



Travel and Subsistence 2019/20

FINAL REPORT

Ann Kirk and Samantha Perris

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Distribution List: - John Ward (Director Corporate Services), Andrew Frost (Director for Planning and the Environment), Louise Rudziak (Director for Housing and Communities), Jane Hotchkiss (Director for Growth and Place), Joe Mildred (Divisional Manager Business Support), Tim Radcliffe (Human Resources Manager), Warren Townsend (Corporate Health & Safety Manager).

Executive Summary

Introduction

This audit was carried out as part of the agreed audit plan for 2019/20 financial year. Audit testing has been restricted to areas that have been assessed as high risk by Internal Audit. Although Payroll pay the individuals claims it must be made clear that they are not responsible for carrying out the checks on the claim or authorising the payment. Responsibility for this lies with the claimant's Manager.

Audit testing has been carried out on the following objectives to ensure that:

- Council procedures are followed when claiming for travel expenses and subsistence expenses.

Overall audit opinion

The overall audit opinion is based solely on testing carried out and discussions held during the course of the audit.

	Levels	Description/Examples
	No Assurance (Critical Risk Exceptions)	Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit
→	Limited Assurance (High Risk Exceptions)	Control weaknesses or risks were identified which pose a more significant risk to the Authority
	Reasonable Assurance (High or Medium Risk Exceptions)	Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority
	Assurance (Low Risk/Improvement Exceptions)	No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority

Objective 1: To ensure that Council policies and procedures are followed when claiming for travel and subsistence expenses – Limited Assurance

1 high risk and 1 medium risk exceptions were raised as a result of testing on this area.

Procedure notes available on the Intranet to employees for completing their mileage and expense claims were reviewed and found to be comprehensive. The Subsistence and Car Allowance Policy clearly sets out the rates and criteria to be met.

A sample of 45 claims made between 20/08/2018 to 19/08/2019 was tested and it was found that the correct rate of 46.9 pence per mile had been paid for all of the travel claims tested.

To ensure segregation of duties between the claimant and authoriser no claim is to be raised and authorised by the same officer. The approval process has four stages:-

- Stage 1 - claim awaiting authorisation from the line manager.
- Stage 2 - authorisation of the line manager to show the claim has been completed and procedures followed.
- Stage 3 - awaiting authorisation from Payroll.
- Stage 4 - authorisation by Payroll to be included in the individuals next monthly pay

The same sample of claims was tested and it was found that:-

- All 45 claims were authorised by an individual other than the claimant before payment was made.
- 42 claims were authorised by the line manager as per the authorisation stages outlined above.
- 3 out of the 45 claims did not follow stages 1-3 but were directly authorised by Payroll. This was because in one case the individual had made changes to the claim after submitting the claim to their manager. In the remaining 2 cases the “work flow” had not worked and therefore the appropriate manager was unable to authorise in this instance.

Testing was undertaken on the same sample to confirm the accuracy of the information entered within the travel and subsistence claims. It was found that:-

- 5 had not included all the journey details

- 3 had used abbreviations for the areas covered making it difficult to calculate the mileage
- 8 had entered the same location for start journey and end point. (Ex1).

The Council's procedures for entering claims require that the employee make allowances for starting their journey from home, testing found:-

- 6 of the 45 claims had stated that their journey started from home,
- 3 of which had not made adjustments to their claims to remove the home to work mileage
- 1 claim did not include any milometer readings

Testing was carried out on the reasonableness of mileage claims by taking the longest route calculated by Google maps and adding a 5 mile threshold to cover diversions or getting lost. Using this methodology 7 of the 45 claims had overstated their mileage by more than 5 miles, at a cost of £142.58 to the Council. Of these 7, 1 claim was overstated by an additional 231 miles at a cost of £108.34 to the Council. It is not suggested that the mileage claimed for these journeys is not valid, however, the mileage claimed would appear to be excessive using this methodology (Ex2).

The Council can claim VAT back on fuel claimed through expenses. Of the 45 claims tested, 42 had claimed for mileage. It was found that of these 42, 10 had selected the incorrect option for VAT receipts resulting in an incorrect VAT return to HMRC of £9.67. No exception was raised given the low materiality of the error.

Overall assurance level – Limited Assurance

1 high risk and 1 medium risk exceptions have been raised as a result of the testing carried out during the course of the audit. Therefore Internal Audit can give limited assurance that the procedures and checking of Travel and Subsistence claims is of low risk to the Authority.

