Department of Chief Minister

Travel Review

31 August 2015

Contents

The contacts at KPMG in connection with this report are:

David Howie
Partner, KPMG Darwin

Page

1. Executive summary 2

2. Travel Operating Framework - Overview 8

3. Travel Operating Framework – A Deeper Analysis 12

4. Travel Processes 22

5. Future Audit Strategy 25

6. Corporate Travel Provider Tender 27

Appendices

1. Summary of detailed recommendations

Inherent Limitations

This Report has been prepared as outlined in the Background & Scope Section of the Report. The services provided in connection with this engagement comprise an advisory engagement which is not subject to assurance and other standards issued by the Australian Auditing and Assurance Standards Board, and consequently no opinions or conclusions intended to convey assurance have been expressed.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the Department of Chief Minister's management and personnel consulted as part of the process.

KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

The findings in this report have been formed on the above basis.

Third Party Reliance

This report has been prepared at the request of the Department of Chief Minister in accordance with the terms of KPMG's engagement letter/contract and is solely for the purpose set out in the "Scope" of the Report and for the Department of Chief Minister's (DCM) information, and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent. Consent has been given to publicly release this report and therefore accordingly:

- KPMG is not responsible to the DCM or any other party for any loss the DCM or any other party may suffer in connection with the public release of Analysis of this report.
- DCM has agreed to release and forever discharge KPMG, its affiliated entities, and their partners, officers and employees from, and not assert against them, any action, liability, claim, suit, demand, claims for costs or other expenses or any other proceedings arising out of, or in connection with, the public release of this report; and
- DCM indemnify KPMG and its affiliated entities, and their partners, officers and employees against any loss, action, liability, claim, suit, demand, claim for costs or expenses or any other proceeding they may suffer arising out of, or in connection with, the public release of this report.

Other than our responsibility to the DCM, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

1. Executive summary

Executive Summary

Background, Scope and Opening Remarks

The governance around travel was further matured through the release of new 'whole of NT Government' policies effective 1 July 2015.

This project was forward looking, focussing on whether the new travel operating environment was sufficient to assist in achieving the NTG desire for an operating environment that is *'beyond reproach'*.

Key people were consulted from the Departments of Chief Minister, Corporate & Information Systems, the Office of the Chief Minister and Travel Management Companies.

The new policies move the NTG forward in its maturity journey, with further opportunities identified as part of this engagement.

Background

The Department of Chief Minister (DCM) recently developed new Northern Territory Government (NTG) policies in respect to travel that became effective from 1 July 2015. As part of its focus on continuous improvement, DCM engaged KPMG to independently review this new operating environment to help inform whether the broader operating environment for travel across the NT government, including Ministers and Elected Members, is beyond reproach from key stakeholders, including the public.

Objective and Scope

The objective for this engagement was to assess the proposed operating environment related to Ministerial & NT Public Service travel arrangements to ensure it is sufficiently robust and beyond reproach.

The scope of our work included consideration of the following areas that contribute to the broader operating environment that facilitates the requisition, approval, procurement, taking of and payment for, acquittal and reporting of travel:

- Policies & Governance: Consider the design of the new policies and the related regulatory frameworks and broader governance including delegations, tone at the top etc.
- Processes: Consider the design of current processes in place to facilitate NTG official travel
- IT Systems: Consider the robustness of IT Systems that support the facilitation of travel including TRIPS and GAS
- People & Culture: Consider people and culture matters that support travel including: learning & development, compliance culture etc.

Critically, the scope of our work specifically excluded assessing retrospective compliance with policies and other NTG regulatory frameworks. Instead, the past practices, as represented by the transactions from 1 July 2014 till 30 April 2015, were reviewed only to identify possible matters to inform the design of the future operating environment.

Opening remarks

It is important to acknowledge that 1 July 2015 represented a key milestone for the NTG achieving a travel policy framework that, for the first time, applies across the whole of the NTG. This replaced a set of policies and supporting guidance created by various Agencies across the NTG, and accordingly takes an important step towards providing a more mature and robust framework. This, combined with the NTG's trial use of Corporate Travel Provider (CTP's) and the proposed tender for a single CTP going forward, all demonstrate positive intent by the NTG to continuously improve its operating environment related to travel and specifically to ensure it continues to achieve the core principles of its travel policies: Value for money, Necessity, Accountability and Beneficial.

These efforts by the NTG all represent positive improvements to the maturity and robustness of the travel operating environment. It is also acknowledged that achieving this current state in a relatively short timeframe is to be commended.

Importantly, a new policy framework will not on its own achieve the desired outcomes. Further promulgation of the policy framework and continued focus on ensuring the right judgements are being made and compliance culture in place, will form a key part of the future operating framework. These include, but are not limited to, six monthly audits on compliance mandated by the policy, which will assist in providing transparency to key stakeholders that the framework continues to be applied appropriately. The CTP tender will be the next milestone development in the NTG's travel framework maturity. The outcome of this tender will determine whether a number of the recommendations in this report can be implemented.

This engagement has identified a number of further opportunities that the NTG should consider in its journey of achieving an operating environment that is 'beyond reproach'. Pleasingly, a number of these opportunities have already been considered by, and are already in train, by the NTG.

The balance of this report, sets out these opportunities, together with relevant context that was considered in making these recommendations.

Executive Summary

Key Observations

On balance, at present the pendulum has perhaps not gone far enough having regard to the expectations of key stakeholders and the public on the use of its public resources.

Future plans already in train by the NTG and consideration of this report's recommendations will have the pendulum within the recommended range.

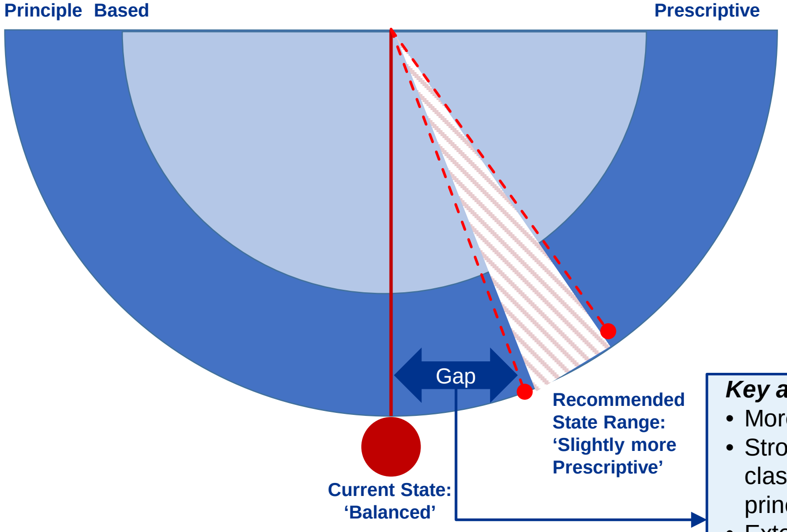
Designing a framework that is right for the times …

Like most frameworks, whether they be on compliance, governance, HR, finance, risk etc. there is a continuum of choice in terms of their design. In terms of policy frameworks, there is generally a continuum between a principles based policy allowing broader choice, judgement and interpretation and a very prescriptive based policy that constrains choice and limits judgement and interpretation.

Where an organisation lands its pendulum on this continuum depends on a number of elements which include, but are not limited to: maturity of the organisation; its organisational culture; compliance culture; nature of the entity (public v private sector) where key stakeholders demand higher levels of accountability; risk appetite etc. Importantly, any policy framework needs to be 'fit for purpose' and consistent with the risk appetite of the organisation.

Assessing whether the NTG have landed in the right spot in terms of the pendulum and its appropriateness, however, is one of judgement influenced by a number of complicating factors. The illustration and commentary below provides our insights into this question, however on balance this indicates that at present, ***the pendulum has perhaps not gone far enough*** having regard to the expectations of key stakeholders and the public on the use of its public resources. Future plans already in train by the NTG and consideration of our recommendations will have the pendulum in the recommended range.

The Policy Pendulum


Principle Based
Prescriptive
Gap
Recommended State Range: 'Slightly more Prescriptive'
Current State: 'Balanced'

Key areas to move from the current state to the recommended state include:

- More guidance for staff interpreting 'best value fare'
- Stronger model where allowances and entitlements (eg spouse travel, business class, etc) are rebuttable presumptions that must on all occasions meet the core principles of value for money, necessity, beneficial and accountable
- Extending scope of travel policies to MLA's and Electoral Officers (including mandated CTP use)
- Move to single CTP
- Introducing spend per head guidance for meals and beverage for Ministers
- Central oversight for air charter bookings to optimise seat utilisation

Executive Summary

Key Observations

The new policies provide a strong foundation for meeting process objectives.

