



DEPARTMENT OF  
LAND RESOURCE  
MANAGEMENT

**Internal Audit Report of  
Official Duty Travel**

January 2016

**Prepared for:**

The Department of Land Resource Management

**LEGISLATIVE ASSEMBLY OF THE NT  
TABLED DOCUMENTS**

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## 1. EXECUTIVE SUMMARY

The Department of Land Resource Management's Governance Board approved the 2015-16 Internal Audit Plan in September 2015 which included an internal audit on official travel.

The NT Government Air Travel Policy and Official International Travel Guidelines were issued in mid-2015. The Department of the Chief Minister also released a whole of government Travel Review conducted by KPMG in August 2015. The NT Government accepted the Travel Review recommendations which included the establishment of six-monthly travel audits to be conducted on a whole of NTG basis and in December 2015, each Agency was requested to undertake the six-monthly audits and provide their findings to the Department of the Chief Minister.

The objective of this internal audit was to assess the level of compliance with official duty travel against the NT Government Air Travel Policy for the Department of Land Resource Management.

An extract of the KPMG Travel Audit Workbook was used to assess a sample of official duty travel Movement Requisitions against the Workbook's identified controls relating to the NT Government Air Travel Policy (refer Attachment A).

This Internal Audit found the following Key Findings:

- The Agency Official Duty Travel Procedure has not yet been updated to reflect the new NTG Air Travel Policy;
- Movement Requisitions were not always approved in TRIPS prior to travel;
- Acquittals not always completed in TRIPS within seven days of returning to the workplace; and
- Inconsistent messaging across Government and limitation of services provided with regards to the use of a Corporate Travel Provider for booking accommodation.

The overall conclusion of the internal audit is a **satisfactory level of compliance** of official duty travel with the NTG Air Travel Policy, with some areas of improvement identified.

As a result the following key recommendations have been made:

- Update the Agency Official Duty Travel Procedure for consistency with the NTG Air Travel Policy.
- Continue messaging and promotion of the requirement to have written prior approval before incurring any official travel related expenses and to complete acquittals within seven days of returning to the workplace.
- Continue regular monitoring of movement requisitions for outstanding acquittals.
- Seek clarification from central NTG agencies regarding the requirement of booking accommodation and other non-airfare travel services through the Corporate Travel Provider.

## 2. BACKGROUND

The Department of Land Resource Management (DLRM) Corporate Services Division provides corporate services under a shared services arrangement to the:

- Department of Arts and Museums (DoAM);
- Department of Sport and Recreation (DSR); and
- Parks and Wildlife Commission of the Northern Territory (PWCNT). The PWCNT includes the Territory Wildlife Parks (TWP) which operates as a Government Business Division.

In the context of this audit assignment the Corporate Services Division (CSD) is responsible for developing, implementing and managing shared corporate services policies and procedures and reporting the financial and accounting activities for the four agencies.

The regulatory framework for official duty travel is based within the *Financial Management Act*, Treasurer's Directions, By-laws and Determinations issued by the Commissioner for Public Employment. Agency delegation for approving travel is contained within the HR Delegations and the Financial Delegations.

In 2015, the Northern Territory Government issued a NT Government Air Travel Policy and Official International Travel Guidelines. Agency Official Duty Travel procedures are to support NT Government policies and guidelines. In addition, the Department of the Chief Minister released a whole of government Travel Review dated 31 August 2015 which was conducted by KPMG. The NT Government accepted the Travel Review recommendations which included the establishment of six monthly audits to ensure compliance with the new travel procedures.

In December 2015, the Chief Executive Officer of the Department of the Chief Minister wrote to all NTPS Chief Executive Officers stating all agencies are required to conduct an official duty travel audit and submit their findings to the Department of the Chief Minister.

This internal audit was approved as part of the 2015-16 Internal Audit Plan and is identified as CSD IA 27.

## 3. CONTROL OBJECTIVE

To assess the level of compliance with official duty travel against Northern Territory Government requirements and agency based policies and procedures.