Key for risk rating of exceptions:

Priority Level	Description
Critical Risk	<p>Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the organisation's objectives in relation to:</p> <ul style="list-style-type: none">▪ The efficient and effective use of resources▪ The safeguarding of assets▪ The preparation of reliable financial and operational information▪ Compliance with laws and regulations <p>And corrective action needs to be taken immediately.</p>
High Risk	<p>Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not "show stopping" but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.</p>
Medium Risk	<p>These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.</p>
Low Risk - Improvement	<p>Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.</p>

EX 1 – Lack of detail entered on the mileage claim form.	
Risk rating: Medium	
Findings	
<p>A test on the reasonableness of the amount of mileage claimed found that of the sample of 45, 18 were unable to be tested because:</p> <ul style="list-style-type: none"> • 5 had not included all the journey details. • 3 had entered abbreviations, therefore making it increasingly difficult to calculate the mileage • 10 had entered the same place for start, destinations visited and end points. <p>The Council's lone working policy states that "visiting staff must record in their electronic diaries the address and contact details of the places they intend visiting." A check on the 18 claims that could not be tested for reasonableness found that:</p> <ul style="list-style-type: none"> • For 12 cases no information had been entered onto the employee's calendar • For 1 case the diary information was not accessible • For 2 cases the employees had left the employment of CDC • In 3 cases the employees had entered information into their calendar 	
Risks and consequences	
<p>Without all information being completed on the claim the authorising manager would be unable to confirm that the claim is correct.</p> <p>The Council's Lone Working Policy is not being adhered to and therefore the welfare and safety of employees of the council may be at risk.</p>	
Agreed action	Officer responsible and by when
<p>An annual reminder will be sent to managers and staff via email as well as being posted on the Intranet. This will contain links to the relevant documents informing employees of the procedures and responsibilities when claiming expenses or overtime.</p> <p>In addition expenses and overtime will be added as a heading onto the new starter induction checklist for managers and within the Trent /Self Service Learning pool heading on the HR Induction Checklist. This will highlight where guidance on how to claim for expenses/overtime can be found on the intranet.</p>	<p>Tim Radcliffe – 14th February 2020</p>

The Health and Safety Manager is already in the process of reviewing the Lone Working Policy in response to a new corporate lone working solution. On completion the policy will be distributed to all employees across the Council.

Warren Townsend – 29th February 2020

EX 2 – Mileage is overstated and travel from home is not adjusted	
Risk rating: High	
Findings	
<p>Employees are required as per procedures to enter their milometer readings when submitting their travel claim. In 1 case out of 45 the milometer readings were not entered which could lead to inaccuracies in the number of miles claimed.</p> <p>Testing was carried out on the reasonableness of mileage claims by taking the longest route calculated by Google maps and adding a 5 mile threshold to cover diversions or getting lost. Using this methodology it was found that:</p> <ul style="list-style-type: none"> • For 7 cases the mileage had been overstated by more than 5 miles. Of these 7 a total of 304 additional miles had been claimed at a cost of £142.58 to the Council. • 1 claim was overstated by an additional 231 miles at a cost of £108.34 to the Council <p>The policy states that “If your journey included home to work, please deduct those miles from the number claimed and include explanation in the Reason for Journey field” from testing the sample of 46, 6 had stated that their journey started from Home. Of these 6:-</p> <ul style="list-style-type: none"> • 2 claimants had not adjusted their mileage as per the policy. The total mileage over claimed was 8 and 78 miles respectively than if the claimant had travelled from Chichester • 4 had adjusted their mileage to take account of travelling from home 	
Risks and consequences	
If mileage and expense procedure are not followed there is a risk of an inaccurate claim being made which could lead to overpayments to the employee and financial impact to the Council.	
Agreed action	Officer responsible and by when
<p>An annual reminder will be sent to managers and staff via email as well as being posted on the Intranet. This will contain links to the relevant documents informing employees of the procedures and responsibilities when claiming expenses or overtime.</p> <p>In addition expenses and overtime will be added as a heading onto the new starter induction checklist for managers and within the Trent /Self Service Learning pool heading on the HR Induction Checklist. This will highlight where guidance on how to claim for expenses/overtime can be found on the intranet.</p>	Tim Radcliffe – 14 th February 2020