



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.

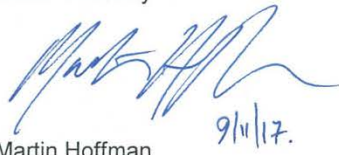
Agencies report having better travel management systems and information

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
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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


Elizabeth Koff
Secretary, NSW Health

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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>