



# **Review of Travel Policy and Recommendations for Improvement**

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# Review of Travel Policy and Recommendations for Improvement

## 1. Executive Summary

### Background

Expenditure by the States of Jersey on travel, accommodation and related expenditure represents a relatively small proportion of total States revenue expenditure (approximately half of one percent). International travel represents around 0.025% of total revenue expenditure i.e. 2.5 hundredths of one percent. However, at over £3 million a year, total travel expenditure is still a significant sum at a time when the Council of Ministers are asking departments to identify savings.

As a report by the UK's Comptroller and Auditor General, who reviewed travel across the UK Government in March 2015, (available at <https://www.nao.org.uk/wp-content/uploads/2015/03/Investigation-into-government-travel-expenditure.pdf>) states:

“Travel expenditure is a small proportion of central government expenditure, but is of high public interest and misuse can cause serious reputational damage.”

This is evidenced by the levels of public interest expressed locally following local media coverage in February 2016.

At the Public Accounts Committee public hearing on 15 April 2016, the States' Chief Executive identified four broad purposes for which official travel is undertaken:

- Normal business activity such as negotiations with suppliers
- External promotion for Jersey
- Training
- Financial Services industry support

The majority of travel falls into these four categories.

### Findings

This expenditure has been generally managed to date in accordance with Financial Directions. As the Chief Executive stated at his public hearing with the Public Accounts Committee on 15 April 2016: “Financial Directions are pretty clear”. This was a view agreed with by the Committee.

This review has not uncovered widespread misuse of procedures. It has, however, identified a number of areas where improvements can and should be made, where there has not been full compliance with the existing procedures.

### Making improvements

The Chief Minister, Council of Ministers and Corporate Management Board are committed to driving an appropriate level of control of public expenditure, as well as improving the transparency and

public accountability relating to that spending. As a result this review recommends a number of measures which fall into three main areas:

- **Improvements to the planning and authorisation process**
- **Improvements to the booking process**
- **Improvements to reporting**

Most of the reinforced and revised procedures will be incorporated into an updated Financial Direction, backed up by a Code of Practice under the Employment of States of Jersey Employees Law 2005 which will provide further regulatory backing. Regular progress reports will be provided to the Corporate Management Board to ensure there is continued focus on this area and it is the intention to publish details of all flights and hotel bookings over £500 on a six monthly basis.

The Privileges and Procedures Committee will be invited to consider whether these rules should be applied in relation to travel by States Members, liaising with the executive committees of the Jersey branch of the Commonwealth Parliamentary Association and the Assemblée Parlementaire Franchophonie. The Council Of Ministers will also be invited to consider whether it wishes to amend their Ministerial Code of Conduct to reflect the changes being made as a result of this review.

## 2. Introduction

States spending on travel and accommodation has always been controlled through the use of Financial Directions. However, public interest in this matter was increased in February 2016 following a media report concerning the travel costs of two senior officers. As a result of this interest, the Chief Minister ordered an immediate review into this area of spending, together with a separate investigation of the specific trip highlighted in the media. This report does not cover that separate investigation, which has also concluded.

Further to the Chief Minister's announcement of this review, there has been significant interest from a variety of sources. To date, there have been 15 requests under the Freedom of Information Law, four States Questions and a number of ad hoc inquiries from the media. Some information was released, but for the majority, questioners were asked to await the outcome of the review.

The Public Accounts Committee (PAC) also announced a review commencing on 22 March 2016. A significant volume of information was provided to the Committee and two public hearings and two private briefings have taken place. It is understood that the Committee will produce its own report in due course.

The terms of reference for this review are attached as Appendix A. These terms of reference have been followed, with the following exceptions (as agreed by the Chief Minister):

- Examination of the detail of travel booked and paid for has been limited to 2014 and 2015. This is to reflect the quality of information available, as the corporate contract with Hogg Robinson Group (HRG) has only been fully in operation for those years, and to align with the information provided to the PAC.
- Examination of expenses has been limited to higher value items, i.e. those over £500 related to travel.
- Provision of parking for officers and States Members will be covered as part of the Reward and Remuneration Strategy.

