



**Internal Audit Report**

FINAL

Chief Executive's Unit

**Review of Car Allowances**  
February 2011

## **1 INTRODUCTION**

This report has been prepared as a result of the Internal Audit review of Car Allowances as part of the 2010/11 Internal Audit programme.

As Argyll & Bute Council is a rural authority there is a need for staff to incur high mileages in carrying out the duties required in their posts. Car users can be split into different categories i.e. Essential, Casual and Leased car users. It was decided that Internal Audit would review a number of staff travel claims.

The Council has 3 categories of car users, essential, casual and leased car users.

Details of individual employees' travel claims were provided by the Creditors Section. From this a sample of employees was selected.

## **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 Council's Financial Regulations.
- Travel and subsistence claims are completed in full, signed by the employee and appropriately authorised in accordance with the Authorised Signatory list.
- Full use is made of pool cars where they are available.
- Staff are making use of car sharing.
- Full use is made of video and telephone conferencing facilities to hold meetings.
- Management is monitoring staff travel.

## **3 RISK ASSESSMENT**

As part of the audit process and in conjunction with our Systems Based Auditing (SBA), 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 Some members of staff are incurring high mileages in carrying out their duties.

5.2 The utilisation of pool cars retained in the areas varied from area to area.

5.3 Claim forms are not being completed on a consistent basis throughout the Council.

## 6 RECOMMENDATIONS

5 recommendations were identified as a result of the audit, 4 with high priority and 1 with medium priority. The recommendations are shown in the action plan attached at Appendix 2 and has been compiled with the co-operation and agreement of the Supervisor/Manager.

Internal Audit considers that, in an effort to improve the quality of information, monitoring and control, the recommendations should be implemented in accordance with the agreed action plan. Management have set achievable implementation dates and will be required to provide reasons to SMT and the Audit Committee for failure to implement within the agreed timescale. Where management decides not to implement recommendations it must evaluate and accept the risks associated with that decision.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as fundamental, material or minor. The definition of each classification is set out below:

**High** - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;

**Medium** - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;

**Low** - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.

## **7      AUDIT OPINION**

Based on the findings we can conclude that although there are adequate procedures in place not all staff and managers follow these procedures. Additional Guidance and reminders should be issued to employees in order to achieve consistency throughout the Council.

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 section staff and the Integrated Transport Manager's 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. In any circumstances where anyone other than the Council accesses this report it is on the strict understanding that the Council will accept no liability for any act or omission by any party in consequence of their consideration of this report or any part thereof. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

**APPENDIX 2 ACTION PLAN**

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	<p>The total mileage claimed for 2009/10 was 4,123,000 miles. 73% of the mileage was claimed by 27% of the staff who claimed mileage.</p> <p>Approximately 1,800 employees submitted mileage claims throughout the year.</p> <p>The total cost to the Council in respect of staff travel was £2.28m.</p>	High	Corporate guidance should be developed to support arrangements for managing and controlling staff travel.	Head of Improvement & HR	29 July 2011
2	<p>The Council's Guide to Sustainable Travel encourages the use of pool cars, car sharing, and video and telephone conferencing. Greater use of these options would reduce the cost of travel both financially and in respect of staff time.</p>	High	Staff should be reminded of the guide and actively encouraged to use these options. This will result in savings both in financial terms and staff time.	Head of Improvement & HR	30 June 2011

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3	<p>There are presently 27 pool cars in use. The utilisation of these cars in 2009/10 ranged from 34.1% to 97.5%.</p> <p>(An online booking system for pool cars is to be introduced by Facility Services.)</p>	Medium	Information on the availability of pool cars should be relayed to employees and they should be encouraged to make greater use of them.	Head of Facility Services	30 September 2011
4	Not all departments are carrying out checks on employees' driving licences and insurance cover to ensure that they can use their own cars on council business.	High	<p>The Council should develop procedures to ensure that checks on driving licences and insurance cover are carried out on a regular basis.</p> <p>New employees should have these checks carried out when they take up their post.</p>	Head of Improvement & HR	31 August 2011
5	Not all employees are completing all sections of the travel claim forms. Some employees do not enter the time, purpose or destination of their	Medium	Guidance should be issued to employees and line managers regarding the completion and authorisation of travel claim forms. The guidance should	Head of Improvement & HR	29 July 2011

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	journeys.  Line Managers are still authorising the claims for payment despite them not being completed correctly.		also clarify the position regarding the deduction of normal home to work mileage and include indicative mileages that will be paid between various locations.	Head of Customer & Support Services	