

REPORT TO: Audit and Governance Committee

MEETING DATE: 13 November 2012

BY: Executive Director (Support Services)

SUBJECT: Internal Audit Report – Travel and Subsistence

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Travel and Subsistence.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan for Travel and Subsistence.

3 BACKGROUND

- 3.1 A review of travel and subsistence claims was undertaken as part of the audit plan for 2012/13.
- 3.2 The main objective of the audit was to ensure that all payments made in respect of travel and subsistence claims were valid.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

AUTHOR'S NAME	Mala Garden
DESIGNATION	Internal Audit Manager
CONTACT INFO	01620 827326
DATE	2 November 2012

EAST LoTHIAN COUNCIL – INTERNAL AUDIT TRAVEL AND SUBSISTENCE

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2012/13, a review was undertaken of the management and administration of travel and subsistence claims.

1.2 Areas where Expected Controls were Met

- All claims for travel and subsistence examined had been signed by the employee to confirm that expenses incurred were for legitimate business purposes.
- Details of travel and subsistence payments made to employees had been properly recorded on the CHRIS payroll system and on the employee's payslip.
- For the sample of cases examined, excess mileage claims (due to change of work location) were correctly paid at the public transport rate.

1.3 Areas with Scope for Improvement

- The Payroll Section does not maintain an up to date list of authorised signatories and specimen signatures – in a number of cases, we were unable to verify the validity of the authorised signatories on travel and subsistence claims. *Risk – fraud and irregularity may occur and remain undetected.*
- There is a lack of appropriate guidance in place in respect of subsistence claims. *Risk – errors or inconsistencies may occur.*
- The standard templates used for claiming travel and subsistence require review – formulae were missing from some of the cells in three of the four templates available on the Council's intranet. *Risk – errors and inaccuracies may occur.*
- The existing guidance in respect of travel allowances requires to be updated, although we note a review is scheduled to take place. *Risk – failure to achieve desired outcomes.*
- The existing procedures in place for checking travel and subsistence claims require review – in four cases there were addition errors on the claim forms submitted to the Payroll Section resulting in the total mileage being incorrectly calculated. *Risk – over or under payments may occur.*
- In a number of cases, employees had incorrectly used the essential/casual user claim form for journeys that should have been paid at the public transport rate. *Risk – overpayments may occur.*

1.4 Summary

Our review of travel and subsistence claims identified a number of areas with scope for improvement. Detailed recommendations and opportunities for improvement are contained in our main Audit Report.

ACTION PLAN

PARA REF	RECOMMENDATION	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.1.1	Management should undertake a review of the existing arrangements in place for the payment of travel allowances.	Executive Director (Support Services)	Agreed		March 2013
3.2.1	Management should review the travel and subsistence claim forms held on the Council's intranet – all errors contained in the templates should be corrected.	Payroll Manager	Agreed		December 2012
3.2.3	An authorised signatory list should be established and distributed to all members of the Payroll Section who have responsibility for checking payroll documents.	Payroll Manager	Agreed		April 2013
3.2.4	Departments should ensure that all appropriate checks are carried out on travel and subsistence claims, prior to being authorised and submitted to the Payroll Section for processing.	Executive Director (Support Services)	Agreed		November 2012
3.2.6	Management should ensure that appropriate guidance is in place to allow a consistent approach to be applied to subsistence payments.	Executive Director (Support Services)	Agreed		March 2013