

## INTERNAL AUDIT REPORT

**FROM:** Audit and Risk Manager      **SUBJECT:** Investigation into a Member's Travel Claims  
**TO:** Chief Executive      **DATE:** 29 August 2013  
**C.C.** Head of Finance  
Democratic Services Manager

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### 1 INTRODUCTION

- 1.1 This report sets out the background to a matter that has been subject to investigation. It describes the findings from that investigation and arrives at recommendations to address the issues raised.

### 2 BACKGROUND

- 2.1 On 18 July 2013 the Audit & Risk Manager (A&RM) was contacted by the Democratic Services Manager (DSM) who advised that he was concerned that potentially fraudulent travel claims had been submitted by a Councillor, that of Councillor Dhillon.
- 2.2 The DSM informed the A&RM that the concerns had been identified two weeks earlier on 4 July and, following consultations with the Deputy Chief Executive (AJ), the matter was reported to the police for investigation.
- 2.3 The A&RM was advised that concerns were highlighted following routine checking by Democratic Services staff of the latest batch of Members' travel claims. A new team member was being trained on checking the travel claims and, upon review of the first claim to be processed, noticed that the distances recorded appeared to be excessive. The staff member performing the training noticed also that mileage was being claimed in respect of meetings that the Councillor had not actually attended.
- 2.4 Following this, all claims submitted by the Councillor Dhillon during his time in office that were still available were reviewed by staff in the Democratic Services Team to ascertain if this was a one-off occurrence or if previous travel claims had included similar erroneous claims.
- 2.5 This testing highlighted that previous claims had also included erroneous data. Clearly the checking regime that was in place was not robust enough to have identified these issues.
- 2.6 During the initial contact with the Police, the question was raised as to whether the discrepancies were confined to the Councillor in question or whether the problem was systemic. Consequently Internal Audit was asked to undertake checks on a sample of Members' travel claims. The findings in relation to this are set out in a separate report.

- 2.7 Although the Democratic Services Team had examined all the claims submitted by the Councillor in question, Internal Audit verified these further in order to provide greater assurance on the results.

### 3 FINDINGS

- 3.1 A full analysis of the Councillor Dhillon's travel claims since March 2008 is contained in the appendix accompanying this report.

- 3.2 The analysis shows that since 2008, the Councillor:

Claimed mileage for meetings he did not attend.

Claimed mileage for meetings that did not take place.

Made duplicate mileage claims for some meetings that he attended.

Claimed an excessive amount of mileage for the meetings that he did attend, sometimes in excess of twice the distance for the journey.

- 3.3 The total mileage wrongly claimed during the period amounts to 644 miles, representing 38% of the total claimed of 1,689 miles.

- 3.4 The mileage wrongly claimed equates to £249.07.

- 3.5 The analysis also highlighted a processing error on one of the claims submitted. The claim was for 76 miles but was wrongly entered onto the payroll system as 176 miles. This added an extra £45.00 to the amount overpaid.

- 3.6 The total amount overpaid is therefore £294.07.

- 3.7 Clearly, one consequence of the investigation is that it has revealed less than robust procedures for processing Members' travel claims by the Democratic Services Team. This issue and recommendations to address it are set out in a separate report (referred to earlier in paragraph 2.6).

- 3.8 Upon discovery of the overpayments, advice from the police was sought on how to proceed. The police recommended that the investigation should remain internal, mainly because of the amount involved and because of the lack of evidence of intent to defraud.

- 3.9 The Council's external auditor and legal adviser had similar views.

### 4 RECOMMENDATIONS

- 4.1 The Council's legal adviser has recommended that:

The Councillor should be presented with a copy of the investigation report.

The Councillor should be invited to a meeting with the Chief Executive and the Audit & Risk Manager who has carried out the investigation.

The Councillor, at that meeting, should be given the opportunity to explain his travel claims.

The Councillor, in the absence of suitable explanations, should be asked to repay the amounts wrongly claimed.

If the Councillor declines the invitation to repay the amounts overpaid, the Chief Executive should instigate a Complaint under the Members' Code of Conduct, with the matter being investigated externally.