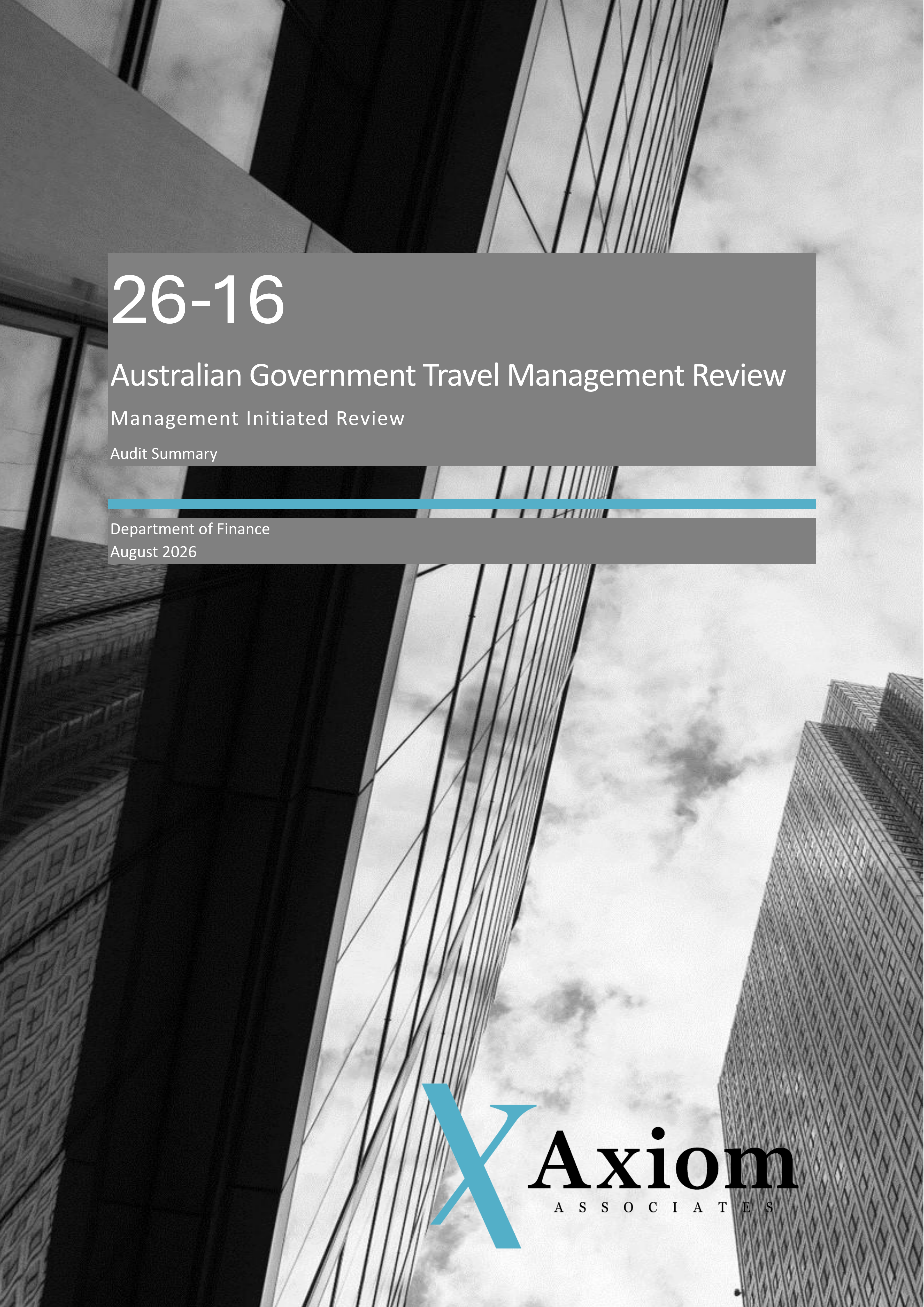

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Australian Government Travel Management Review

Management Initiated Review

Audit Summary

Department of Finance

August 2026

Axiom
ASSOCIATES

Audit Summary

Background

The Department of Finance (the Department / Finance) administers the Australian Government Travel Arrangements (the Arrangements), which are coordinated procurements used by over 150 Government entities. Under the Arrangements, Corporate Travel Management (CTM) is the sole provider of Travel Management Services, which are to be provided in accordance with the Deed for Travel Management Services (the Deed).