The review considers the arrangements in place and makes a number of recommendations for improvement. These are contained in the appendices but include:

- An outline of the other external review activity (e.g. PAC review, States Questions).
- A description of the risks typically applied to travel expenditure, and typical controls put in place by organisations. Specific issues identified for the States by the review team are also included.
- Details of the corporate travel contract between the States and HRG.
- A detailed analysis of travel and accommodation costs for 2014 and 2015.
- An explanation of the current controls and processes in place.
- Information on loyalty points and how they are dealt with by the States.
- A summary of best practice research carried out on approaches in other jurisdictions.
- Details of current reporting of travel costs.

Recommendations for improvement have been made and the Chief Minister is committed to driving that improvement. The recommendations not only improve control, but recognise that there is legitimate public interest in this matter and that transparency and accountability should be strengthened.

The review team would like to thank all States Departments for their assistance with this review at a busy time. It would also like to thank the members and officers of the Public Accounts Committee for their interest and for their agreement to work with the team to gain a better shared understanding of processes.

### 3. Other review activity

Since the beginning of this review there has been a significant level of public, media and States Member interest in expenditure by the States on travel and accommodation. This section summarises this other activity for the following areas:

- Public Accounts Committee
- States Questions
- Freedom of Information questions
- Media reports

#### Public Accounts Committee

On 22 March 2016 the Public Accounts Committee announced its own review. The terms of reference are attached as Appendix B. To date the Committee has held two public hearings, both on 15 April 2016. The officers who gave evidence to the Committee were:

- The Chief Executive of the States (accompanied by the Director of Strategic Procurement) and
- The Treasurer of the States (accompanied by the Chief Internal Auditor and the Director of Strategic Procurement)

Transcripts of these hearings are available within the Scrutiny section of [www.statesassembly.gov.je](http://www.statesassembly.gov.je).

In addition two private meetings have been held between members of the Committee and officers to explain aspects of the States' current arrangements.

#### States Questions

Four questions have been asked of the Chief Minister in the States Assembly relating to travel expenditure since the beginning of this review.

#### Freedom of Information questions

To date there have been 15 requests made for information relating to travel expenditure under the Freedom of Information (Jersey) Law 2011. One request (to Health and Social Services) has been answered in full. The remaining questioners have been contacted and informed their requests will be responded to once this review is complete.

#### Media reports

Media interest in the subject matter of this review has been high.

## 4. Summary of work carried out

In carrying out their work to deliver the terms of reference, the review team considered the following matters. Detailed information is included in appendices.

### Risks and Issues (Appendix C)

The review team drew upon a report issued by the UK National Audit Office in March 2015 entitled: “Investigation into government travel expenditure”. In particular this identified the main risks applicable to public expenditure on travel and the review team identified specific risks applicable to the States’ spending.

### Corporate contract (Appendix D)

The States operates a corporate contract with HRG for booking of travel and accommodation. This contract is central to how the States manages travel arrangements and controls this expenditure.

### Approach in other jurisdictions (Appendix E)

The review team considered the approach taken in other jurisdictions to identify specific controls that could be applied in Jersey. These include:

- HM Treasury in the UK
- UK Ministry of Justice
- UK National Offender Management Service
- Guernsey
- Isle of Man
- Alberta, Canada
- Federal Travel Regulation (FTR), USA
- Ontario, Canada
- Queensland, Australia
- Victoria, Australia

### Costs (Appendix F)

The review considered financial information.

States spending on travel, accommodation and related expenses for 2014 and 2015 total £7.8 million. Of this, £1.3 million relates to the Independent Jersey Care Inquiry, leaving £6.5 million as the cost of travel relating to ordinary business of the States – £3.3 million in 2014 and £3.2 million in 2015.

Total budgeted revenue for the States in 2014 and 2015 was £1.296 billion (£641.3 million in 2014 and £653.3 million in 2015). The expenditure considered in this review therefore represents 0.5% of total revenue spending over the period.