## 4. SCOPE

The internal audit focused on a sample of official duty travel undertaken by Agency staff between 1 July and 31 December 2015. The internal audit checked if official duty travel was in accordance with the NT Government Air Travel Policy and used the control tests outlined in an extract of the KPMG Audit Workbook (Attachment A). There were 12 movement requisitions sampled and included intra, inter and charter travel. There was no overseas travel recorded for the period.

## 5. OVERALL CONCLUSION

The conclusion of this internal audit is a satisfactory level of compliance with the official duty travel.

Based on the result of the internal audit, the overall control effectiveness has been assessed in accordance with the Department's Risk Management Tables (Appendix 7.1) as follows:

|                                      |                     |
|--------------------------------------|---------------------|
| <b>Control Effectiveness Rating:</b> | <b>SATISFACTORY</b> |
|--------------------------------------|---------------------|

## **6. FINDINGS AND RECOMMENDATIONS**

### **6.1 The Agency Official Duty Travel Procedure has not yet been updated to reflect the new NTG Air Travel Policy**

#### **Finding**

The NTG Air Travel Policy allows for the establishment of a supplementary agency travel procedure, with the provision of the NTG Air Travel Policy taking precedence for any conflicts.

The Agency implemented an Official Duty Travel Procedure prior to the release of the NTG Air Travel Policy in mid-2015. The Agency Official Duty Travel Procedure does not reflect the new NTG travel related policies and also references decommissioned or incomplete resources.

Required updates to the Agency Official Duty Travel Procedure include:

- Reflect the new NTG Air Travel Policy and other NTG travel policies, including the requirement for the use of Corporate Travel Provider;
- Change the reference to Treasurer's Direction Part 3, Section 6 as this has been incorporated into Treasurer's Direction A6.3 Accounting Expenses: General Expense;
- Include a reference to the Financial Delegations as the policy only refers to the HR Delegations and travel approval delegation is contained with both sets of Delegations.

It is noted that the Corporate Services Division promoted the new NTG Air Travel Policy and other associated guidelines to all staff when they first came into effect. The implementation of a CTP and the requirements of use were regularly communicated to all staff prior to and after its commencement. Communication included Executive meeting discussions and papers, Agency wide emails, and links to the new policies made available on the staff intranet site.

#### **Internal Control Implication**

Inconsistencies between NT Government and agency policies may create confusion in the movement requisition process. It can also lead to non compliance of NT Government policies.

#### **Recommendation**

It is recommended the Agency Official Duty Travel Procedure is updated and made available to agency staff.

#### **Management Response**

The internal audit finding is noted and the recommendation is accepted.

## 6.2 Movement Requisitions were not always approved in TRIPS prior to travel

### Finding

Section A6.3.4 of the Treasurer's Directions states "*The accountable officer or delegate is to approve all official travel,... prior to the expense being incurred*"; and section A6.3.4 (ii) of the Treasurer's Directions states "*official travel requires prior approval utilising a movement requisition.*"

There were five instances where movement requisitions were approved after the commencement of travel:

| Agency         | Travel # | MR Approval Date | Travel Period        |
|----------------|----------|------------------|----------------------|
| DLRM (intra)   | 9Y82B9   | 27/07/15         | 21/07/15 to 24/07/15 |
| DLRM (inter)   | 9ZCB5X   | 21/08/15         | 17/08/15 to 19/08/15 |
| DLRM (inter)   | 9ZM29Y   | 31/08/15         | 24/08/15 to 27/08/15 |
| DLRM (charter) | 9WA2ZK   | 16/06/15         | 16/06/15 to 18/06/15 |
| DLRM (charter) | A25948   | 9/09/15          | 09/09/15 to 09/09/15 |

### Internal Control Implication

Undertaking travel and incurring travel related expenses without prior approval is non compliant with the Treasurer's Directions and increases the risk of unauthorised travel and lack of budgetary control.

### Recommendation

It is recommended all movement requisitions be raised and approved before booking the travel arrangements. Continued promotion of this requirement to all staff will help ensure clear messaging and compliance.

### Management Response

The internal audit finding is noted and the recommendation is accepted.

