

INTERNAL AUDIT REPORT

MEMBERS' TRAVEL AND SUBSISTENCE EXPENSES CLAIMS

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MEMBERS' TRAVEL AND SUBSISTENCE EXPENSES CLAIMS

PURPOSE AND SCOPE OF THE REVIEW

This report is the result of two stimuli, a complaint from two councillors about specific expenses claims and a piece of programmed work, both as outlined below.

The focus for Internal Audit's proactive anti fraud and corruption review in 2009/10 (as agreed by Corporate Management Team in August 2009) was to assess whether administrative processes relating to Members, staff and the management of assets are fit for purpose.

One aspect of this audit was to consider the adequacy of controls operating to mitigate the potential risks that inappropriate monitoring and authorisation of Members' expense claims results in a financial loss.

This review was also stimulated and informed by concerns legitimately raised by Councillors Woodley and Longley about certain Members' expenses claims.

For this aspect of the review, the approach adopted was to:

- assess whether the system for claiming expenses via the travel and subsistence claim form was robust; and
- review claim forms submitted from April to December 2009 to assess whether the scheme had been applied.

BACKGROUND

The Council has 51 Members. The value of mileage and subsistence expenses submitted via travel and subsistence claim forms, (both inside and outside the Borough), over the last three years has been:

- 2007/08 - £12,900 (of which £7590 for travel and subsistence inside the borough)
- 2008/09 - £12,721 (of which £7053 for travel and subsistence inside the borough)
- 2009/10 - £8,559 to December 2009 of which (£5293 for travel and subsistence inside the borough).

CONCLUSIONS

Significant weaknesses have been found in the guidance available to and the process used by Members to make mileage and subsistence claims for expenses incurred and, as a consequence, some minor irregularities have been identified.

There is no evidence to suggest any impropriety or deliberate fraud has occurred.

The recommended action outlined in Appendix A will address these issues and should be actioned as soon as possible.

MEMBERS' TRAVEL AND SUBSISTENCE EXPENSES CLAIMS

In the longer term, consideration should be given to moving away from a claim process for reimbursing 'in borough' expenses. The cost effectiveness of including a sum within the basic allowance received by Members (a system adopted by other authorities) should be considered. In evaluating this, the full cost of operating this scheme should be taken into account (i.e. including staff costs).

ISSUES ARISING FROM CLAIMING EXPENSES

All claim forms submitted by Council Members between April to December 2009 were reviewed to establish whether claims made;

- were for approved duties; and
- for expenses incurred were appropriate.

This work was done based upon current information available.

WERE CLAIMS MADE FOR APPROVED DUTIES?

Specific concerns were raised by Cllrs Longley and Woodley, including that some Members appear to have been:

- submitting mileage claims although they do not drive;
- making claims for attendance at group and single party meetings and civic events; and
- not presenting receipts for taxi journeys.

These issues are addressed below.

The information provided on the claim forms examined was insufficient to enable it to be confirmed, so far after the event, that all the items claimed for were appropriate.

It was noted that several Members' claim forms included expenses incurred for travelling to meetings with Council officers. The Local Authorities (Members' Allowances) (England) Regulations 2003, Section 8, on Travelling and Subsistence Allowance, paragraph (1) (h) states the scheme may provide for the payment to Members of an allowance in respect of:

'...the carrying out of any other duty approved by the authority, or any duty of any class so approved, for the purpose of, or in connection with, the discharge of the functions of the authority or of any of its committees or sub committees...'

It is unclear from the guidance issued to Members, what is considered to be an approved duty for this purpose. It would appear that advice on eligible meetings from diverse officers was equally diverse and, at times, potentially misleading. Clear, explicit guidance for Members on what is and is not "an approved duty" would avoid such confusion.

MEMBERS' TRAVEL AND SUBSISTENCE EXPENSES CLAIMS

Single party meetings are not covered by approved duties, except where allowed by legislation such as Cabinet. Revised guidance needs to make this position explicit.

There was evidence of claims for what could be considered to be 'civic events' such as church services, sporting events, mayoral events and official openings. It is unclear from the guidance that has been issued to Members whether these events would fall within the category of approved duties

WAS THE VALUE OF EXPENSES CLAIMED APPROPRIATE?

Lack of Information

In many instances it was not possible to assess with certainty whether claims were correct as the form does not prompt the applicant to complete full details relating to:

- the address they have travelled from and to; and
- the start and finish times of the meetings / activity undertaken.

Taxi fares

The Southend and Thurrock Remuneration Panel recommended in June 2007 that 'reasonable taxi and private hire costs should be met' and that the officers' scheme provided appropriate guidance and should be adopted.

Details of the scheme were circulated to Members in July 2007. It is unclear whether this information had been subsequently given to newly elected Members. However in spite of the guidance adopted, it would appear that taxi fares claimed for have been paid without adequate justification on the claim form.

Standard Mileage Claimed

It was noted that some Members attended several meetings at the Civic Centre on the same day and that they submitted a standard mileage claim from home to the Civic Centre for each meeting.

Further investigation identified that times recorded on the claim form were for the period reserved for the meeting rather than the actual time it finished. This could potentially allow more time to travel home between meetings. However, for transparency and robustness of the system any new arrangements should require actual meeting times and places to be recorded.