The review was prompted by concerns over non-economy, international travel. Each of these, respectively, amounts to approximately £150,000 per year, or £300,000 over the two-year period



examined. Therefore this travel which is highest cost per trip (and arguably therefore highest risk in terms of controlling expenditure) represents:

- around 4.6% of total expenditure on travel, accommodation and expenses.
- around 0.025% of total revenue expenditure i.e. 2.5 hundredths of one percent.

The largest volume of travel is to the UK and Ireland and represents approximately £1.2 million per annum (or 80% of flights).

Whilst the proportion of total expenditure is small, the Council of Ministers and Corporate Management Board recognise the need to be transparent, and to do more to ensure best value is obtained from this expenditure and make details available to the public in the future.

#### Rules and processes (Appendix K)

Costs relating to travel are currently regulated in three main ways:

- through overarching obligations on accounting officers (normally Chief Officers) in the Public Finances (Jersey) Law 2005 (the Finance Law).
- through financial direction 5.7: Travel and Accommodation expenditure – issued under the Finance Law.
- through the Code of Conduct for States Employees.

The review team considered whether they exercised sufficient levels of control.

#### Loyalty points (Appendix N)

Two specific risks identified were that:

- officers may select flights to earn personal Avios points; and
- the States may not be making use of BA on Business points earned.

The review team considered whether current controls were sufficient to mitigate these risks.

#### Current reporting (Appendix O)

Existing reporting of travel and accommodation expenditure currently occurs in three ways:

- Internal – by Corporate Procurement
- External – staff costs note in the States’ Financial Report and Accounts
- External - Travel and Entertainment Expenses: Ministers and Assistant Ministers

The team considered whether these were sufficient, in the light of public interest in this expenditure and in comparison with best practice in other jurisdictions.

## 5. Summary of observations

This review has not uncovered widespread misuse of procedures. It has, however, identified a number of areas where improvements can be made where there has been deviation from existing procedures. These observations are based on examination by the review team of the available travel data.

### Corporate contract

There is inconsistency in how departments use the HRG contract. Some departments book travel outside of the corporate contract, and some make bookings online when they should be telephoning HRG, and vice versa.

There are currently a large number of staff who are able to book travel via HRG. Some may do so infrequently. This situation means optimal choices may not be made. Some HRG users have not received training.

Some bookings appear as though they could have been made cheaper using international travel “hubs” such as Amsterdam. The current processes may not automatically direct users to these options.

The Health and Social Services Department has a very high volume of travel bookings, for good operational reasons. Use of a centralised resource based in Cyril Le Marquand House may not be appropriate.

### Procedures

Whilst the majority of travel and accommodation bookings have been made in accordance with corporate policy there have been some examples where this has not happened. For example there are instances where adequate authorisation has not been documented, where bookings have been made close to travel, where personal loyalty points have been accrued and where travel by Chief Officers has not been authorised independently. These instances indicate some strengthening of the procedures, and their implementation, is required.

The review team consider that not enough is done to document and report on the overall cost of travel and the benefits that result. Travel is carried out for legitimate governmental purposes, but the inconsistency of reporting can mean that the spending is criticised.

It has been difficult to reconcile all of the data for the purposes of the review (and the PAC review). This is because the States operate two independent systems, the HRG system for booking and administration of the travel contract and JD Edwards for the States accounting.

For example:

- Reconciliation of HRG and JDE data has to be done manually. For example, because business-class travel is booked on HRG but an officer subsequently pays for the upgrade, with the resulting income being shown on JDE.

- Departments code expenditure in different ways within the JDE chart of accounts (the range of codes available). For example travel to a course in the UK could be recorded under travel, training or conferences and courses.

It is evident that some staff members combine business travel with time taken off for personal purposes. This is not in itself wrong, or poor value for money, but requirements need to be clearer.

#### Loyalty points

At present officers can gain loyalty points in their own right from business travel. In the future where this occurs they will be expected to make these points available for business use.

The States does not currently make best use of the BA on Business points it accrues.

