

Estimates Committee 2016 Questions Taken On Notice

(14/06/2016 to 23/06/2016)

Date: 14/06/2016 Output: Corporate and Governance
Sub Output: Shared Services Provided

Subject: Travel audit, irregular invoicing

From: Ms Natasha Fyles to Hon David Tollner
Lands & Planning

Question: **2-17**
Why were the irregular invoices totalling \$33 000 approved for payment by your department and I draw your attention to comments on page 2 of the Latitude Travel audit which states:

In March 2014, the department saw an itemised breakdown of the cost from Latitude Travel in relation to the overseas travel undertaken in September 2013. In e-mail correspondence between the department and Latitude Travel, the owner of Latitude Travel was unable to provide a further breakdown of costs, citing that the wholesaler did not provide a breakdown of costs. Further queries from the department resulted in no additional information being provided and an unusual comment from the owner that, 'The flights were around the world so it is what it is'.

Given that your department had concerns in March 2014 about invoices for Minister Chandler's \$100 000 study tour; can you explain to taxpayers why it has taken more than two years to finally undertake an audit of Latitude Travel transactions?

The recent Latitude Travel audit undertaken by your department identified potentially inflated invoices and your CEO's letter to John Coleman states that it would be prudent to refer the transactions to police. Have the transactions and the audit findings been referred to police, and if so, when? Have you heard back from police around whether they intend to conduct an investigation into the invoices or any related matters? In relation to the \$100 000 17 day study tour undertaken by the previous minister - or the predecessor - and his delegation to the UK, Canada and USA. The two travel audits undertaken by the department in the current financial year, in response to requests from the Chief Minister's Department, what was the cost of the six month compliance review conducted by Deloitte? Is the minister able to table the two audit reports and related correspondence? Why was the six month compliance review conducted by an external provider and the Latitude Travel audit conducted internally? In addition, the letter from your CEO to John Coleman states:

The invoices provided by Latitude Travel presented some irregularities which relate to the lack of any itemised breakdown of costs. In spite of

requests from the department to provide more detail, Latitude Travel did not provide the requested information. In light of recent convictions against the owner of Latitude Travel involving the issue of fraudulent and overinflated invoices, it must be prudent to refer this particular transaction for further investigation by police.

When did your department first have concerns about the irregularities with Latitude Travel invoices?

Answer:

Answered On: 07/07/2016

ESTIMATES COMMITTEE

Question Taken on Notice

Date: 16 June 2016 **Output:** Corporate and Governance
Subject: Travel audit, irregular invoicing
From: Ms Natasha Fyles MLA, Member for Nightcliff
To: The Hon David Tollner MLA, Minister for Lands and Planning
Agency: Department of Lands, Planning and the Environment

Number: 2.17

Question: Why were the irregular invoices totalling \$33 000 approved for payment by your department and I draw your attention to comments on page 2 of the Latitude Travel audit which states:

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Given that your department had concerns in March 2014 about invoices for Minister Chandler's \$100 000 study tour; can you explain to taxpayers why it has taken more than two years to finally undertake an audit of Latitude Travel transactions?

The recent Latitude Travel audit undertaken by your department identified potentially inflated invoices and your CEO's letter to John Coleman states that it would be prudent to refer the transactions to police. Have the transactions and the audit findings been referred to police, and if so, when? Have you heard back from police around whether they intend to conduct an investigation into the invoices or any related matters? In relation to the \$100 000 17 day study tour undertaken by the previous minister - or the predecessor - and his delegation to the UK, Canada and USA. The two travel audits undertaken by the department in the current financial year, in response to requests from the Chief Minister's Department, what was the cost of the six month compliance review conducted by Deloitte? Is the minister able to table the two audit reports and related correspondence? Why was the six month compliance review conducted by an external provider and the Latitude Travel audit

conducted internally? In addition, the letter from your CEO to John Coleman states:

The invoices provided by Latitude Travel presented some irregularities which relate to the lack of any itemised breakdown of costs. In spite of requests from the department to provide more detail, Latitude Travel did not provide the requested information. In light of recent convictions against the owner of Latitude Travel involving the issue of fraudulent and overinflated invoices, it must be prudent to refer this particular transaction for further investigation by police.

When did your department first have concerns about the irregularities with Latitude Travel invoices?

Answer:

In December 2015, the Department of Chief Minister requested that all agencies identify and review any transactions with Latitude Travel, Winnellie Travel and Latitude 69. The department conducted a detailed review of transactions and invoices back to 2012 and identified one booking had been made with Latitude Travel for overseas travel in September 2013.

The review was completed in January 2016 and concluded that in light of convictions against the owner of Latitude Travel in late 2015, it would be prudent to refer to Police, invoices and email correspondence from September 2013 and March 2014. Prior to this, the department did not have concerns about irregularities with Latitude Travel invoices.

The findings of this review were summarised and provided to the Chief Executive, Department of the Chief Minister (CE DCM) who reported this matter to Police on 2 February 2016. As part of a Police investigation, Departmental staff provided statements and information to Police.

On 24 May 2016, the Commissioner of Police wrote to the CE DCM and advised that the matter had been reviewed by the Fraud Squad who undertook an investigation and submitted an opinion file to the Office of the Director of the Public Prosecutions (ODPP). The ODPP had reviewed the matter and determined that should the matter be referred to the Judiciary there would be no reasonable prospect of a successful conviction. As a result, the criminal investigation into the alleged misconduct of Ms Kamitsis was concluded and the matter finalised.

Internal Audit and Review

The Whole of Government Travel Policy implemented in July 2015 requires all government agencies to complete six monthly internal audits to assess an agency's compliance with the Travel Policy.

Deloitte was engaged by DLPE to complete the internal audit for both DLPE and the Department of Transport (DoT) who receive corporate services from DLPE. The internal audit conducted by Deloitte cost \$20,642 (GST inclusive) with the cost shared between DLPE and DoT.

The Latitude Travel Review requested by DCM in December 2015 was conducted internally rather than being carried out by Deloitte for a number of reasons. Firstly, Deloitte had already been engaged for the six monthly travel compliance audit for which the scope of the audit and Terms of Reference had been finalised. Secondly, the review of payments to Latitude Travel was a straight forward exercise involving examination of payments and invoices from the Government Accounting System (GAS) which the Financial Services Team was capable of doing in the time available.

The Department provided a summary of its review of Latitude Travel transactions to DCM in addition to which, details of the Department's two travel audits and related correspondence have been provided to the Leader of the Opposition through Freedom of Information requests.