### 6.3 Acquittals not always completed in TRIPS within seven days of returning to the workplace

#### Finding

Section A6.3.4 (ii) of the Treasurer's Directions states "*Subsequent travel is to be undertaken in accordance with that approved on the movement requisition, and is required to be appropriately acquitted.*"

The NTG Air Travel Policy, section 6.6.1, states "*Travellers must acquit travel in TRIPS within seven working days of returning to the workplace .... Where actual travel taken was different and not in accordance with the original movement requisition, details of the changes and reasons for changes must be entered into TRIPS and the requisition resubmitted to Endorsers and Approvers for review and further approval. The details are to include and quantify any changes to travel costs.*"

There were three instances of movement requisitions not being acquitted in TRIPS within seven days of returning to the workplace:

| Agency         | Travel # | Travel Period        | Completion of Travel Acquittal Date |
|----------------|----------|----------------------|-------------------------------------|
| DLRM (inter)   | 9ZCB5X   | 17/08/15 to 19/08/15 | 6/09/15                             |
| DLRM (inter)   | 9ZM29Y   | 24/08/15 to 27/08/15 | 23/11/15                            |
| DLRM (charter) | 9WA2ZK   | 16/06/15 to 18/06/15 | 16/09/15                            |

It is noted, the Agency's Financial Services unit incorporates a TRIPS Administrator function which regularly reviews and monitors approved movement requisitions and acquittals. The TRIPS Administrators follow up outstanding acquittals on a monthly basis with the relevant action officer until the acquittal has been completed. This is a good contingency system to help monitor the completion of outstanding acquittals.

#### Internal Control Implication

Not acquitting a movement requisition within seven working days of returning to the workplace is in breach of the NTG Air Travel Policy. Movement requisition acquittals are a mechanism for the Agency to record a change in travel arrangements and to document the actual travel costs incurred. Failure to complete the acquittal may result in incorrect travel payments and unapproved travel allowances being paid to suppliers and employees.

#### Recommendation

It is recommended movement requisitions be appropriately acquitted within seven days from returning to the workplace and should agree to supporting documentation including actual travel costs incurred. Continued regular monitoring of movement requisitions for outstanding acquittals by the TRIPS Administrators will help prompt staff of any outstanding acquittals.

It is also recommended to continue to promote to all staff, the requirement of acquitting movement requisitions within seven days of returning to the workplace.

#### Management Response

The internal audit finding is noted and the recommendation is accepted.

#### **6.4 Inconsistent messaging across Government with regards to the use of a Corporate Travel Provider for booking accommodation**

##### **Finding**

Section 6.4.1 vi of the new NTG Air Travel Policy, states *"Travel Bookers and Travellers should also book accommodation and other travel services with the corporate travel provider where the provider can access suitable accommodation and/or services at discounted rates and the requirements are known in advance."*

This is inconsistent with advice provided at a whole of government travel management forum which advised agencies it was not mandatory to book accommodation through the Corporate Travel Provider (CTP) during the trial period of the CTP arrangements (which is scheduled to end 31 March 2016). This advice was then on-forwarded to relevant agency staff prior to the release of the NTG Air Travel Policy.

The whole of government travel management forum advice was provided in response to agencies concerns with the limitations of booking accommodation through the CTP. The limitations included the lack of available accommodation and the requirement to book the accommodation directly with the hotel after making the reservation with the CTP. This is a different process to booking flights where the Traveller books through and is invoiced by the CTP with no requirement to contact the airline company.

As accommodation invoices are received directly from the hotel, there is limited supporting documentation to verify if the Traveller originally reserved the accommodation through the CTP or not. Even if it was determined the NTG Air Travel Policy requirement of booking accommodation through the CTP was to be followed during the trial period, it would still be difficult to ascertain if this was occurring. Supporting documentation of booking accommodation through the CTP is limited to quotes and CTP travel itineraries and there is no requirement to attach these documents to movement requisitions.

Therefore an assessment on the KPMG's Audit Workbook control test which states to *"look for evidence of significant amount of accommodation not being booked through the CTP"* is unable to be adequately obtained.

##### **Internal Control Implication**

With the conflicting whole of government advice it is difficult to determine the internal control implication. If the NTG Air Travel Policy is to be adhered to during the trial period, then there may be instances of non compliance with the Policy.

##### **Recommendation**

It is recommended further advice is sought from central NTG agencies regarding the requirements of booking accommodation and other travel services through the CTP and that this information is incorporated in agency documentation and promoted to all agency staff.

