



INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager **SUBJECT:** Investigation into Members
Travel Claims

TO: Chief Executive **DATE:** 28 August 2013

C.C. Head of Finance
Deputy Chief Executive (AJ)
Democratic Services Manager

1 Introduction

- 1.1 Internal Audit were approached by the Democratic Services Manager (DSM) who advised that potentially fraudulent travel claims had been submitted by a Councillor, that of Councillor Dhillon.
- 1.2 A new team member was being trained so that they could process travel claims. Upon review of the first claim to be processed, she noticed that the distances recorded appeared to be excessive. The staff member performing the training also noticed that mileage was also being claimed in respect of meetings that the Councillor had not actually attended.
- 1.3 As a result of this, all claims submitted by the Councillor during his time in office (which were still available) were reviewed by staff in the Democratic Services Team to ascertain if this was a one-off event or if previous travel claims had included similar erroneous claims.
- 1.4 This testing highlighted that previous claims had also included erroneous data which had obviously not been picked up at the time of processing.
- 1.5 Based on this information, the DSM consulted with the Deputy Chief Executive, in his role as Monitoring Officer, and they agreed that the Police should be informed. The Audit & Risk Manager was subsequently informed of the allegations by the DSM.

2 Scope and Objectives of the Audit

- 2.1 During the initial contact with the Police, the question was raised as to whether this issue was confined to the one specific Councillor or if the problem was more widespread. Internal Audit were, therefore, asked to undertake a sample check of travel claims paid to all Members.
- 2.2 Although the Democratic Services Team had examined all the claims submitted by the Councillor in question, Internal Audit verified these further to provide greater assurance on the results. The findings of this review are covered in a separate report.
- 2.3 It should be noted that, during the period sampled, the Councillor had not actually submitted any travel claims, other than the one which had raised the

initial suspicions and had not been paid, so they could not have been randomly selected in any event.

- 2.4 This report, therefore, concentrates on the findings of the testing performed by Internal Audit and highlights any weaknesses in controls identified and makes recommendations to improve these controls as appropriate.

3 Findings

- 3.1 Payroll extracts held by Internal Audit were interrogated to identify all payments made to Members in respect of travel claims that had been paid between April 2012 and July 2013. This highlighted that only 15 Councillors had submitted claims during this period.
- 3.2 A sample of 50 payments was then randomly chosen (out of a total population of 129 and covering 13 Councillors) and scanned copies of the related claims were obtained from the FORTIS system.
- 3.3 In a number of cases, Councillors had submitted claims for more than one month at a time (Councillor Shilton had submitted claims covering six months at the same time on two occasions), and it was not immediately clear from the scanned copies as to which claim the payments related to. Therefore, all claims paid during the month to the relevant Councillors were examined (increasing the number of payments examined to 69). Each claim detailed the miles claimed in respect of a number of different meetings so, in total, 685 individual 'claims' were examined.

Risk

Claims submitted are inaccurate due to the time elapsed between attendance at the meetings and the completion of the claims.

Recommendation

Councillors should be required to submit travel claims in a timely manner (preferably on a monthly basis but no more than three months in arrears).

- 3.4 During the initial overview of the claims paid it was noted that one duplicate claim had been submitted. Councillor Illingworth had submitted claims for January and February 2013 which were paid in April 2013. However, he then submitted claims for February, March and April 2013 which were paid in July 2013. Although this is likely to be an oversight, an overpayment has been made (£36.00), and this should be reclaimed.

Risk

Cost to the council.

Recommendation

Councillor Illingworth should be asked to repay the amount that had been overpaid due to the submission of a duplicate claim form.

- 3.5 Two slightly different claim forms were found to be in use, but one issue was immediately apparent as the claim details recorded were limited to only basic information regarding the meeting, the venue if the meeting was not being held at the Town Hall and the mileage or amount being claimed.

- 3.6 It was, therefore, not possible to determine the exact journeys being claimed for or whether the meetings were formal committee meetings (for which attendance records and formal minutes are held) or other 'events' (e.g. training, portfolio meetings with staff etc.).

Risk

It is not possible to verify the distances for the journeys being claimed or whether meetings have actually been attended.

Recommendation

The travel claim forms for Councillors should be amended to require sufficient details regarding the actual journeys undertaken and the nature of the meeting attended (such as formal committee meeting, training, portfolio meeting etc.). Once this has been undertaken, Councillors should be advised that this form must be used for all future claims submitted.