However the four key guidance documents within the travel framework adds unnecessary complexity.

Due to these existing structures, it is acknowledged that changing these will take a longer period of time, but nonetheless be considered as a long term strategy.

A differential policy framework adding unnecessary complexity…

The two new policies relating to ‘Ministers and Ministerial Officers’ and ‘NTG Employees’, as drafted on their own provide a relatively good starting point for the NTG to achieve better outcomes in terms of future travel procurement. However, both of these policies do not apply to Members of the Legislative Assembly (MLA) and Electoral Officers. Instead, the MLA’s and Electoral Officers apply the requirements of a separate Remuneration Tribunal Determination (RTD) approved in 2013 which provide less detail on how travel is to be procured than the travel policies.

Further, depending on the nature of the travel, the RTD will be the guiding document for some Ministerial travel. The actual intent in the design of the framework is for the RTD to primarily provide guidance on travel entitlements, with the travel policies providing guidance on how to procure the travel. Currently however there is some overlap between the RTD and the travel policies that requires care going forward to ensure they remain consistent in these areas of overlap.

Whilst acknowledging the context as to how this framework has been developed over time and appreciating the difficulty in changing this framework quickly, the combination of these different sources of guidance creates a level of unnecessary complexity in the operating environment. A differential policy framework supports inconsistent practices and lower whole of government productivity through over administration. In this regard, stakeholders will generally not delineate between the travel of Ministers and MLA’s, but instead make judgements on a consistent ‘reasonable person’ framework, regardless of who, why or what the travel relates to. It is accepted that to change this will take a longer period of time, however should be considered as a longer term strategy by the NTG.

NT Government Travel Policy Framework	Ministers & Ministerial Office Staff Travel Policy (New)	NTG Air Travel Policy (New)	RTD 1 2013	PS Determination 1 2015
Minister: Non-Electorate Travel	✓			
Minister – Electorate Travel			✓	
Member Legislative Assembly (1)			✓	
Electorate Officers			✓	
NTG Employee / MLA Staff		✓		✓

(1) When booked through the Department of the Legislative Assembly

The fundamental difference in RTD 1 2013 to the other travel policies is:

> *The use of CTPs and the requirement to check on-line pricing and compare to CTP quote, are not mandated in the RTD.*

Centralised channels for procurement of travel enhance the NT Governments purchasing power to leverage cheaper pricing, assist in providing insightful reporting that guarantees completeness of all travel expenditure.

Key Observations

Policy change alone will not be sufficient…a strong focus on change management and future compliance monitoring will be critical.

Additional intervention is necessary to achieve swifter change to existing non-optimal travel procurement practices.

The upcoming CTP tender presents a significant opportunity to explore options to replace TRIPS' role in travel requisition and approval.

A new policy framework will not on its own achieve the desired outcomes…

Strong policy is only one element in an optimal operating environment. Now that the policy changes have been announced, continued focus on policy promulgation and ongoing monitoring of the compliance culture will be key to ensure the NTG achieve an overall outcome that is 'beyond reproach'.

The new policies introduce key changes which are not limited to the mandatory use of CTP's, and accordingly in these situations, strong change management strategies will be critical to achieve the desired outcomes.

The six monthly audits on compliance mandated by the policy, will also assist in providing transparency to key stakeholders that the framework continues to be applied appropriately.

There is anecdotal evidence that there remains opportunity for the NTG to achieve even greater value for money. These opportunities can be described on two levels being, contractual arrangements and individual travel procurement practices and preferences.

From a contractual arrangements perspective, the proposal to outsource to one CTP is consistent with other Australian government jurisdictions and is therefore supported. This will provide a perfect opportunity to close the loop on currently untapped value not being leveraged through other contractual mechanisms associated with airline and accommodation expenses.

In terms of individual travel preferences, there is opportunity to achieve further savings primarily in respect to selection of options other than 'best value fare', non-optimal utilisation across Agencies of charter flights; and business class travel representing poor value for money (especially on short haul flights). This is compounded with the design of current policy that has an inherent risk for users of the policy to select a course of action that is allowed under the policy, rather than testing that the course of action is consistent with the underlying principles that includes value for money. Changing these practices however will require cultural change in practices that have potentially existed for some time. Whilst acknowledging that constructive engagement with travellers is desirable, if swift change in embedded historical practices is to be achieved, there is a strong case for other stronger intervention and monitoring controls, otherwise the upside financial benefits will be achieved too slowly for the NTG.

TRIPS and processes are currently placing significant barriers on achieving optimal efficiency and effectiveness in travel processes…

TRIPS, an in-house built system to facilitate requisition and approval of travel, has limitations in particular relating to handling changes to travel post approval and reporting. The CTP tender presents an ideal opportunity to strategically review the future of TRIPS and seek information from the CTP's on innovative options for IT solutions for facilitating requisition and approval of travel as well as streamlined invoicing and interfaces with NTG finance systems.

Current processes allowing travel expenditure to be paid through mechanisms such as cash advances, together with the fact that use of CTPs has not been mandatory, also has led to a lack of transparency on historical data regarding travel procurement practices. There remains an opportunity to review these current mechanisms due to administrative burden as well as personal and business risk.

Executive Summary

Key Recommendations

The recommendations arising from this engagement include both ‘quick wins’ and other longer term changes.

A ‘road map’, recognising these different levels of complexity, has been provided to assist the NTG implementing these changes.

Key Recommendations

To assist the NTG further mature its travel operating environment, there are a number of recommendations that have been made throughout this report. The table below collates and summarises these recommendations into key themes and provides a recommended timeframe to implement these recommendations over an 18 month period. A summary of all detailed recommendations is set out in Appendix 1.

	2015		2016			
Recommendation	Q3	Q4	Q1	Q2	Q3	Q4
CTP Tender: During the drafting of the CTP tender, consider requesting from tenderers innovative options for facilitation of: front end travel requisition and approval software; assisting NTG negotiate airline/accommodation programs; Reporting to assist monitoring & compliance function; Training for NTG booking officers; Travel diary completion for FBT purposes; Cross Agency charter flight co-ordination; Audit requirements; Airline credit management; Additional KPIs regarding policy compliance and achieving value for money.		▼—	—▼			
Policy Amendments: Consider: redesigning travel policies to be more interactive and easy to use; making other recommended policy changes; longer term strategies for aligning travel procurement practices between the travel policies and the RTD.	▼—	—▼				
Policy Promulgation: Consider as part of future NTG travel policy promulgation activities: providing a summary of policy changes; designing and maintaining FAQ’s; further stakeholder engagement (including CTP’s); review of and removing all ‘old’ policies replaced by new policies; ‘tone at the top’ leadership; Poster campaign; Update new starter information; 90 day survey.	▼—	—▼				
Compliance Audits: Consider as part of the development of the six monthly audit program, sample testing provided in the example audit plan.			▼—	—	—	—▼
Process Amendments: Share with Agencies KPMG’s Control Workbook so as to facilitate a review of Agency control design. Consider recommended process changes related to Movement Record (MR) redesign; removal of manual workarounds; improved reporting; enhancing timeliness of acquittals; removal of broad option for cash advances.	▼					