##### **Management Response**

The internal audit finding is noted and the recommendation is accepted.



## 7. APPENDICES

### 7.1 Control Effectiveness Rating Table

| Control Effectiveness Rating      | Description   |
|-----------------------------------|---|
| <b>GOOD</b>                       | Fully effective, nothing more to be done except review and monitor the existing controls.<br>Controls are well designed (adequate) for the risk, address the root causes and they are effective and reliable at all times.  |
| <b>SATISFACTORY</b>               | Substantially effective, control weaknesses may exist but they are not significant. Some more work to be done to improve operating effectiveness.<br>Most controls are designed correctly (adequate) and are in place and effective and management accountability is assigned and provide reasonable assurance that a risk is being properly managed and objective(s) will be met.  |
| <b>SOME IMPROVEMENT REQUIRED</b>  | Partially effective, control weaknesses are or could become significant or there is doubt about control design, operational effectiveness and reliability and more work is required to improve either adequacy or effectiveness.<br>Controls are largely correct in that they treat most of the root causes of the risk, but are not currently very effective.<br>Or<br>Some controls are not correctly designed in that they do not treat the root causes, but those correctly designed are operating effectively. |
| <b>MAJOR IMPROVEMENT REQUIRED</b> | Largely ineffective, several significant control weaknesses (gaps) exist which require immediate attention.<br>Controls are either not designed to treat root causes or they do not operate at all effectively and are unlikely to provide reasonable assurance that a risk is being properly managed and objective(s) will be met.   |
| <b>UNSATISFACTORY</b>             | None or virtually no credible control exists and requires immediate attention.<br>The volume or severity of control weaknesses provide no confidence that any degree of control is being achieved due to poor control design and / or very limited operational effectiveness and any existing control provides no reasonable assurance that a risk is being properly managed and objective(s) will be met.  |

### 7.2 Approach

This internal audit was conducted by Cathy Fong Director Corporate Governance, Department of Land Resource Management, during January 2016.

The methodology used to conduct the internal audit was:

- Review and cross reference documentation including NTG Air Travel policy, Agency Official Travel Procedure, Agency Financial Delegations, Agency Human Resource Delegations, NTG Travel Review and the NTG Across Government Contracts for short and long haul charter flights.
- Run and review transaction reports of flight transactions from the NT Government reporting system, BOXI, including intra, inter, charter and overseas classifications.
- Sample transactions and test against the KPMG Travel Audit Workbook controls listed under 'Testing 3' ensuring a cross section of flight classifications are selected.
- Identify findings and recommendations.
- Discuss draft report with audit steering committee (Joanna Frankenfeld, Chief Financial Officer and Susan Kirkman, Executive Director Corporate Services).
- Prepare final report and submit to Agency Chief Executive.

### 7.3 People Consulted

The following people were consulted as an integral part of the internal audit:

| Name                 | Position Title                        |
|----------------------|---------------------------------------|
| Joanna Frankenfeld   | Chief Financial Officer               |
| Susan Kirkman        | Executive Director Corporate Services |
| Cleo Vivian-Williams | Accounting Services Team Leader       |

### 7.4 Glossary

| Word                                 | Definition   |
|--------------------------------------|--|
| CTP / Corporate Travel Provider      | The contractor that processes NTG air travel bookings  |
| DLRM / Agency                        | Department of Land Resource Management   |
| Inter / interstate                   | Travel to destinations within Australia but outside the Northern Territory   |
| Intra / intra territory / intrastate | Travel to destinations within the Northern Territory   |
| MR / Movement Requisition            | The record that requests and describes details of the official travel, evidences approval of travel, payment of allowances and is used to acquit travel. Movement requisitions are uniquely identified electronic forms, managed and processed in TRIPS. |
| NTG                                  | Northern Territory Government  |
| Traveller                            | The person undertaking the official travel   |
| TRIPS                                | The whole of Government system used for recording movement requisitions, approving official travel requests and automates the payment of Travelling Allowances.  |

## 8. ATTACHMENTS

- A) **Audit Sample Assessment Table** – Using an extract of the KPMG Travel Audit Workbook.