

# Internal Audit Report

## Travel and Subsistence 2023/24

Draft report: 6 June 2024

Final report: 21 June 2024

Last audited: August 2018 (Limited)

**Audit Objective** To review that officer and member expense claims are administered appropriately and in line with council policies and procedures.

### Assurance Opinion

### Number of Actions

### Key Risks Reviewed

#### Reasonable

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Priority	Joint	South	Vale	Reference
Priority 1	-	-	-	-
Priority 2	3	-	-	-
Priority 3	5	-	-	-
<b>Total</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>Appendix 1</b>

- Policies, procedures, and guidance are outdated and do not provide up to date information.
- Claims are not submitted in line with policy and approval checks fail to identify non-compliance.
- Claims are not processed timely or reconciled to support accurate financial reporting.
- Member allowances and expense payments are not published annually in line with legislation.
- Records fail to comply with data sharing agreements, data protection legislation, and policy.

The audit scope included:

Objective	Audit Scope
1 Policy, procedures, and guidance	• Policies and procedures are in place and relevant to current operational practices and legislation.
2 Claim submission and approvals	• Claims are submitted and approved in line with policy and correctly detailed.
3 Claims processing	• Expense claims are approved and processed timely to assist budget management and accuracy of financial reporting.
4 Payment reconciliation and reporting	• Expense payments are regularly reconciled and reported to management to assist budget monitoring, and member allowances and expense payments are published annually in line with relevant legislation.
5 Record retention and data sharing	• Expense records are maintained in line with data sharing agreements, data protection legislation, and policy.

Key Findings	
Objective	Audit Scope
1 Policy, procedures, and guidance	<ul style="list-style-type: none"> <li>Joint polices relating to claimable business expenses are in place and published to officers on Jarvis and the Learning, Education, and Achievements Hub (LEAH). The Travel and Expenses Policy can also be found on the Contractual Polices page of the council websites.</li> <li>Review of the Joint Travel and Expenses Policy identified the current version (issued November 2014) is outdated and does not advise the current operational process, or subsequent linked polices (Display Screen Equipment Policy (DSE) (effective 1st September 2022), Hybrid and Remote Working Policy (effective 1 August 2022), and Learning and Development Policy (revised May 2024).</li> <li>Although the Travel and Expenses Policy does not detail procedures for alternative fuelled vehicles (hybrid/electric etc), we are satisfied that the claimable mileage rates are in line with current industry standard practices (standard mileage rates apply to electric or hybrid vehicles). We verified that claimable business mileage rates are in line with current HMRC allowances (as at 26 March 2024).</li> <li>The policy states the responsibility for sense-checking claims lies with the approver, however, procedural guidance is not published to assist the expense claim submission and approval process (substantiating claims).</li> <li>Councillor allowances are approved by full council in exercise of the powers conferred by the Local Authorities (Members Allowances) (England) Regulations 2003, and in consultation of its appointed Independent Remuneration Panel. Claimable travel and subsistence expenses for elected members is covered within Schedule 1 of the council’s Joint Constitution (last updated 1 April 2024).</li> </ul>
2 Claim submission and approvals	<ul style="list-style-type: none"> <li>We analysed travel and expense claim data during 2022/23 and 2023/24, a summary of which is in appendix 2.</li> <li>Expense claims are submitted by claimants directly via the self-serve portal on MyView (front facing module of the council’s Payroll and Employee Management system, ResourceLink). All claims must be checked and authorised by an assigned approver (generally the claimant’s line manager), prior to payment. Councillor claims are reviewed by Democratic Services. Adequate segregation of duties exists in the claims process.</li> <li>We found 12 (seven South and five Vale) officer expense claims that did not adhere to policy. Examples of non-compliance includes submission of claims outside of the 3-month claim limit, fuel receipts not (broadly) matching the value of mileage claimed, missing receipts, and purchase dates and/or VAT numbers not visible on supporting receipts/invoices.</li> <li>As start/end locations are not mandatory fields for mileage claims, supporting information is inconsistent. We verified mileage claims were reviewed and approved, but without the route information it is difficult to validate the claim itself. Mileage logs are not mandatory; however, some service teams do maintain their own logs to evidence journeys and routes taken.</li> <li>The reimbursement process for eye tests and glasses is a separate procedure, outside of the MyView system. We are satisfied that claims are submitted to the Payroll and Business Support team, following the correct process.</li> <li>We found instances of non-compliance with Councillor expense claims. Examples include insufficient supporting information, late submissions (over 2 months), different fuel types claimed for the same vehicle, purchase dates and/or VAT numbers not visible on supporting receipts/invoices, and lack of formal approval of accommodation costs.</li> <li>The member allowances scheme does not specify acceptable supporting information for electric/hybrid vehicle mileage claims (i.e., where no fuel receipt can be provided).</li> </ul>