KPMG

cutting through complexity™

2. Travel Operating Framework:

An Overview

Travel Operating Framework

Overview

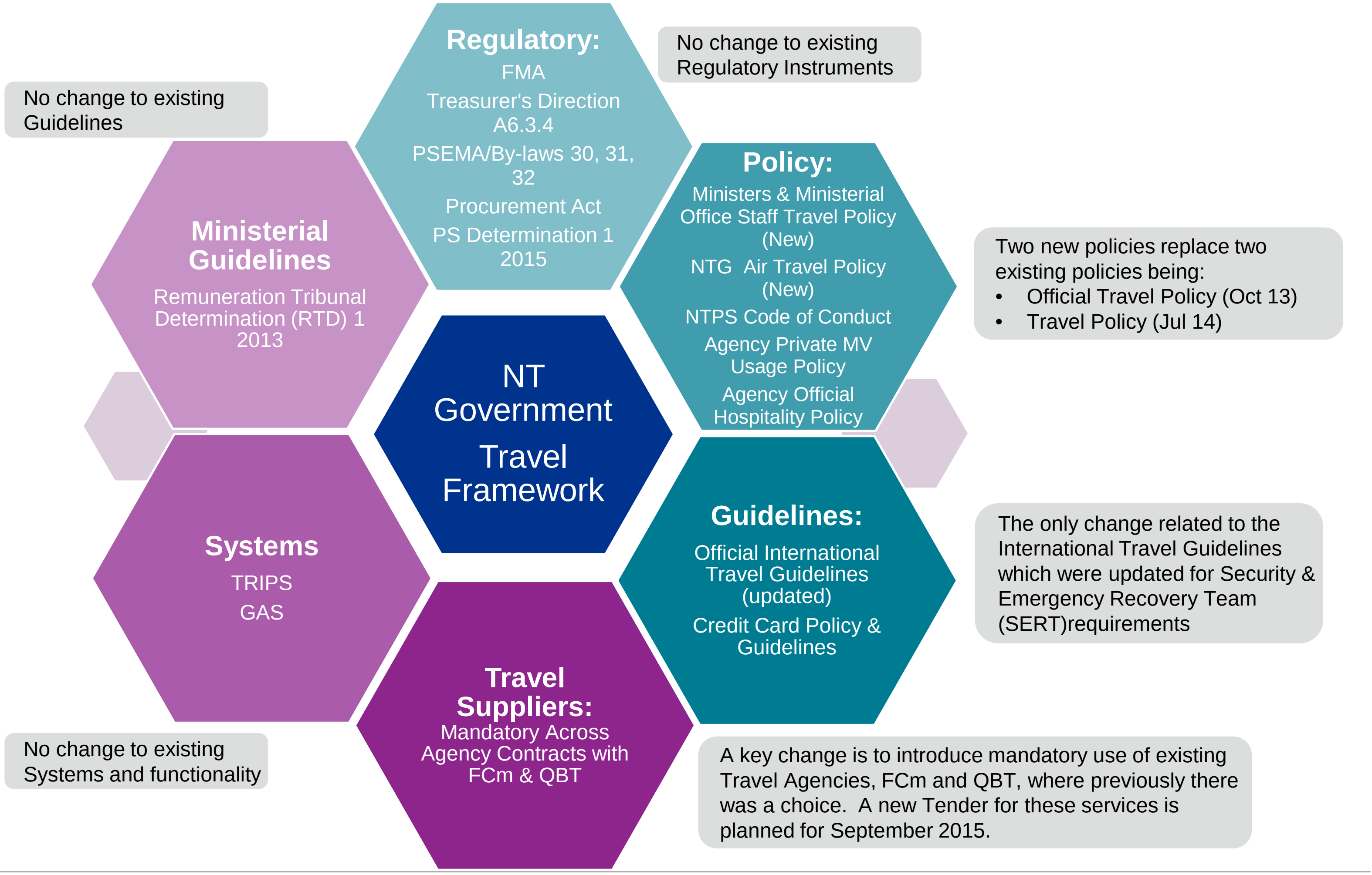
There are a number of elements to the existing travel operating framework, each of them offering guidelines for different situations and people within the NT public sector.

The NTG issued two new travel policies effective 1 July 2015.

A key change introduced is the mandatory use of Travel Providers FCm and QBT which will be tendered for one single provider in late 2015.

Travel operating framework overview

The Department of Chief Minister and the Department of Corporate and information Systems recently issued two new travel policies. Before considering the health of the new travel operating framework, it is worth reflecting on the key elements of the old and new Frameworks:



Regulatory:
FMA
Treasurer's Direction A6.3.4
PSEMA/By-laws 30, 31, 32
Procurement Act
PS Determination 1 2015

No change to existing Regulatory Instruments

Ministerial Guidelines
Remuneration Tribunal Determination (RTD) 1 2013

No change to existing Guidelines

Policy:
Ministers & Ministerial Office Staff Travel Policy (New)
NTG Air Travel Policy (New)
NTPS Code of Conduct
Agency Private MV Usage Policy
Agency Official Hospitality Policy

Two new policies replace two existing policies being:

- Official Travel Policy (Oct 13)
- Travel Policy (Jul 14)

NT Government Travel Framework

Systems
TRIPS
GAS

No change to existing Systems and functionality

Guidelines:
Official International Travel Guidelines (updated)
Credit Card Policy & Guidelines

The only change related to the International Travel Guidelines which were updated for Security & Emergency Recovery Team (SERT)requirements

Travel Suppliers:
Mandatory Across Agency Contracts with FCm & QBT

A key change is to introduce mandatory use of existing Travel Agencies, FCm and QBT, where previously there was a choice. A new Tender for these services is planned for September 2015.

Macro Observations

There is an array of guidance available to those travelling using NTG public funds.

Core principles include:

- ***Accountability***
- ***Value for money***
- ***Beneficial***
- ***Necessity***

…to NT government.

The CTP tender and strategic assessment of TRIPS present opportunity to improve the current operating environment.

Cultural change is required to ensure compliance with new requirements are achieved.

Overall observations of the new Framework

Before providing more specific and detailed assessment on the new Framework, it is useful to reflect and pass some observations at a macro level about the characteristics of the new Framework. In respect to the new Framework:

Policies and Governance

- There is a significant amount of policies and other regulatory guidance that guide behaviour in respect to responsible procurement of travel by NTG staff and Ministers.
- The core principles of accountability, value for money, beneficial and necessity to NT government are appropriate, however this could be strengthened through stronger statements aligning travellers behaviour back to these.
- The new Framework and policies haven't significantly shifted the 'bar' in terms of requirements and therefore shouldn't create a significant cultural shift from those currently in compliance. The biggest challenge will be engaging staff in using the preferred Travel Management Companies and in this regard, ensuring these providers are ready for the increased volume will be critical.
- In terms of encouraging consistency in practice, this is complicated by the fact that the new Framework will not apply to everyone with the scope of current NTG travel policies excluding Members of the Legislative Assembly and Electoral Officers.
- The 'user friendliness' of the new travel polices could be enhanced. As drafted, the policies are more akin to 'procedural' documentation, albeit as noted above they do have elements of policy statements within. Further, the policies do not currently include high level process maps or design elements that facilitate easy navigation through the policies and links to other relevant documents.
- Policy promulgation activities for the new policies have been limited to date.

Processes

- The proposed procedures outlined in the policies, if effectively applied and correct judgements made, provide a reasonable control framework, however there are opportunities to further mature the framework.
- There are two key critical success factors of the Framework's efficiency and effectiveness going forward and these include:
  - Preferred Corporate Travel Provider which is proposed to go out to tender in September 2015. How the NTG work with this provider and manage this contract will be a critical in the broader management of travel going forward.
  - TRIPS System which is currently restricted in providing any meaningful reporting to monitor travel. The future of TRIPS should form a key part of the specifications of the preferred travel service provider noted above.

IT Systems

- TRIPS is an in-house designed system that has broader usage outside travel (ie field visits). Currently the Department of Corporate and Information Services (DCIS) have sufficient IT support for the system, however its core design has been centred around the requisition and approval of travel and accordingly broadening its functionality is limited. The current functionality is limited and therefore inflexible to cater for scenarios beyond the standard travel arrangements (ie difficult to record changes).

People & Culture

- There has been no consideration of broader change management activities required.

The Policy Pendulum…where does the NTG sit?

On balance the pendulum has perhaps not gone far enough having regard to the current environment and expectations of key stakeholders and the public on the use of its public resources.