- 3.7 Based on the limited information available it was assumed, for testing purposes, that the journeys being claimed were from the Councillors' home addresses to the Town Hall or other location if specified and that attendance at meetings could only be checked if the level of detail recorded was sufficient to tie it to particular committee meetings.
- 3.8 The majority of the journeys claimed were either at the Town Hall or Riverside House, so 'standard' journey distances were calculated for all of the sampled Councillors using Bing Maps. Some allowance was made for 'easier' routes (i.e. using main roads) rather than the shortest distance where relevant and an allowance of an additional mile in each direction was also included to account for potential diversions and parking availability.
- 3.9 For these 'standard' journeys, Councillor 3's claims were always for one mile greater than the upper 'limit' calculated and, upon checking back to Bing Maps, it was not clear how a journey of this distance could be easily achieved. The 'easier' route was 8.7 miles in each direction, with a shorter route of 8.3 miles also being possible (17.4 miles or 16.6 miles for the round trips). However, the claims for the round trips were always for 20 miles.
- 3.10 Two journeys claimed by Councillor Caborn, where no location was stated, were outside of the standard mileage figures, with one being seven miles over and the other being 13 miles over. However, based on the brief meeting details recorded, it is probable that these meetings were not held at the Town Hall or Riverside House.
- 3.11 Where the locations stated were non-standard, specific journeys were again plotted on Bing Maps. Again, some allowances were made for taking easier routes (e.g. use of motorways on longer journeys) and the fact that some locations were vague (e.g. a location of Bristol was recorded, but no specific location within the city was indicated).
- 3.12 This highlighted another eleven instances where the mileage claimed was in excess of what was considered by Internal Audit to be reasonable (claims submitted by Councillors Caborn and Doody). In the majority of cases, these variances were between two and six miles, with one longer journey showing a variance of twelve miles.

- 3.13 One figure, on a claim submitted by Councillor Caborn, appeared to have been amended and the location was vague. The location was stated as RSC, which could be either Royal Spa Centre, Royal Shakespeare Company or something else entirely, but if it was either of the two named options, then the mileage claimed (30 miles) appeared excessive.
- 3.14 The other three cases all related to journeys undertaken by Councillor Caborn for LEP Board meetings in Rugby. The Councillor had made one other claim for a meeting in Rugby which was for 40 miles, which was around the figure that was expected. However, in the three highlighted cases, the distance claimed varied between 48 and 54 miles.
- 3.15 In general, it is not thought that any specific attempts have been made to over-claim mileages and the limited nature of the records makes it hard to accurately assess the claims submitted. However, it would appear that Councillors are often not taking the shortest or quickest routes on council business.

Risk
Inflated travel costs.

Recommendation
Councillors should be advised to take the most direct, sensible route to meetings wherever possible.

- 3.16 As previously highlighted, the only meetings for which attendance could accurately be checked were the formal committee meetings. Almost two thirds of the sampled individual claims did not fit into this category (443) and a further eight lines appeared on the duplicate claim (see 3.4 above).
- 3.17 226 of the remaining claims appear to be correct, based on the minutes of the relevant meetings that state that the Councillors were present, although on two occasions, the dates differed by one day and on another two occasions Councillor Shilton actually attended a different committee meeting being held at the same time (Finance and Audit Scrutiny Committee as opposed to the Overview and Scrutiny Committee).
- 3.18 In four cases, the details on the claims would suggest that Councillors Shilton and Doody had attended formal committee meetings, but either no meeting was held on the date specified, or they are not shown as attending. However, in these instances, it may be the case that informal meetings with the same topic or attendance levels were held.
- 3.19 A further case was also identified where Councillor MacKay was not shown in the minutes as having attended site visits in relation to specific planning applications that were being considered during a Planning Committee meeting, but a claim had been submitted in relation to these visits. However, no formal records are maintained to show who has attended the site visits to confirm whether the Councillor had attended or not.
- 3.20 Three cases were, however, found that appear to be incorrect. In each case, the Councillors (3, Doody and Mobbs) had claimed for attending a meeting when the minutes showed them as having sent their apologies.

Risk

Payments are made for meetings that have not been attended.

Recommendation

Councillors should be reminded of the need to accurately complete their travel claims.

Whilst the amounts are small, the overpayments should be recovered from Councillors 3 (£9.00), Doody (£2.70) and Mobbs (£4.05).