Key Findings	
Objective	Audit Scope
3	<p>Claims processing</p> <ul style="list-style-type: none"> <li>System checks ensure all expense claims approved by the payroll cut-off date are prepared and included within the monthly payroll run. Procedural notes are in place to support this manual process.</li> <li>Further checks are made to ensure accuracy in reported payment values and once satisfied, Accountancy instruct Zellis (payroll system provider) to process the payment run. Appropriate checks are in place to ensure accuracy in the expense claim payment process, and adequate segregation of duties exists in the process. Expense claims were found to be processed timely and accurately.</li> </ul>
4	<p>Payment reconciliation and reporting</p> <ul style="list-style-type: none"> <li>Monthly payroll reconciliations are completed by Accountancy across all pay elements between ResourceLink, Unit4, and South and Vale bank accounts.</li> <li>VAT is not itemised within Zellis payroll reports. Checks are completed by Accountancy within the monthly payroll reconciliation to ensure expense and mileage credit/debit values reconcile to the VAT input line; however, a sense check against individual pay element values is not completed. We found no variances in the payroll reconciliations, including 2023/24 end of year.</li> <li>Mileage claim data is shared with SMT every quarter for information. Given the value of mileage claims processed, it is appropriate for SMT to have oversight of this information; given mileage is the highest value and most frequent type of expense claimed.</li> <li>The Local Authorities (Members' Allowances) (England) Regulations 2003 requires local authorities to publish member allowances on an annual basis (including travel and subsistence claims). The council's Joint Constitution States that these are to be published as soon as practicable after 1 April each year. Records for 2023/24 have been completed in draft and await further scrutiny prior to being signed-off for publication. This is due for completion in June. Records for the previous three years are publicly available.</li> <li>Annual Councillor expense values are obtained by Democratic Services from Accountancy for publication. Checks are not completed against the ResourceLink system expense report values to ensure financial records have been coded correctly and reconcile to the general ledger (Unit4).</li> </ul>
5	<p>Record retention and data sharing</p> <ul style="list-style-type: none"> <li>Since the initial system migration and contract novation from Capita to Zellis (5 councils' partnership (5CP)), effective 1 April 2020, a data sharing agreement has been in place. This DSA shall continue in force unless and until terminated in accordance with this DSA, and only when the Zellis contract (as described) is fully terminated or expired.</li> <li>The agreement acknowledges that each council accepts the visibility of its employees' data to HR officers of another authority and will agree to work towards the eventual segregation of their data. The initial expectation was that visibility would be restricted to each authority by July 2020; however, this target was not met and 5CP users continue to access all councils' data. The Zellis (5CP) contract is due to be reviewed by June 2025, with the DSA remaining effective in the interim.</li> <li>The Travel and Expenses Policy states that online information regarding expense claims, and receipts relating to claims, will be kept for three years, before being deleted or destroyed. We identified expense claim and mileage claim records were available on the ResourceLink system, in excess of the retention period stated within the policy; the oldest dated May 2020 (4-year retention). This breaches the Data Protection Regulation (GDPR) storage limitation principle, which states that personal data must not be kept for longer than necessary for the purposes for which the personal data are processed.</li> <li>For member expenses, there is no retention period for expense and mileage claims stated within the Councillors' Allowances Scheme within the council's Joint Constitution.</li> </ul>