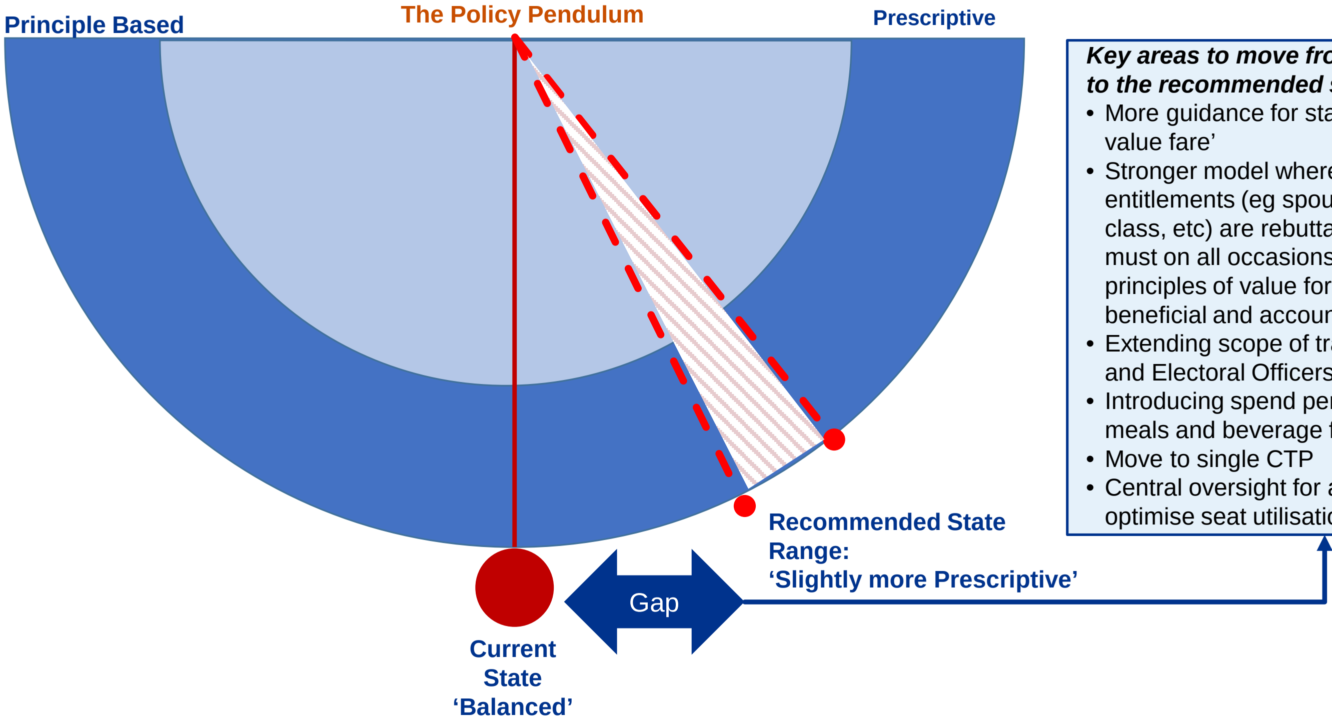
The Policy Pendulum

Like most frameworks, whether they be on compliance, governance, HR, finance, risk etc. there is a continuum of choice in terms of their design. In terms of policy frameworks, there is generally a continuum between a principles based policy allowing broader choice, judgement and interpretation and a very prescriptive based policy that constrains choice and limits judgement and interpretation.

Where an organisation lands its pendulum on this continuum depends on a number of elements which include, but are not limited to: maturity of the organisation; its organisational culture; compliance culture; nature of the entity (public v private sector) where key stakeholders demand higher levels of accountability; risk appetite etc. Importantly, any policy framework needs to be 'fit for purpose' and consistent with the risk appetite of the organisation.

Assessing whether the NTG have landed in the right spot in terms of the pendulum and its appropriateness, however, is one of judgement influenced by a number of complicating factors. The illustration and commentary below provides our insights into this question, however on balance this indicates that at present, *the pendulum has perhaps not gone far enough* having regard to the expectations of key stakeholders and the public on the use of its public resources. Future plans already in train by the NTG and consideration of our recommendations will have the pendulum in the recommended range.

Set out below are some insights on where these gaps are:



Key areas to move from the current state to the recommended state include:

- More guidance for staff interpreting 'best value fare'
- Stronger model where allowances and entitlements (eg spouse travel, business class, etc) are rebuttable presumptions that must on all occasions meet the core principles of value for money, necessity, beneficial and accountable.
- Extending scope of travel policies to MLA's and Electoral Officers (mandate CTP use)
- Introducing spend per head guidance for meals and beverage for Ministers
- Move to single CTP
- Central oversight for air charter bookings to optimise seat utilisation

KPMG

cutting through complexity™

3. Travel Operating Framework:

A deeper analysis

Analysis of the new Framework

Moving from the macro analysis presented in the previous section, this section provides insights arising from of our deeper analysis of the broader travel operating environment. This section views the framework from a number of other perspectives that are useful in assessing the appropriateness of the new Framework.

Travel Operating Framework

Under the microscope…a deeper analysis

The Framework is unnecessarily complex in respect to who and when they apply to.

This increases the risk of non-compliance due to lack of consistent treatment.

Scope of Policies – who they apply to

The two new policies relating to ‘Ministers and Ministerial Officers’ and ‘NTG Employees’, as drafted on their own provide a relatively good starting point for the NTG to achieve better outcomes in terms of future travel procurement. However, both of these policies do not apply to MLAs and Electoral Officers. Instead, the MLAs and Electoral Officers apply the requirements of a separate RTD approved in 2013 which provide less detail on how travel is to be procured than the travel policies.

Further, depending on the nature of the travel, the RTD will be the guiding document for some Ministerial travel. The actual intent in the design of the framework is for the RTD to primarily provide guidance on travel entitlements, with the travel policies providing guidance on how to procure the travel. Currently however there is some overlap between the RTD and the travel policies that requires care going forward to ensure they remain consistent in these areas of overlap.

Whilst acknowledging the context as to how this framework has been developed over time and appreciating the difficulty in changing this framework quickly, the combination of these different sources of guidance creates a level of unnecessary complexity in the operating environment. A differential policy framework supports inconsistent practices and lower whole of government productivity through over administration. In this regard, stakeholders will generally not delineate between the travel of Ministers and MLAs, but instead make judgements on a consistent ‘reasonable person’ framework, regardless of who, why or what the travel relates to. It is accepted that to change this will take a longer period of time, however should be considered as a longer term strategy by the NTG.

The fundamental differences in RTD 1 2013 to the other policies is:
- The use of CTPs and the requirement to check on-line pricing and compare to CTP quote, are not mandated in the RTD.
- Spouse, nominees & children travel guidelines are specifically covered in the RTD, however, are not explicitly covered in the other policies.
- The RTD outlines a prescriptive list of reasons when Members of the Legislative Assembly (including Ministers for travel booked by the Department of Legislative Assembly) can travel whilst the Ministers & Ministerial Office Staff Travel Policy is less prescriptive on this.
- The RTD does not provide overall core principles of accountability, value for money, beneficial and necessity to NT government as is provided in the two new travel policies. Business Class travel ‘Shall’ be used in the RTD rather than ‘entitled to’ as per the Minister policy.

Other observations in respect to scope include:
- The interplay between the RTD and the other policies could be considered complex, that increases the risk of misinterpretation.
- The Ministers & Ministerial Office Staff Travel Policy includes in the definition of Traveller ‘NTG Employees’ which by virtue of the scope would have the unintended consequence of being applicable to NTG Employees.

The current complexity of the scope and exclusions will significantly impede on achieving operational efficiency, increase the risk of non-compliance and make it extremely complex for users and CTPs to monitor and enforce compliance. Further, from a stakeholder perspective, regardless of the level of difference between policies, there is a risk that they see an unnecessary differential framework in place.

It is recommended that NTG consider:
- Exploring future strategies to move all government travel to be booked through the preferred CTP.
- Removing reference to NTG Employees in the definition of ‘traveller’ within the current Ministers and Ministerial Office Staff Travel Policy.
- Addressing current inconsistencies in the RTD and travel policies in the next review of the entitlements of Legislative Assembly Members.

Under the microscope…a deeper analysis

The new Framework has excluded two areas (Frequent Flyer Points and Airline Lounges) that could be deemed to provide a personal benefit to the staff member of Minister.

Benchmarking of other jurisdictions show that there are mixed treatments of including and excluding these areas in travel policies.

Cash advance systems introduce risks to NTG staff and reduce transparency over expenditure.

Lack of per head food and beverage spend for Ministers increases the risk of inappropriate judgement.

Scope of Policies – what's in and what's out

The current Framework excludes guidance on:

- ***Frequent Flyer Points:*** It is acknowledged that it is difficult to monitor compliance should FFPs be required to be used for business purposes. In respect to other Australian jurisdictions it is noted that:
  - the Federal Government do not allow staff or elected members to accrue FFP's from official travel.
  - NSW, WA and Victoria require FFP's earned from government travel to be used only for government travel.
  - Tasmania however do not require FFP's to be used for business travel, Queensland's policy is silent (removed in 2011) and SA unavailable.
- ***Airline lounges:*** Many other Australian jurisdictions, allow airline lounge membership when business travel is frequent and that the access to the lounge will enhance the effectiveness of the persons role. Consultations with a current Corporate Travel Provider (CTP) noted that there is scope for the NTG to negotiate with the Airlines to have Airline Lounge access at significantly cheaper rates.

Further the following is noted in respect to:

- ***Cash Advances:*** This option is currently available to those falling under the Ministers and Ministerial Office Staff Travel Policy. The NTG Air Travel Policy is currently silent on this matter. Whilst there can be practical arguments to support such a system, in our experience the cost/benefits of such a system have never been strong enough to support its existence. Further, such a system reduces the ability to achieve full transparency over all travel expenditure. Whilst it is acknowledged that the arrangement of a cash advance would be appropriate (eg remote business destination), making available such a mechanism in a policy increases more broader usage for inappropriate reasons.
- ***Travel Allowance:*** Those captured by the travel policies are entitled to receive Travel Allowance payments to cover meals and other incidentals. The use of a Travel Allowance system reduces transparency over the travel expenditure, however, given that it only applies to meal & incidental reimbursements, and the rates are consistent with those published by the Australian Tax Office Tax Determinations, the current arrangements for NTG staff appear reasonable.