Between 1 July 2025 and 31 March 2026, Australian Government air travel, accommodation and car hire services had a combined expenditure of $639 million (GST inclusive). This represents approximately 783,000 bookings which were made through the Arrangements, with air ($453 million) and accommodation ($165 million) representing the majority of expenditure.

In August 2025, the trading of CTM securities on the Australian Stock Exchange (ASX) was halted and in November 2025, CTM announced an independent review had uncovered accounting discrepancies. Preliminary findings from the audit indicate the accounting issues were in relation to CTM potentially overcharging customers in the UK during the 2023-24 and 2024-25 financial years.

Since November 2025, additional concerns have been raised, including findings which suggest similar accounting issues may have been identified in the Australian operations. Formal investigations are ongoing, however, advice from CTM suggests no issues have been identified in relation to the Australian Government Travel Arrangements.

In its role, the Department is responsible for administering the Arrangements and managing the Australian Government's contract with CTM. To perform this role, the Department receives regular reporting that provides visibility over the whole of Government travel bookings. The Department's role under the Arrangements is to ensure services are being delivered by CTM in accordance with the Deed and help identify trends and systemic charging issues. Each entity is then responsible for booking travel that represents value for money and acquitting travel costs to ensure fees and charges were applied correctly.

Objective and Scope

In January 2026, Internal Audit was engaged to conduct a Management Initiated Review over the Australian Government Travel Arrangements. The objective of this audit was to assess CTM's management of the Australian Government's Travel Program, including the application of fees and travel charges, to determine if the overcharging practices in CTM's UK operations impacted the Australian Arrangements.

The scope of this audit focused on assessing CTM's management of accommodation, group and airfare bookings, with consideration for the processes used to administer service fees, refunds, the ABSTUDY program, booking changes and travel credits.

Through this audit, Internal Audit has conducted transactional testing to identify potential risks associated with overcharging under the Arrangements. This audit focused on travel bookings and expenditure incurred during the 2024-25 financial year, to identify instances where the amount CTM charged for a booking was greater than the amount the Government should have paid.

Internal Audit conducted three assessment programs using a combination of sample and population-level testing, with each program informed by further investigations, consultations and documentation review. The findings and observations from this audit have been presented in relation to the three testing programs below:

- **Accommodation Testing –** Through this testing program, Internal Audit assessed a sample of bookings to determine whether:
  - Accommodation bookings aligned with agreed contracted room rates;
  - Accommodation providers charged CTM in accordance with the agreed rates;
  - CTM had appropriately on-charged traveller credit cards; and
  - CTM had applied service fees in alignment with the Deed.
- **Group Testing –** Group booking processes are more manual in nature due to the varying requirements, negotiations with third parties and frequent changes. Testing for this program involved assessing a sample of group bookings by comparing the rates negotiated by CTM with the rooms utilised and matching the accommodation provider charges with the amount on-charged to traveller credit cards.
- **Airfare Testing –** The airfares negotiated under the Australian Government Air Travel Services arrangement are loaded by airlines into the Global Distribution System (GDS) and are then accessed by travellers through CTM's booking platforms. The testing for this program assessed a large sample of bookings to determine whether CTM's systems had sold and charged appropriate and accurate fares.

Overall Observations and Conclusion

Overall Rating	Satisfactory Controls

This audit was conducted in two phases. In the first phase, Internal Audit sought to understand key processes and identify areas of higher risk within the Arrangements to inform a testing program (based on available data sources and information) that could be used to identify whether overcharging practices were evident within the Arrangements.

As part of this analysis, Internal Audit notes the Australian Arrangements are distinct from the service model CTM uses within its UK operations. Within the Australian model, CTM process travel charges to individual credit cards, which provides a greater level of visibility and accountability when compared to the UK model, where travel expenses are consolidated and invoiced to each entity on a monthly basis.

Accommodation bookings were identified as an area of heightened financial risk to the Australian Government. The Accommodation Chargeback scheme provides convenience to travellers as accommodation providers manage payments with CTM when the stay is concluded that CTM then on-charge to the traveller's credit card. However, this approach can impact the traveller's visibility of the underlying invoice from the accommodation provider, including for any additional charges that have been raised.

In contrast, airline bookings were considered to represent a lower risk on the basis:

- Airlines manage airfare pricing and inventory in the GDS, which is then accessed by travellers through CTM's booking systems;
- CTM facilitates the booking using the traveller's credit card and payment is managed between the airline and traveller; and
- Refunds are processed by the airline back to the traveller's original form of payment.

