



## **Internal Audit Report**

Corporate Services

**Car Allowances**

February 2010

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## **1 INTRODUCTION**

This report has been prepared as a result of the Internal Audit review of Corporate Services, Car Allowances as part of the 2009-2010 Internal Audit programme.

The aim of the Audit of Car Allowances is over a 3-4 year period to review the whole system by looking at individual departments each year. Community Services, Development Services and Operational Services have been reviewed previously.

As required by the Standing Orders, Financial and Security Regulations 7.24 all claims for payment of car allowances, subsistence allowances, travelling and incidental expenses will be submitted to the Head of ICT and Financial Services, certified in an approved form, and completed by a specified day each month.

A random sample of 40 staff members was taken, the claims selected included Essential, Casual and Leased car users. A total of 182 individual claim forms were tested.

## **2 AUDIT SCOPE AND OBJECTIVES**

The broad objectives of the review were to ensure:

- Travel and Subsistence claims are being completed in accordance with Council policies and procedures and that they are in accordance with Argyll & Bute's Financial & Security Regulations.
- Travel and Subsistence claims are completed in full, signed by the employee and appropriately authorised in accordance with the Authorised Signatory list.
- Travel and Subsistence claims are being paid to the appropriate individuals at the appropriate rates.

## **3 RISK ASSESSMENT**

As part of the audit process and in conjunction with our Systems Based Auditing (SBA), Internal Control Questionnaire (ICQ) approach, the risk register was reviewed to identify any areas that needed to be included within the audit.

## **4 CORPORATE GOVERNANCE**

There are no Corporate Governance issues to be reported as a result of this audit.

## **5 MAIN FINDINGS**

- 5.1 Travel and Subsistence claims are being completed in accordance with Argyll & Bute Council policies and procedures and are being completed in accordance with the council's Financial Regulations.
- 5.2 The Financial and Security Regulations include guidance on Travel and Subsistence. These Regulations are found within the Council's Constitution and are available on Public Folders for staff to view.
- 5.3 Internal Audit found that the Council does not have a Green Policy in place. However, Argyll & Bute Council is committed to reducing car journeys and encouraging sustainable travel in order to benefit people's health and the environment. Internal Audit found that there was a considerable amount of information and advice on the Council's website with regards to travelling more sustainably.
- 5.4 Creditors issue a Travel and Subsistence time table, covering every pay run, to all services throughout Argyll & Bute Council for each financial year. Departments are required to submit claims within the stated time periods. It was found that not all staff are submitting claims on a regular basis.
- 5.5 There is a diary for the pool car at Kilmory, this is retained by Corporate Services staff. Analysis of the pool car diary established that this pool car was used, however it was noted that there were times when the pool car was available for use. This car is used by all departments at Kilmory.
- 5.6 All Forms tested were found to be authorised and dated, however, Internal Audit was unable to establish whether these had been signed by an 'authorised manager' as signatures in general were illegible. Provision has now been made on the claim form for the authorised officer to print their name. A List of Authorised Signatories for Travel and Subsistence Claims is available from Creditors and is available on the Public Folders.
- 5.7 The quality of information completed on Travel and Subsistence Claims varied greatly. An analysis of the Forms tested found that information was not always complete or was not completed in sufficient detail.
- 5.8 Internal Audit found that there were robust procedures in place within Creditors to ensure that only authorised and completed Travel Claims were processed and that staff were paid at the appropriate rates.
- 5.9 There is some uncertainty regarding the deduction of home to work mileage from travel claims and, corporately, advice needs to be provided to staff throughout the Council..

## **6 RECOMMENDATIONS**

Five recommendations were identified as a result of the audit, one has a high priority and four medium priority. The recommendations are shown in the action plan below.

## **7 AUDIT OPINION**

Based on the findings we can conclude that Travel and Subsistence Claims are being paid to the appropriate individual at the appropriate rates and that the Council has robust procedures in place for the checking and processing of Travel and Subsistence Claims.

Recommendations arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale. Recommendations not implemented will require explanation to the Audit Committee. This could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

## **8 ACKNOWLEDGEMENTS**

Thanks are due to the Creditors Supervisor and his staff, for their co-operation and assistance during the Audit and the preparation of the Report and Action Plan.

Argyll & Bute Council's Internal Audit section has prepared this Report. Our work was limited to the objectives in Section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.

This Report is private and confidential for the Council's information only and is solely for use in the provision of an internal audit service to the Council. The Report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

**APPENDIX 2 ACTION PLAN**

<b>No.</b>	<b>FINDINGS</b>	<b>PRIORITY</b>	<b>RECOMMENDATION</b>	<b>RESPONSIBLE OFFICER</b>	<b>IMPLEMENTATION DATE</b>
1	Argyll & Bute Council is committed to reducing car journeys and encouraging sustainable travel in order to benefit people's health and the environment. Internal Audit found that there was a considerable amount of information and advice on the Council's website with regards to travelling more sustainably.	Medium	Staff should be made aware of the information available on the Council's website with regards to sustainable travel and should be encouraged to consider this advice when planning their journeys.	Head of Improvement & HR	28 February 2010
2	Departments are required to submit claims within the stated time periods according to the issued timetable. Internal Audit found that several employees submitted numerous claims in the one payment period.	Medium	Instructions should be issued to staff stating that travel and subsistence claims should be submitted to Creditors for payment in accordance with the Travel and Subsistence Time Table.	Head of ICT and Financial Services	Completed

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
3	A pool car is available from Kilmory and this is maintained by Corporate Services staff. Analysis of the pool car diary established that this pool car was used. However it was noted that there were times when the pool car was available for use.	Medium	Staff should be made aware of all pool cars that are available for use throughout the Council and they should be encouraged to use the pool car whenever possible.	Director of Operational Services (Fleet Management)	Completed
4	An analysis of the Forms tested found that information was incomplete or was not completed in sufficient detail. Examples of categories not completed are home address, normal home to work mileage, subsistence claim section, journey departure times, return times and purpose of journey.	Medium	Authorised Signatories should check all information on the Travel and Subsistence Claims and where it is found to be incomplete or inaccurate these should be returned to the employee for amending and re-submission. Authorised signatories should be reminded of their responsibilities when checking that all sections of the claim form are completed by employees.	Head of ICT and Financial Services	Completed

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
5	Internal Audit found that there is some uncertainty with regards to when home to work mileage should be deducted from claims. As a result of the implementation of single status Strategic HR has confirmed that home to work mileage must be deducted from travel claims.	High	The Head of Improvement and HR should submit a report to SMT on the deduction of home to work mileage from travel claims. Staff should then be informed of these arrangements as soon as possible.	Head of Improvement and HR	28 February 2010