  Travel Allowances do not apply to Ministers and Ministerial Office Staff and instead operate on a cost reimbursement basis. Whilst a cost reimbursement system for meals provide transparency over the expenditure, the absence of any guidance on the quantum of the spend per head increases the risk of expenditure being consistently excessive, which may attract negative public attention. This differential framework for travel Allowances also has led to inconsistent practice when staff dine with Ministers in that, are they only entitled to the standard Travel Allowance or do they fall within the Ministers expenditure reimbursement.

It is recommended that NTG consider:

- Investigating with CTPs how the NTG may negotiate with Airlines to have Airline Lounge access at lower rates.
- Investigating options to facilitate Frequent Flyer Points accruing from NTG travel to be used for NTG travel.
- Removing the option for cash advances and look at other more transparent systems such as pre-paid travel money cards. This would not mean that cash advances would never be provided, however these would be arranged only in special circumstances.
- Introduce for Ministers, a spend per head guidance (range rather than an upper limit) for meals including food and beverages. Given this, clarify that staff travelling with Ministers can apply the Ministerial per head amount, as long as the per head guidelines are adhered to.

Under the microscope…a deeper analysis

Current travel practices are significantly impacting the NTG achieving optimal value for money.

Current contractual arrangements and individual travel preferences require review to take advantage of value for money upside.

Scope of Policies – value for money considerations (accommodation and airline)

With value for money being central to any Public Sector spend, the following comments are made in this regard:

- ***Accommodation Programs:*** The NTG do not currently participate in any formal accommodation programs. Such programs are common in other organisations, the purpose of which are to provide preferred accommodation providers in different domestic and international locations, that offer significant volume based discounts.
- ***Airline arrangements:*** The NTG have existing arrangements with the main domestic travel providers however the CTP's consulted as part of this engagement indicated that there is significant opportunity to negotiate further to provide significant discounts.
  - *Air North:* Currently a substantial amount is spent with Air North for air travel without any discounts being applied. Air North, although locally present in the NT, is owned by Bristow Inc. a global multinational Group and accordingly it is recommended that negotiations be commenced to discuss current and future pricing models. Further, there is a need to ensure the NTG is able to see all of Air North's inventory (flight schedules) when booking air travel.
  - *Qantas:* The current arrangements allow for certain classes of air travel to be booked. There is an opportunity to negotiate further with Qantas to broaden the current classes of travel available and this includes ensuring more lower classes and non-trunk routes are included to provide cheaper travel options.
- ***Airline Credits:*** One CTP is trialling with the Department of Health a number of strategies to reduce the level of airline credits and this includes, the automatic use of unused credits (beyond just the staff member the credit belongs to); Not pre-booking return trips (especially for patients) until the return date is confirmed; and additional monitoring. Notwithstanding that there are much better options available now to manage airline credits, there is a risk for the NTG in using up legacy credits.

It is recommended that NTG consider:

- Working with its future single CTP to re-negotiate existing airline and accommodation arrangements and implement a formal Accommodation program.
- Requesting CTP's and all staff (through their historically used travel agents) to report on any unused airline credits and a plan be devised to utilise these as soon as possible.
- Ensuring that in future CTP arrangements that airline credits be utilised automatically per Agency rather than per traveller.

Under the microscope…a deeper analysis

Business class travel allowances are not unusual in other public service jurisdictions.

Darwin's geographical location often requires long flight times for domestic airfares, but usually only for the first leg.

A Framework that infers an entitlement to travel business class will increase the risk of travellers not considering the value for money of such, each and every time travel is undertaken.

Scope of Policies – value for money considerations (business class travel)

With value for money being central to any Public Sector spend, the following comments are made in this regard:

- ***Business Class Travel:*** The Minister and Ministerial Office Staff Travel Policy currently 'entitles' Ministers, and one accompanying staff member, to travel business class. The NTG Air Travel Policy states that the travel class must be economy unless the Traveller has an entitlement or approved exemption to travel business class. The RTD states that business class 'shall' be used, however also states that if a member travels economy class then access to airline lounges can be considered.

  The use of business class travel is not uncommon for other jurisdictions including Federal Ministers. Other jurisdictions list considerations such as: length of flight, time on flight (early morning/late at night); Work requirements during the flight (reading confidential papers or being briefed by Advisers); and expected activities at the completion of the flight (eg going straight to a meeting/negotiation rather than going straight to accommodation). The NTG policies do not list such considerations and instead **rely on 'entitlements' rather than encouraging a 'value for money' consideration for each case.**

  Extending the business class to officers accompanying Ministers is also not unusual in other public sector jurisdictions (eg Tasmania, Western Australia, Queensland, New South Wales) however there is often more guidance on when this is appropriate such as activities at completion of the flight, need for briefing etc.

  It is typical in many organisations that business class is restricted to trips that are long enough to justify the additional expenditure. New South Wales, given their central location allow business class for staff only for travel to the Northern Territory and Western Australia (generally > 2 hours) and Queensland allow business class for flights > 3 hours. These timeframes have increased in more recent times rather than decrease, particularly as the Global Financial Crisis placed pressure on expenditure budgets.

  It is accepted that due to the Northern Territory's physical location that a significant amount of domestic travel will exceed 2 hours. However, on many occasions, staff and Ministers will travel on shorter legs after the initial longer first leg.

  Accepting that the NTG have allowed business class travel for selected people, there is an opportunity to provide further controls over this such that value for money is being achieved. The reality is that on some routes, the airlines do not offer a 'true' business class service. Further, on short haul flights, the benefits of such travel places into question the value of such airfares. Notwithstanding the above, a framework that infers an entitlement to travel business class will increase the risk of travellers not considering the value for money of such, each and every time travel is undertaken.

It is recommended that NTG consider:

- Including a requirement in the policies that require travellers, regardless of entitlements, to consider the merits of travelling business class going forward that includes consideration of length of flight, time on flight, work requirements during the flight and the activities at the end of the flight (particularly when heading back to Darwin).
- Limiting business class travel to flights > 2 hours.
- Using the CTP's to advise when certain routes are not 'true' business class services so that a value for money decision can be made.

Under the microscope…a deeper analysis

Selecting the best value fare involves judgement and it is not necessarily the cheapest fare of the day. More guidance on this area is required in the travel policies.

Air charter bookings are not currently co-ordinated across agencies and this should form part of the scope of the future CTP tender.

Scope of Policies – value for money considerations (air charters and best value fare)

With value for money being central to any Public Sector spend, the following comments are made in this regard:

- ***Best Value Fare:*** This requirement is entirely consistent with other public service jurisdictions. Some jurisdictions however offer more prescriptive guidance on this to ensure the correct judgements are being made. It is acknowledged that there will be various reasons for choosing a fare other than the cheapest (requirements to travel at the destination etc.), and this supports the NT Government's decision to require travellers to choose the 'best value fare'. The Australian Federal Government Travel guidelines use a '45 minute window' rule whereby a traveller is encouraged to use a fare that is not outside 45 minutes from the latest time that departure is determined. Whilst this is acknowledged as being difficult to apply to the first leg from Darwin, it could be applied for other shorter routes around Australia. Regardless of its applicability it does provide a good example of further guidance that can be provided to travellers around this matter.

  The current policy for Ministers does not explicitly state that travellers should avoid preference when booking travel that is aimed at avoiding travellers choosing the airline that they are aligned to for frequent flyer points or airline lounge access.
- ***Air Charter bookings:*** Due to the remoteness of some locations requiring visitation together with the urgency to visit some locations for Ministers, chartering of air travel is not uncommon in the NT. The NTG have recently completed tenders for short haul and long haul air charters which dictates both providers that can be used and the prices. Acknowledging that the chartering of flights is typically more expensive that regular timetabled flights, it is imperative that the NTG optimise the utilisation of seats on chartered flights. Consultation with the CTP's during this engagement, noted that there was evidence that co-ordination across Agencies could be improved.

It is recommended that NTG consider:

- Adding additional guidance in Policies for determining 'best value fare'.
- Including in the Ministers and Ministerial Office Travel Policy an explicit statement, consistent with the NTG Employee Air Travel Policy, that requests preference for member based benefits to not be applied when booking travel.
- Establishing central oversight of air charter bookings across all agencies and government owned corporations so as to ensure utilisation of seats is optimised. This should form part of the CTP role going forward once the NTG move to one CTP.