In Phase Two of this audit, Internal Audit conducted three assessment programs (based on available data sources) to identify instances where CTM may have overcharged the Australian Government. This testing did not identify any systemic issues or material instances which would indicate overcharging practices have impacted the Australian Government Travel Arrangements.

In making this assessment, Internal Audit relied primarily on CTM for the provision of information and evidence, supplemented by data from airlines, credit card providers and accommodation providers. Improved access to third-party datasets and information would support greater visibility, oversight and assurance over CTM's charging practices.

Findings

Internal Audit has raised three findings in relation to this audit.

Findings	Residual Risk Action
Finding 1: Accommodation Testing ▪ Internal Audit did not identify any systemic issues or indicators of material overcharging in relation to accommodation bookings. ▪ Testing involved comparing accommodation bookings with contracted rates, and matching supplier invoices with transactions on-charged to traveller credit cards.	No Major Concern
Finding 2: Group Testing ▪ Internal Audit did not identify any systemic issues or indicators of material overcharging in relation to group bookings. ▪ Group booking processes are more manual in nature due to the varying requirements, negotiations with third parties and frequent changes. ▪ Testing for this program involved assessing a sample of group bookings by comparing the rates negotiated by CTM with the rooms utilised and matching the supplier charges with the amount on-charged to traveller credit cards. ▪ Opportunities exist to strengthen processes relating to key decisions, approvals and reconciliations.	No Major Concern
Finding 3: Airfare Testing ▪ Internal Audit did not identify any systemic issues or indicators of material overcharging in relation to airfare bookings. ▪ The airfares negotiated under the Australian Government Air Travel Services arrangement are loaded by airlines into the Global Distribution System (GDS), which is then accessed by travellers through CTM's booking platforms. ▪ Testing was conducted over a large sample of domestic, single-route fares, and focussed on how CTM's systems sell fares to travellers and the accuracy of CTM's charging practices.	No Major Concern

Positive Observations

During this engagement, Internal Audit identified the following positive observations.

- There is centralised accountability across the Arrangements, and Finance can engage directly with CTM to identify and resolve any travel-related issues or disputes on behalf of all Government entities under the Arrangements.
- CTM has implemented system-based controls and automated processes to manage the majority of payments and travel bookings.
- There are key individuals within CTM and the Department who have a strong understanding of the processes used to manage the Arrangements.
- CTM produces regular reports and datasets for the Department that provides some visibility on bookings made and processes CTM uses to manage the Arrangements.
- CTM engaged positively with the Department throughout the audit and demonstrated a willingness to provide information in a timely manner.
- Instances were observed where CTM's consultants worked collaboratively with accommodation providers to rearrange travel bookings and obtain financially beneficial outcomes for the Government.

Statement of Responsibility

Liability limited by a scheme approved under Professional Standards Legislation.

This audit has been conducted in accordance with the Global Internal Audit Standards 2024 (the Standards) contained in the International Professional Practices Framework (IPPF), issued by the 'Institute of Internal Auditors' (IIA). In our professional judgement, sufficient and appropriate audit procedures were completed, and appropriate evidence gathered to support the accuracy of the conclusions reached and contained in this report.

It is the responsibility of management to ensure that the Department of Finance (the Department / Finance) establishes and maintains internal control to provide reasonable assurance with regards to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. In addition, it is the responsibility of management to establish a control environment and maintain policies and procedures to assist in achieving the objective of ensuring, as far as possible, the orderly and efficient conduct of the Department's business operations. The purpose of this audit is to assist management in discharging this obligation.

The matters raised in this report are only those which came to our attention during the course of performing our audit procedures and are not necessarily a comprehensive statement of all the weaknesses that exist, or improvements that might be made, on the audit topic. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility in maintaining adequate controls over all levels of the Department's operations and its responsibility to prevent and detect irregularities, including matters of fraud.

Accordingly, management should not rely on our report as an exhaustive list of identified weaknesses in both the systems and procedures under examination, nor is it a complete list of all possible non-compliance at the Department. This report has been prepared solely for the Department's use and should not be quoted in whole, or in part, without Internal Audit's prior written consent. No responsibility to any third party is accepted, as the report has not been prepared for, and is not intended to be used for any other purpose.