The best value for money options for travel may not be made available if the booker is unaware that the traveller holds a BA gold or silver card. Such card holders can have different flight options than those available to non-card holders.

#### Current reporting

There is currently minimal external reporting of officer travel. The Annual Report and Accounts provides only high-level information.

Internal reporting of travel has improved, but could be improved further. In particular, exception reporting can highlight where policies and controls are not working.

## 6. Summary of recommendations

Recommendations made fall into three broad categories:

- Planning and authorisation process
- Booking process
- Reporting

### Planning and authorisation process

- All travel and accommodation bookings must be made in accordance with corporate policy, expressed in the Code of Practice and Financial Direction.
- All travel between Jersey, the UK and Europe to be at economy class unless otherwise authorised by the Chief Officer.
- All flights over six hours in duration (excluding travel between Jersey and the UK) must be authorised by the Chief Officer. The Chief Officer can approve business class travel in appropriate circumstances.
- All travel by Chief Officers to be approved by the Chief Executive or the Treasurer of the States.
- All travel to have a pre-authorisation form completed and approved by their budget holder, normally the line manager (or Chief Officer in the case of upgrades), to include rationale, alternatives considered to travel and correct business unit and object account. This should include an approval limit in case the cost of the flight rises from the original request to approval.
- Copies of all authorisation for non-economy class travel by officers to be sent to the Treasury.
- Any travel which includes extended stays for leisure must be authorised by the accounting officer – this includes weekend trips where business travel is on a Friday or Monday.

### Booking process

- Where travel is unlikely to be changed before departure date a fixed ticket should be purchased. Where travel is likely to be changed before the travel date, flexible tickets should be booked but pre-authorisation must be obtained.
- All UK travel must be booked online using HRG unless it involves more than two legs and/or groups over three travellers.
- No traveller or booker to have more than one active HRG account they can make bookings from.
- No officer to be permitted to use HRG without having received training.
- Online booking for travel beyond the UK is not permitted. This must be booked by phoning the HRG team.
- Booking for beyond Europe must only be made by designated staff in Cyril Le Marquand House, based in Corporate Procurement (except for Health and Social Services).
- Health and Social Services to maintain separate dedicated travel booking officers – who must use HRG for all bookings.
- Bookings must be made as soon as travel has been authorised.
- Advanced payment for hotels should only be made if there is no reasonable doubt that the travel will be undertaken.
- Bookings made 5 days or less before travel must be authorised by the relevant accounting officer (normally the Chief Officer).
- For travel beyond the UK and where a flexible ticket has been purchased the booking officer should check the lowest fare available when the trip has been confirmed.
- For all travel involving BA, the booker should contact Corporate Procurement prior to booking to establish whether any BA on Business points are available to be used.

- When requesting a travel booking from HRG staff must be asked by HRG if they hold a BA Gold or Silver card.
- HRG to be requested to provide users with options including non-UK hubs, where it would be cheaper to take this option.
- Staff will not be permitted to book travel for family members through HRG and pay the difference personally. Travel for family members must be booked and paid for personally and outside of the HRG process.
- Where officers accrue personal loyalty points from business travel they will be expected to make these available for future business travel.

### Reporting

- All departments to record expenditure using a new standardised set of object accounts.
- Exception reporting to be provided by HRG to Corporate Procurement and accounting officers where options chosen are not the recommended ones. These are to be reported to CMB quarterly.
- Officers who travel more than 12 times in a financial year (or more than two international or business-class trips) must include any personal points accrued in the annual compliance statement for their department.
- All expenditure on flights and hotels over £500 to be published twice yearly on the States website. This will include job titles but redact names.
- Quarterly reporting by Corporate Procurement to CMB on travel where costs are in excess of £500 and exemption forms have been completed.

The revised procedures will be incorporated into an updated Financial Direction, backed up by a Code of Practice under the Employment of States of Jersey Employees Law 2005 which will provide further regulatory backing. Regular progress reports will be provided to the Corporate Management Board to ensure there is continued focus on this area and it the intention to publish details of all flights and hotels over £500 on a six monthly basis.

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