Under the microscope…a deeper analysis

The new Framework could be improved in terms of its usability.

There is a mix or procedures and policy statements embedded through the document.

Statements that are intended to provide guidance, made under the heading of ‘policy’, can be misinterpreted by users.

Policy user friendliness

As drafted, the new travel policies:

- Are more akin to ‘procedural’ documentation and more generally considered too long. Whilst they do have elements of policy statements noted within, the effectiveness of these policy messages are reduced when combined with other more detailed operational information.
- Are lengthy which is in part a reflection of them being drafted to be ‘all things to all people and for all occasions’. The policies cover off on procedures for many different roles, the key ones being the traveller, booking officer and delegated officer.
- Don’t currently include high level process maps or design elements that facilitate easy navigation through the policies and links to other relevant documents.
- Overuse acronyms which decrease the readability of the document. In one instance, FFP (Frequent Flyer Points) is used once only throughout the document yet is defined as an acronym.
- Do not mention the need to retain ‘Travel Diaries’ for Fringe Benefit Tax (FBT) purposes.
- Do not mention ‘spouse’ travel in the Minister & Ministerial Office Staff Policy, as opposed to RTD 1 2013 which includes guidance on this.
- There is no clarification in the Policies on what is the absolute direction, if there is inconsistency with RTD 1 2013.
- Clause 3.2 of RTD 1 2013 notes additional travel for Ministers and the Leader of the Opposition ’…is a matter for the Government…’. The Ministers & Ministerial Office Staff Travel Policy, however, does not state that the policy is the official guidance determined by Government. Accordingly, there is a risk that the interpretation of the interplay between the different frameworks guidance is inconsistent and inappropriate.
- Clause 7.1.1 of the Ministers & Ministerial Office Staff Travel Policy in respect to Hotel frequent guest programs doesn’t fit within the heading of ‘commercial airlines’.

It is recommended that NTG consider:

- Clearly separate the ‘Policy Statements/Principles’ in the first page of the current documents ensuring readers clearly understand the objectives that are required to be achieved related to travel prior to reading the procedural elements that guide how these objectives are met. More information should be provided in respect to these policy principles and a strong statement made to ensure that above all other requirements, these principles should always be adhered to with every procurement.
- Redesigning the policy to be an ‘interactive’ PDF document that commences with a high level process map, with links to relevant sections of the procedures and also embedded links to other related documents and policies. Further, ensure that the nature of design allows a user to quickly navigate their way to the elements of the policy that are relevant to their role.
- Including a section on the need to maintain and retain travel diaries for FBT purposes.
- Including a comment clarifying whether spouse travel applies to the Ministers and Ministerial Office Staff Policy.
- Including a clarifying comment in either the RTD or the Policies if there is inconsistency between these documents.
- Including a clarifying comment in the Ministers & Ministerial Office Staff Travel Policy that the guidance within is definitively a ‘matter for Government’ decision.
- Including flowcharts by role, in addition to task. With interactive links as recommended above, a user of the policy can clearly obtain the right guidance quickly relevant to their role, without being clouded by tasks relevant to other roles. Different flowcharts would allow a user to understand where their role fits within the broader process. Also review and correct overuse of acronyms throughout the policy documents.

Under the microscope…a deeper analysis

The quick pace at which the new policies had to be developed at, has meant broader stakeholder engagement has been limited.

Focus should now turn to ensuring the promulgation of the policies and future monitoring for compliance is optimised.

Development & Promulgation of Policies

The tight timeframe for the policy development significantly limited the ability to follow a typical policy development process that would include a significant level of stakeholder engagement. A process that is conducted in such tight timeframes increases the risk of the intended users not 'being on board' the new operating environment. During our fieldwork visit:

- The new policies had only been circulated by email to NTG employees and Ministers. Whilst the email correspondence outlined the key elements of the policy, these were a mix of both new and existing arrangements.
- There was currently no Frequently Asked Questions (FAQ) developed to sit alongside the policies.

In addition to considering KPMG's findings and recommendations in respect to scope, editorial and design changes, it is recommended that NTG specifically focus on the policy promulgation process which may include the following elements:

- As contract managers, arrange for DCIS to engage (initial and ongoing) with CTP's on the new policy framework and their roles in monitoring and ensuring compliance. Further, these travel providers should be reminded about the NT Governments Public Interest Disclosure processes in case of any confidential disclosure requiring to be made.
- Review and remove all 'old' policies repealed or replaced by new travel policies.
- Update new starter information and induction information for key elements of Travel Framework.
- Place flags on all existing travel agencies and providers from accounts payable masterfiles to help flag and reinforce the mandatory requirement to use the two CTP's selected by the NT Government.
- Design and issue across NT government, a poster campaign highlighting key changes and challenge to optimise value for money procurement.
- Draft, issue and place on the NTG website/intranet, a 'summary of policy changes' and FAQ section, after policy finalisation above. A link should also be made to these documents within the revised 'user interactive' policies.
- Design and issue a 90 day survey for relevant travellers and persons involved in the NTG travel process to obtain feedback on new procedures and opportunities to improve compliance and value for money

Further, in respect to cultural change consider:

- Reinforcing the importance of 'tone at the top' leadership through requesting each Agency Head to consider formal change management strategies and enforcement of strong action for non-compliance.
- Implementing whole of NT government six monthly audits and respond to any findings.
- Track and report on non-compliance and benefits of change.
- Encourage culture of additional reporting and monitoring, especially once CTP tender is awarded where better data will be available.
- Consider further efficiency savings to be built into future Agency budgets.

Under the microscope…a deeper analysis

A number of other changes will enhance the current Travel Framework

Other matters

During the engagement there were a number of other matters noted that if addressed would enhance the overall Travel Framework. These maters are noted below:

Discussion Area	Recommendation
Timing of cost reimbursement claims and MR posting/acquittal The Travel Policies are currently silent on guiding travellers as to the time between completion of travel or incurring the expenditure and lodging cost reimbursement claims. Historically this has led to some claims being lodged for reimbursement over three months after the expense was incurred. In raising this matter, it is noted that a traveller is required to acquit their travel within 7 days of returning to the workplace. Currently it is unclear as to whether the 'acquittal' includes completion of cost reimbursement claims. Any delay in the lodgement of reimbursement claims increases the risk of financial records of travel expenses not being complete. This practice also diminishes the ability for the expense approver to validate the appropriateness of the expense when it relates to a period dating back some time.	It is recommended that NTG consider: • Clarifying in policies that 'Acquittal' does include travel cost reimbursement and therefore required to be completed within 7 days of returning to the workplace. • Introducing a mechanism for capturing the regularity of overdue cost reimbursement claims and MR posting and take strong action to address any such behaviour, which may include not paying cost reimbursements in future from those individuals where overdue actions are considered systemic.
TRIPS It is understood that some users prefer not to use TRIPS and instead manually complete Movement Records. Processes have been designed to cater for this practice.	It is recommended that NTG consider: • Discontinuing any manual workarounds currently in place for TRIPS and delete any reference to such in the Travel Policies.
Statutory Declaration Usage In the instance where supporting documentation is misplaced, a Statutory Declaration can be used to claim travel related expenses incurred by the traveller. Whilst this process is not unusual in a better practice environment, there also needs to be monitoring of its usage to ensure instances of overuse are addressed. The NTG do not currently have processes in place for such monitoring.	It is recommended that NTG consider: • Introducing a mechanism for capturing the regularity of Statutory Declaration use for expense reimbursement and take strong action to address any overuse, which may include not accepting Statutory Declarations in future from those individuals where overuse is considered systemic.

Travel Operating Framework

Under the microscope…a deeper analysis

A number of other changes will enhance the current Travel Framework

Other matters

During the engagement there were a number of other matters noted that if addressed would enhance the overall Travel Framework. These maters are noted below:

Discussion Area	Recommendation
Personal gains and benefits The current Minister & Ministerial Officers Travel Policy, includes the following: - Clause 6.1: Ministers or Ministerial Office staff must ***'not seek'*** to obtain personal gains or benefits from their role or linked to their responsibilities for NTG travel, either directly or indirectly. Whilst it is acknowledged that public servants will at times be the beneficiary of personal gains or benefits, there is a risk that this current wording could be misinterpreted to mean that it is okay to actually obtain 'inappropriate' personal benefits.	It is recommended that NTG consider: • Changing the wording of both policies to refer users to the NTG Code of Conduct which provides guidance on receiving personal gains and benefits.
Duplication of travel allowances Whilst not considered systemic, it is purported that there have been occasions where accommodation has been paid by the NTG for the same person in two locations for the same night. In these cases the additional accommodation has been required at the last minute, however the original booking has not been cancelled.	It is recommended that NTG consider: • Reminding travellers applying the travel policy of the importance of ensuring there is no duplication of travel allowances. • Undertake a review of efficiency of travel allowance arrangements for Ministers.

