

OFFICIAL TRAVEL

In 2005 the Finnish state spent about 240 million euros on travel. This figure does not include working costs related to travel and the procurement of travel services. The main focus in this audit was on the supervision of travel and the economy of travel. Originally the intention was to pay special attention to the procurement of travel services, but this changed as a result of an amendment to the State Budget Act in 2006, as explained below. The main questions in the audit were whether official travel is presently done economically and whether travel services are procured in an optimal way.

The most important observation in the audit is the inadequate supervision of official travel at both the agency and group level. The present steering instrument, the state's travelling regulations, contain limits and general rules for official travel. These must be complied with in matters related to compensation for travelling expenses, but the travelling regulations do not give agencies and enterprises support in deciding how travel services should be arranged in the most economical and effective way. The main idea in the travelling regulations is to specify what expenses will be compensated and to set maximum amounts for compensation. Per diem allowances are only a small part of official travel costs. The procurement of transport and accommodation services and working costs related to travel and the procurement of travel services account for the lion's share.

In the opinion of the National Audit Office, the state should create a travel strategy. In addition it should issue regulations and guidelines not only concerning compensation for official travel but also concerning how to act economically when agencies and enterprises organize travel, trips are planned, travel orders are approved, travel services are procured, bills are handled and travel is reported, analysed and developed. In developing the state's travel matters, travel services should be seen as a tool that an agency or enterprise

places in the hands of an employee, who can use it to perform official tasks in the most economical, efficient and effective way.

Preparing a travel strategy and supervising travel at the agency or enterprise level properly requires information. At present this is lacking or inadequate. The audit indicated that few agencies know how much money they spend on hotel accommodation annually. When Hansel Oy began inviting tenders for domestic hotel accommodation in 2003, estimated nights were about 120,000. The corresponding figure in 2006 was 250,000. One reason for the lack of information is that it is hard to collect.

The audit observed practices that were considered good in some agencies. The Employment and Economic Development Centre for North Karelia had cost calculations for official vehicles on the basis of which it could decide whether to purchase a new vehicle or compensate employees per kilometre. At the Ministry for Foreign Affairs travel presentation and travel order practice as well as the supervision of travel and the provision of guidelines concerning travel were good. The Ministry of Finance requires that employees who obtain a loyalty card for official travel authorize the ministry to receive information concerning account transactions from the issuing party.

The audit observed many errors or shortcomings in matters related to travel. Below are some examples, which have been placed in order of importance. Written or electronic travel orders were used to a decreasing extent. Some trips to Brussels were made in business class. In this respect the audit concerned three ministries, among which there were fairly large differences in the share of trips that were made in business class. At the extremes in the same ministry some officials always travelled in business class while others always travelled in economy class. The collection and use of points in the Finnair Plus programme or other loyalty programmes were not monitored. Generally points were used properly for official travel, but to some extent they were allowed to expire or were used for upgrades from economy to business class or for private trips. When a travel time card was used, the state did not receive its regular discount from VR Limited. Employees have received compensation for using their own car when an official vehicle would have been available. In procuring official vehicles economy has not always been given sufficient weight. If accommodation services

could not have been paid for with vouchers, travel agencies could not have collected extra service charges from the state, which amounted to nearly 200,000 euros in 2006. Eliminating this form of payment would have presumably lowered the prices that were negotiated in framework agreements concerning accommodation services. On the positive side, the handling of travel invoices in agencies and enterprises was regular as a rule.

In 2006 a new section 22a was added to the State Budget Act. On this basis a Government decree and a decision of the Ministry of Finance were issued and came into force in September 2006. The ministry's decision requires that airline services and travel agency services used by state employees for travel in Finland and abroad must be procured jointly by using framework agreements with Hansel Ltd, the state's central procurement unit.

The audit observed that before the ministry's decision came into force, agencies and enterprises also procured travel services directly, even if the agency or enterprise had entered a framework agreement. Travel services were also procured by inviting tenders on the grounds that, according to guidelines issued by the Ministry of Finance on 14 January 2005, for the sake of economy state employees should always select the cheapest available alternative particularly in booking flights and accommodation services.

On the basis of the audit the National Audit Office made eight recommendations and five other suggestions. The most important recommendation concerns the preparation of a joint travel strategy. The National Audit Office also emphasized that state agencies and enterprises should make sure that they enter framework agreements according to the decision issued by the Ministry of Finance on the basis of the State Budget Act and use these in procuring airline services, for example.

In the opinion of the National Audit Office, the clear supervision of travel and computerizing and concentrating the travel management process in agencies will lead to greater economy in working time, travel service and other costs involved in travel management.