- 3.21 All of the forms submitted had been signed by the Councillors to show that they agreed with the declaration on the forms which state that expenditure has been incurred and has not been claimed elsewhere (slightly different wording appears on the different versions of the form).
- 3.22 The forms also have to be signed off by a member of the Democratic Services Team to confirm that they have checked the claim and are authorising it for payment. Only one of the 69 claim forms was found to have not been signed, with the others having been appropriately signed off by a member of the team.
- 3.23 However, based on the findings above, it is clear that the checks performed have not been sufficient to identify the errors.

Risk

Erroneous payments are authorised.

Recommendation

Staff checking and authorising the travel forms should be reminded of the need to thoroughly check the claims submitted, including a reasonableness check on mileages claimed and a check of meeting attendance as appropriate.

4 Summary & Conclusion

- 4.1 Following our review, we are able to give a LIMITED degree of assurance that the systems and controls in place for the processing of travel claims submitted by Councillors are appropriate and are working effectively.
- 4.2 The Internal Audit review has highlighted a number of seemingly incorrect claims, with some mileages being higher than expected and some claims suggesting attendance at meetings when either there was no meeting on that date or apologies had been sent. However, due to the limited details on the claims submitted it is hard to be certain in all cases of the facts.
- 4.3 That being said, two definite errors have been identified, with one Councillor being overpaid due to the submission of a duplicate claim and three other Councillors being overpaid due to including claims for meetings from which they were absent and had sent apologies.
- 4.4 Whilst not covered directly by this report, erroneous travel claims have been submitted by a Councillor, whose claims prompted the wider review, for a number of years.
- 4.5 Checks undertaken by members of the Democratic Services Team had clearly not been suitably robust to have identified problems with these claims when they were submitted.
- 4.6 However, it must be concluded that there is no evidence of any systematic abuse of the system by Councillors, other than by the Councillor whose claims prompted the investigation.

5 Management Action

- 5.1 The recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit and Risk Manager

Action Plan

Members Travel Claims – August 2013

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer	Management Response	Target Date
3.3	Councillors should be required to submit travel claims in a timely manner (preferably on a monthly basis but no more than three months in arrears).	Claims submitted are inaccurate due to the time elapsed between attendance at the meetings and the completion of the claims.	Low	Democratic Services Manager	Agreed. Councillors will be advised of this requirement.	Completed
3.4	Councillor Illingworth should be asked to repay the amount that had been overpaid due to the submission of a duplicate claim form.	Cost to the council.	Low	Democratic Services Manager	Agreed. The Councillor will be contacted to arrange for this overpayment to be repaid.	September 2013
3.6	The travel claim forms for Councillors should be amended to require sufficient details regarding the actual journeys undertaken and the nature of the meeting attended (such as formal committee meeting, training, portfolio meeting etc.). Once this has been undertaken, Councillors should be advised that this form must be used for all future claims submitted.	It is not possible to verify the distances for the journeys being claimed or whether meetings have actually been attended.	Low	Democratic Services Manager	Agreed. An amended form has now been produced and agreed with Internal Audit. Councillors will be provided with this and advised that all future claims should be submitted on this form.	Completed

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer	Management Response	Target Date
3.15	Councillors should be advised to take the most direct, sensible route to meetings wherever possible.	Inflated travel costs.	Low	Democratic Services Manager	Agreed. Councillors will be advised of this requirement. Wording to this effect has also been included on the new claim form.	Completed
3.20	Councillors should be reminded of the need to accurately complete their travel claims. Whilst the amounts are small, the overpayments should be recovered from Councillors 3 (£9.00), Doody (£2.70) and Mobbs (£4.05).	Payments are made for meetings that have not been attended.	Low	Democratic Services Manager	Agreed. Councillors will be advised of this requirement. The Councillors in question will also be contacted to ask for the monies to be repaid.	September 2013
3.23	Staff checking and authorising the travel forms should be reminded of the need to thoroughly check the claims submitted, including a reasonableness check on mileages claimed and a check of meeting attendance as appropriate.	Erroneous payments are authorised.	Low	Democratic Services Manager	Agreed. An amended monitoring spreadsheet has been produced and procedure notes have been produced for staff, which have been agreed with Internal Audit.	Completed

* Risk Ratings are defined as follows:

- Low - Minimal adverse impact on achievement of the Authority's objectives if not adequately addressed.
- Medium - Moderate adverse impact on achievement of the Authority's objectives if not adequately addressed.
- High - Requires urgent attention with major adverse impact on achievement of Authority's objectives if not adequately addressed.