4. Travel processes

Travel process

Overview of approach

Appropriate policy alone is not sufficient to achieve an operating environment that is beyond reproach.

Appropriately designed procedures are critical to help prevent and detect non-compliance.

This engagement considered the health of process controls in place related to travel.

Process

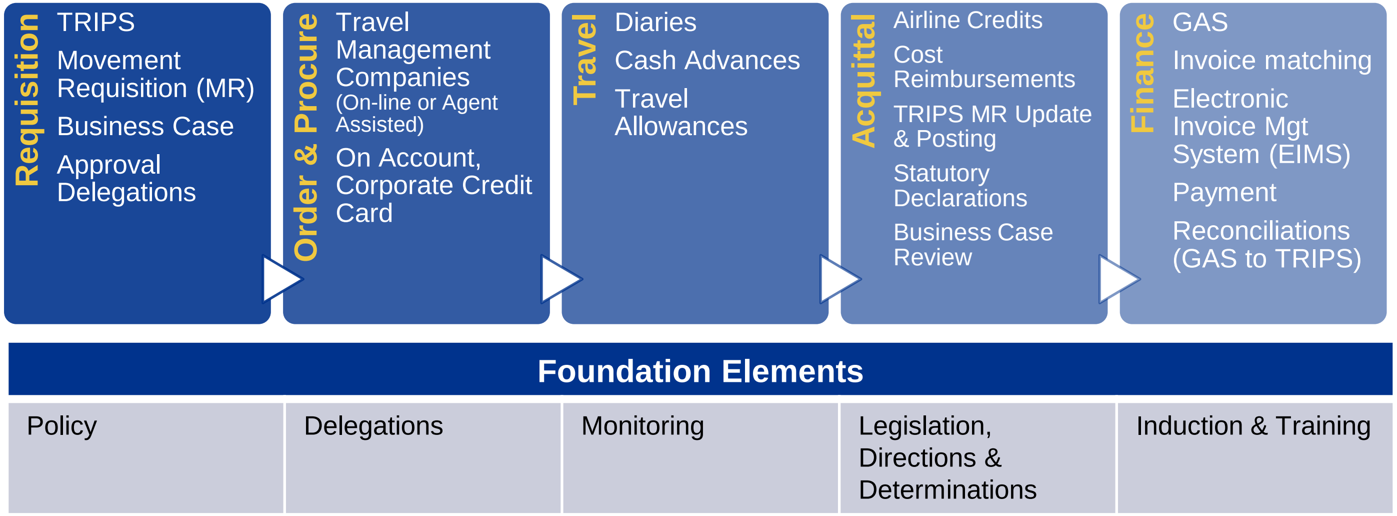
In any operating framework, the policy is often the first foundation element that assists in developing an appropriate ‘tone at the top’ to encourage the right behaviours. Given however it is people who apply the policy, a strong compliance culture that applies sound judgement is also a key ingredient to achieving the desired outcomes. Given that there can be inconsistency in people’s judgement over time, an organisation needs appropriately designed procedures that help prevent and detect non-compliance.

As part of this engagement we considered the current processes applied in respect to travel. Whilst it is accepted that processes may vary slightly across Agencies, the processes applied at the Department of Chief Minister was used as a baseline to assess the health of such processes.

The process review was undertaken as follows:

- **Process Objectives:** We defined what the overall objectives were for the NTG in respect to travel expenditure.
- **What must go right:** We determined those key things that ‘must go right’ in order to achieve the stated process objectives and Fraud risks.
- **Controls:** We assessed what controls the NTG have in place to make sure the things that ‘must go right’, actually do. This considered the design of the control to ensure that if it operates correctly, would it assist in helping to achieve the overall process objective. This included consideration for each control, the: who, when, how, how often and what. The scope of this engagement did not test whether these controls were operating effectively, as this will be picked up in future audits mandated by the travel policies.

When considering the process, the following diagram outlines the areas within the scope of this engagement



Requisition
TRIPS
Movement Requisition (MR)
Business Case
Approval Delegations

Order & Procure
Travel Management Companies (On-line or Agent Assisted)
On Account, Corporate Credit Card

Travel
Diaries
Cash Advances
Travel Allowances

Acquittal
Airline Credits
Cost Reimbursements
TRIPS MR Update & Posting
Statutory Declarations
Business Case Review

Finance
GAS
Invoice matching
Electronic Invoice Mgt System (EIMS)
Payment
Reconciliations (GAS to TRIPS)

Foundation Elements
Policy
Delegations
Monitoring
Legislation, Directions & Determinations
Induction & Training

Travel process

Improvement Opportunities

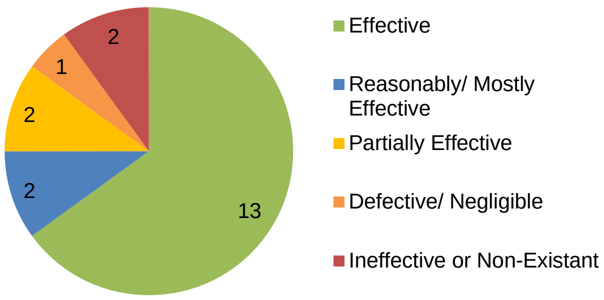
Of the 33 key controls identified as in place to mitigate the risks of travel procurement, 10 (30%) were considered to be ‘less than effective’ from a design perspective.

Of the 21 non-framework document related controls, 8 (38%) were considered to be ‘less than effective’ from a design perspective.

Assessment of process control health

The following summarises the assessment of the design of the key controls identified within the travel operating environment and the specific opportunities to improve current process. These opportunities exclude the specific elements noted in the rest of the report regarding policy design. These recommendations have in part been incorporated into Section 2 of this Report.

Control Design



Opportunities to Improve Process Control Health

1 - Consider incorporating the elements in the checklist into TRIPS to make more visible to the reviewer and perhaps include questions which the review needs to
- Regardless update Checklist to provide more detail with respect to criteria required to approve MR such as answers to evidence the level of review being performed and/or declare whether the travel is:
- Necessary
- Beneficial
- Represents value for money.

2 - Consider exploring reporting options and capability through Travel Services tender (including the replacement of TRIPS for travel based activity).

3 - Consider not allowing manual workarounds, for TRIPS

4 - Consider mandating that each MR is approved by the Endorser prior to submitting to the Travel Delegate.

5 - Confirm with Travel Companies that requisitions can only be received from authorised Travel Officers.
- Consider with new tender how front end requests can be automated in workflow so as to enssure only delegated officers can book travel.

6 - Include specifically in travel policies the need to retain travel diaries

7 - Consider ongoing cost/benefits of the cash advance process as this process which attracts significant administration time.

5. Future Audit Strategy

Overview

A robust monitoring framework is critical in any travel framework.

The monitoring framework, however shouldn’t be limited to relying on third party audits…continuous monitoring and ‘tone at the top’ are also critical elements.

Six monthly audits are recommended to be conducted on a whole of NTG basis.

KPMG have provided a detailed recommended Audit Program to execute these future audits.

Future audits

The travel policy framework require Agencies to have **six monthly audits** validating compliance with the policy. As part of this engagement we identified a number of key controls that are in place to help ensure the NTG achieve the objectives of the process, the approach of which is outlined in Section 4 ‘Travel Processes’ of this report.

In terms of the strategy for these audits, it is recommended that going forward these are undertaken not by each Agency, however conducted on a **whole of NTG basis**. With the move to one CTP and the recommended replacement of TRIPS, data for testing will be significantly easier to access to facilitate central testing.

The monitoring framework, however shouldn’t be limited to relying on third party audits…continuous monitoring (of travel usage and compliance) and ‘tone at the top’ are also critical elements. The NT Government’s upcoming CTP tender will provide a perfect opportunity to build into the specifications, tools and processes to assist with internal continuous monitoring. Refer to Section 7 ‘Corporate Travel Provider Tender’ of this report for further guidance on these opportunities

6. Corporate Travel Provider Tender

Overview

The upcoming CTP tender represents a significant opportunity for the NTG to improve the efficiency and effectiveness of the travel operating environment.

CTP Tender

It is proposed that the DCIS will release a public tender to procure the services of a single CTP.

