

18 TRAVEL EXPENSES

BACKGROUND

- 18.1** On September 7, 2000, Executive Council approved the Nova Scotia Travel Policy. The policy is applicable to “all civil servants whose terms and conditions are set out in accordance with the Civil Service Act and Regulations and all bargaining unit staff who are employed by the Government of Nova Scotia, in addition to Ministers, Deputy Heads and other persons traveling on government business, including training. It does not apply to those persons whose travel is governed by other authorities.” The effective date of the policy is October 1, 2000.
- 18.2** The policy is designed “to balance the Government’s need to contain costs and demonstrate prudence in the conduct of government activities and the employee’s need for convenience when traveling on Government business. These provisions provide for the reimbursement of reasonable expenses necessarily incurred while traveling on government business and do not constitute income or other compensation that would open the way for personal gain.”
- 18.3** For the fiscal year ended March 31, 2002, travel expenses collectively totaled approximately \$1,218,262 for the Department of Finance, the Office of Economic Development, the Department of Tourism and Culture and the Executive Council Office. Travel expenses, for the nine months ended December 31, 2002, totaled approximately \$850,616 for these Departments and Offices.
- 18.4** For purposes of this audit, travel expense transaction details for the twenty-one months ended December 31, 2002 were extracted from the Province’s Corporate Financial Management System.
- 18.5** Our audit of travel expenses was performed in January and February 2003 under the mandate provided by Section 8 of the Auditor General Act.

RESULTS IN BRIEF

- 18.6** The following is our principal observation from this audit.
- Systems and controls surrounding travel expense claims are adequate to ensure expenses are accurately recorded, reviewed and properly approved. Opportunities for improvements were noted.

AUDIT SCOPE

- 18.7** The objective of this assignment was to examine selected travel expenses of the Department of Finance, the Office of Economic Development, the Department of

Tourism and Culture and the Executive Council Office to determine the adequacy of:

- systems and controls;
- compliance with the Nova Scotia Travel Policy; and
- due regard for economy and efficiency.

18.8 Our audit focused on travel expenses subject to the Nova Scotia Travel Policy and as such did not include travel expenses of those persons governed by other authorities.

18.9 Audit criteria were developed to assist in the planning and conduct of the audit and in the assessment of the processes and practices related to travel expenses. Our audit approach included interviews with selected staff, an examination of the travel policy, sampling of transactions and a review of other documentation necessary to support an assessment of the objectives and criteria.

PRINCIPAL FINDINGS

18.10 The results of our audit indicated that the systems and controls surrounding travel expense claims are adequate to ensure expenses are accurately recorded, reviewed and properly approved.

18.11 Our testing of 60 sample items noted no significant irregularities in the travel expense claims. All claims were mathematically accurate and properly recorded in the Province's accounts.

18.12 All sample items included evidence of the review and control function while 54 of 60 sample items (90%) included all the appropriate signatures and approvals. We were unable to agree approval signatories to the signing authority book for four sample items and one sample item was not legible. As a result, we were unable to conclude on the approval for these five sample items. The remaining sample item did not include a signature indicating the mathematical accuracy of the claim had been verified. However, the claim included evidence of the review and control process.

18.13 The travel policy does not define the approval process for travel expenses incurred by Ministers. The policy requires expenses claimed on behalf of the Minister to be approved by the Minister. There is no independent approval process for such expenses.

18.14 Issues of non-compliance with the travel policy were noted in three of 60 tested sample items. Two observed instances resulted from a lack of documentation to support the expense claims. As a result, we were unable to conclude on whether those items complied with the policy. The third issue of non-compliance related to an expense claim submitted by a Minister without the required Statement of Travel Expenses form and it was processed without the form.

- 18.15** The government’s policy on rental vehicle insurance, as noted in the travel policy, is inconsistent with the information provided by the Risk Management Branch of the Department of Transportation and Public Works. The travel policy does not provide employees with appropriate guidance as to the current requirements for rental vehicle insurance.
- 18.16** The Department of Finance and the Public Service Commission (formerly the Department of Human Resources) are “jointly responsible for regularly monitoring the corporate policy having regard to performance and effectiveness in achieving the policy objectives.” At the time of our audit, an overall assessment of the performance and effectiveness of the travel policy in achieving its objectives had not been completed.

CONCLUDING REMARKS

- 18.17** Based on the results of our audit, the Departments and Offices included in this assignment have adequate systems and controls in place to ensure reasonable compliance with the Province’s travel policy. Opportunities for improvements to systems and controls, as well as a few instances of non-compliance with the travel policy, were noted.
- 18.18** We encourage the Department of Finance and the Public Service Commission to complete an audit of travel expenses across government and to assess the performance and effectiveness of the travel policy in meeting its objectives.