An instance was identified where a Member claimed travel mileage for a family Member, or other, to provide the actual transport. This is an accepted option within the scheme.

MEMBERS' TRAVEL AND SUBSISTENCE EXPENSES CLAIMS

Over / Under Claiming Mileage

Standard mileage claimed by Members from their home address to the Civic Centre was reviewed to establish whether it was reasonable, as overall this was a significant element of the expenses claimed. This was done by putting the relevant postcodes into the AA Route Planner web site.

In some instances, mileage claimed by Members for this journey was marginally in excess of that obtained from the web site. This standard mileage figure has then been used for all such journeys throughout the period reviewed. However actual journeys taken may not reflect the recommended AA route for justifiable reasons e.g. to avoid traffic congestion.

Some Members also appear to have claimed a standard home to Civic Centre mileage for other local meetings at different locations.

Although there were some instances where Members appear to have marginally under claimed, these were not so prevalent.

Any revised arrangements should clarify what mileage is permissible for such claims.

Subsistence Claims

As previously outlined the officers scheme circulated sets out subsistence allowances that can be claimed. However insufficient information has been submitted by Members with subsistence claims to enable an assessment to be made as to whether they meet the payment criteria.

Claimants Signature and Authorisation

Instances were identified where the claims forms were not signed by the claimant or authorised for payment.

OTHER MATTERS ARISING

It was noted during the review that there is no requirement for the Members to prove periodically that they have up to date 'business use' vehicle insurance cover for when they use their own vehicles on Council business.

It has been confirmed with the Insurance and Risk Manager that Members using their own vehicles do need this cover. A system should be established by Democratic Services to check this on a six monthly basis.

This report can be provided in alternative formats such as Braille, audio-tape or in large print. Translations of this document in alternative languages are also available.

APPENDIX A: MEMBERS' TRAVEL AND SUBSISTENCE EXPENSES CLAIMS ACTION PLAN

	RECOMMENDATION	RISK IF NOT ACTIONED	LEAD OFFICER	H M L	AGREED MANAGEMENT ACTION	ACTION DATE
R1	<p>Produce one document that provides all guidance on Members' expenses, reflects recognised good practice as well as relevant statutory requirements, and make it easy for Members to access.</p> <p>Ensure this guidance explicitly states:</p> <ul style="list-style-type: none"> • what an "approved duty" is and the circumstances under which Members can and cannot claim and the type of evidence required to show costs incurred; • the regularity and dates when claims should be submitted, the period these should cover and that late expense claims may not be paid; and • that only actual costs incurred supported by appropriate evidence (wherever possible) will be reimbursed. 	Lack of clear guidance leading to inappropriate claims and or the perception of inappropriate claims being made.	Group Manager - Democratic Services	H	In response to the Audit review, clear guidance has been produced on Members' expenses and this was circulated to all Members on 21 st May 2010	31 st May 2010

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	RECOMMENDATION	RISK IF NOT ACTIONED	LEAD OFFICER	H M L	AGREED MANAGEMENT ACTION	ACTION DATE
R2	Re-design the claim form to make explicit the information needed to support a claim for any type of expense.	Claims are not supported by appropriate evidence leading to inappropriate claims and or the perception of inappropriate claims being made.	Group Manager – Democratic Services	H	A new claim form has been produced in conjunction with Internal Audit and was circulated to Members with the guidance on expenses. The new form was available for use from 2 nd June.	31 st May 2010
R3	Provide training on how the scheme works as part of the Member induction process.	Lack of clear guidance leading to inappropriate claims and or the perception of inappropriate claims being made.	Group Manager - Democratic Services	H	The training is planned to take place after the meeting of the Council on 15 th July at which Members will be receiving a report from the Joint Independent Remuneration Panel (“the Panel”). The meeting of the Panel is scheduled to take place in late June/early July and has been convened in response to a Notice of Motion on Members’ expenses which was presented to Council on 22 nd April.	31 st August 2010

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	RECOMMENDATION	RISK IF NOT ACTIONED	LEAD OFFICER	H M L	AGREED MANAGEMENT ACTION	ACTION DATE
R4	Ensure that claims submitted are subject to a robust validation process by Democratic Services against the terms of the scheme before they are signed off by the Group Manager - Democratic Services.	Claims are not supported by appropriate evidence leading to inappropriate claims and or the perception of inappropriate claims being made.	Group Manager - Democratic Services	H	All expenses claims are initially checked by the Members' Officer against the terms of the Members' Allowances Scheme. All queries are referred to the Group Manager – Democratic Services who will seek to clarify the basis of a claim with the Member concerned if necessary. The Group Manager will authorise claims once he satisfied that they are in accordance with the scheme and pass the claim form(s) to Payroll for payment	31 st May 2010
R5	Update the Constitution to reflect the changes made.	Payments made outside the formally approved scheme may be considered to be ultra vires.	Head of Legal and Democratic Services	H	Once the Panel reports and the Council decides whether to amend the Scheme, then any necessary amendments will be made to Part 6 of the Constitution.	30 th July 2010