As part of this engagement there were a number of areas considered and identified that should be considered as part of this upcoming tender and they include:

Tender Specifications & Scope
Systems and processes
• Invite proponents to outline their approach, systems and process solutions for: - Determining 'best value fare' - Facilitation of front end requisition and approval of travel to replace TRIPS as well as travel acquittals, travel diaries etc. - Centralised invoicing - Airline credit management - Exploration of options for the use of FFPs for the benefit of NT Government. - Invite proponents to recommend their vision and strategies for future cost savings for the NTG in respect to travel, including specific details relating to accommodation programs, airline negotiations etc.
Scope
• Include in scope: Co-ordination of centralised charter flight management; On-going negotiation for airlines/accommodation programs; Training (initial and ongoing) for NTG Booking Officers; Co-operation with NTG appointed auditors for six monthly audits; Management of airline credits etc.
Reporting
• Invite proponents to outline their systems and process solutions for Reporting of data. This should include all data required to monitor and test compliance with policy requirements and policy principles.
Compliance Monitoring
• Invite proponents to outline their processes to help the NTG monitor compliance with travel policies and also specifically to help change culture of travel preferences and achieve optimal value for money (monitoring best value fare, business class value etc.).
Contractual Arrangements
• Invite proponents to offer innovative ways for achieving cost savings and any associated efficiency dividend arrangements. • Set KPIs around critical success factors connected to value for money, timeliness and quality of service

Appendices

1. Detailed summary of recommendations

Appendix 1

Summary of detailed recommendations

Recommendations are focussed on assisting the NTG to further mature its travel operating framework

- Explore future strategies to move all government travel to be booked through the preferred CTP.
- Remove reference to NTG Employees in the definition of ‘traveller’ within the current Ministers and Ministerial Office Staff Travel Policy.
- Consider current inconsistencies in the RTD and travel policies in the next review of the entitlements of Legislative Assembly Members.
- Investigate with CTPs how the NT Government can negotiate with Airlines to have Airline Lounge access at lower rates.
- Investigate options for the appropriate use of Frequent Flyer Point’s accrued from NTG travel.
- Remove the option for cash advances and look at other more transparent systems such as pre-paid travel money cards.
- Introduce for Ministers, a spend per head guidance (range rather than an upper limit) for meals including food and beverages. Given this, clarify that staff travelling with Ministers can apply the Ministerial per head amount, as long as the per head guidelines are adhered to.
- Work with its future single CTP to re-negotiate existing airline and accommodation arrangements and implement a formal Accommodation program.
- Request CTP’s and all staff (through their historically used travel agents) to report on any unused airline credits and a plan be devised to utilise these as soon as possible.
- Ensure that in future CTP arrangements that airline credits be utilised automatically per Agency rather than per traveller.
- Include a requirement in the policies that require travellers, regardless of entitlements, to consider the merits of travelling business class going forward that includes consideration of length of flight, time on flight, work requirements during the flight and the activities at the end of the flight (particularly when heading back to Darwin).
- Consider limiting business class travel to flights > 2 hours.
- Use the CTP’s to advise when certain routes are not ‘true’ business class services so that a value for money decision can be made.
- Add additional guidance in Policies for determining ‘best value fare’.
- Include in the Ministers and Ministerial Office Travel Policy an explicit statement, consistent with the NTG Employee Air Travel Policy, that requests personal preference for member based benefits to not be applied when booking travel.
- Establish central oversight of air charter bookings across all agencies and government owned corporations so as to ensure utilisation of seats is optimised. This should form part of the CTP role going forward once the NT Government move to one CTP.
- Clearly separate the ‘Policy Statements/Principles’ in the first page of the current documents ensuring readers clearly understand the objectives that are required to be achieved related to travel prior to reading the procedural elements that guide how these objectives are met. More information should be provided in respect to these policy principles and a strong statement made to ensure that above all other requirements, these principles should always be adhered to with every procurement.

Appendix 1

Summary of detailed recommendations

Recommendations are focussed on assisting the NTG to further mature its travel operating framework

- Redesign the policy to be an ‘interactive’ PDF document that commences with a high level process map, with links to relevant sections of the procedures and also embedded links to other related documents and policies. Further, ensure that the nature of design allows a user to quickly navigate their way to the elements of the policy that are relevant to their role.
- Include a section on the need to maintain and retain travel diaries for FBT purposes.
- Include a comment clarifying whether spouse travel applies to the Ministers and Ministerial Office Staff Policy.
- Include a clarifying comment in either the RTD or the Policies, the approach if there is inconsistency between these documents.
- Include a clarifying comment in the Ministers & Ministerial Office Staff Travel Policy that the guidance within is definitively a ‘matter for Government’ decision.
- Include flowcharts by role, in addition to task. With interactive links as recommended above, a user of the policy can clearly obtain the right guidance quickly relevant to their role, without being clouded by tasks relevant to other roles. Different flowcharts would allow a user to understand where their role fits within the broader process. Also review and correct overuse of acronyms throughout the policy documents.
- NTG specifically focus on the policy promulgation process which may include the following elements:
  - As contract managers, arrange for DCIS to engage (initial and ongoing) with CTPs on the new policy framework and their roles in monitoring and ensuring compliance. Further, these travel providers should be reminded about the NT Governments Public Interest Disclosure processes in case of any confidential disclosure requiring to be made.
  - Review and remove all ‘old’ policies repealed or replaced by new travel policies.
  - Update new starter information and induction information for key elements of Travel Framework.
  - Place flags on all existing travel agencies and providers from accounts payable masterfiles to help flag and reinforce the mandatory requirement to use the two CTP’s selected by the NT Government.
  - Design and issue across NT government, a poster campaign highlighting key changes and challenge to optimise value for money procurement.
  - Draft, issue and place on the NTG website/intranet, a ‘summary of policy changes’ and ‘Frequently Asked Question’ (FAQ) section, after policy finalisation above. A link should also be made to these documents within the revised ‘user interactive’ policies.
  - Design and issue a 90 day survey for relevant travellers and persons involved in the NTG travel process to obtain feedback on new procedures and opportunities to improve compliance and value for money
- Further, in respect to cultural change consider:
  - Reinforcing the importance of ‘tone at the top’ leadership through requesting each Agency Head to consider formal change management strategies and enforcement of strong action for non-compliance.
  - Implement whole of NT government six monthly audits and respond to any findings.
  - Track and report on non-compliance and benefits of change.
  - Encourage culture of additional reporting and monitoring, especially once CTP tender is awarded where better data will be available.
  - Consider further efficiency savings to be built into future Agency budgets.

Appendix 1

Summary of detailed recommendations

Recommendations are focussed on assisting the NTG to further mature its travel operating framework

- Clarify in policies that 'Acquittal' does include travel cost reimbursement and therefore required to be completed within 7 days of returning to the workplace.
- Introduce a mechanism for capturing the regularity of overdue cost reimbursement claims and MR posting and take strong action to address any such behaviour, which may include not paying cost reimbursements in future from those individuals where overdue actions are considered systemic.
- Discontinue any manual workarounds currently in place for TRIPS and delete any reference to such in the Travel Policies.
- Introduce a mechanism for capturing the regularity of Statutory Declaration use for expense reimbursement and take strong action to address any overuse, which may include not accepting Statutory Declarations in future from those individuals where overuse is considered systemic.
- Change the wording of both policies to refer users to the NTG Code of Conduct which provides guidance on receiving personal gains and benefits.
- Remind travellers applying the travel policy of the importance of ensuring there is no duplication of travel allowances.
- Undertake a review of efficiency of travel allowance arrangements for Ministers.
- Discontinue reimbursement of duplicate expenses where there is evidence of systemic instances of this practice.
- For the upcoming CTP tender, consider the areas outlined in Section 6 of the report.
- Consider incorporating the elements in the checklist into TRIPS to make more visible to the reviewer and perhaps include questions which the review needs to consider. Regardless update Checklist to provide more detail with respect to criteria required to approve MR such as answers to evidence the level of review being performed and/or declare whether the travel is: Necessary, Beneficial, Represents value for money.
- Consider mandating that each MR is approved by the Endorser prior to submitting to the Travel Delegate.
- Include specifically in travel policies the need to retain travel diaries
- For the six monthly audits we recommend that KPMG's proprietary 'Audit Workbook' provided to DCM be used to facilitate the testing of these controls. In terms of the strategy for these audits, it is recommended that going forward these are undertaken not by each Agency, however conducted on a whole of NT Government basis. With the move to one CTP and the recommended replacement of TRIPS, data for testing will be significantly easier to access to facilitate central testing.

cutting through complexity™

© 2015 KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved. KPMG and the KPMG logo are registered trademarks of KPMG International.

The KPMG name, logo and ‘cutting through complexity’ are registered trademarks or trademarks of KPMG International Cooperative (KPMG International).