

Title of Report:	Travel & Subsistence and Mobile Phone Internal Audit Report
Committee Report Submitted To:	Audit Committee
Date of Meeting:	8th March 2023
For Decision or For Information	For Information

Linkage to Council Strategy (2019-23)	
Strategic Theme	Improvement and Innovation
Outcome	Satisfactory
Lead Officer	Audit, Risk & Governance Manager
Cost: (If applicable)	n/a

Budgetary Considerations	
Cost of Proposal	n/a
Included in Current Year Estimates	YES/NO
Capital/Revenue	Revenue
Code	n/a
Staffing Costs	Internal Staffing Cost to Complete

Screening Requirements	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	Yes/No	Date:
	EQIA Required and Completed:	Yes/No	Date:
Rural Needs Assessment (RNA)	Screening Completed	Yes/No	Date:
	RNA Required and Completed:	Yes/No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	Yes/No	Date:
	DPIA Required and Completed:	Yes/No	Date:

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1 Executive Summary

The internal audit of Travel & Subsistence and Mobile Phones was completed in accordance with the Council's approved annual Internal Audit Plan for 2022/23. This report summarises the findings arising from a review of the Travel & Subsistence and Mobile Phones management for the Council.

A number of areas where controls could be enhanced have been highlighted in this report. The following table summarises the total number of recommendations with all recommendations being accepted by management:

Risk	Number of recommendations & Priority rating		
	1	2	3
Travel and subsistence claims may not be completed, approved and recorded accurately leading to incorrect or unapproved payments.	1	2	-
Mileage claims are not reviewed on a regular basis in relation to essential car users leading to additional and unnecessary costs to the Council.	-	-	-
There may be a lack of policies and procedures of mobile phone usage leading to unnecessary costs and payments of personal calls not being made.	-	-	1
Total recommendations made	1	2	1

Based on audit testing the following overall level of assurance is provided:

SATISFACTORY	Overall, there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.
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The weaknesses identified during the audit have been brought to the attention of Management. The weaknesses outlined have come to the auditor's attention during normal audit work and are not necessarily all the weaknesses, which may exist.

The content of this report has been discussed with the Head of Finance to confirm factual accuracy. The assistance and cooperation received during the audit is gratefully acknowledged.

2 Objective

The main objective of the audit was to review the key systems and controls in relation to the management of Travel & Subsistence and Mobile Phones that have been established by the Council.

This report has been prepared for the Members of Causeway Coast and Glens Borough Council and should not be disclosed to any third party, quoted or referred to without prior written consent of the author.

3 Background

The Council in place a Travel & Subsistence and Mobile Phone policy dated December 2018, the policy covers areas such as travel and mileage basic principles, car allowances, subsistence payments and procedure for making travel and subsistence claims.

This audit did not include Travel & Subsistence and Mobile Phones claims made for the Elected Members.

4 Risks

The risks identified relating to the audit of Travel & Subsistence and Mobile Phones and agreed with management are as follows:

- Travel and subsistence claims may not be completed, approved and recorded accurately leading to incorrect or unapproved payments.
- Mileage claims are not reviewed on a regular basis in relation to essential car users leading to additional and unnecessary costs to the Council.
- There may be a lack of policies and procedures of mobile phone usage leading to unnecessary costs and payments of personal calls not being made.

5 Audit Approach

Our audit fieldwork comprised:

- Documenting the systems via discussions with key staff
- Consideration of the key risks within each audit area
- Examining relevant documentation
- Carrying out a preliminary evaluation of the arrangements and controls in operation generally within the Council
- Testing the key arrangements and controls
- Testing the completeness and accuracy of records.

The table below shows the staff consulted with and we would like to thank them for their assistance and co-operation.

Job title
Director of Corporate Services
Chief Finance Officer
Pensions and Payroll Manager
ICT Operations Manager

6 Findings and Recommendations

This section of the report sets out our findings in relation to control issues identified and recommendations made.

6.1 Essential Car User Policy

Issue 1 – Essential Car User Policy

a) Observation-

An internal audit was conducted into travel, subsistence and mobile phones during 2018/19 and noted the following observation and implication in relation to the introduction of an Essential Car User Policy:

Observation - *It was noted during 2017/18 the Council paid £551,037.05 in travel and subsistence allowance to employees and Councillors. This mostly related to mileage claims.*

Implication – *There may potentially be some unnecessary relocation of some employees, or changes in essential and non-essential users that may have increased the overall travel costs of the Council.*

The managements response provided in respect of the observation and implication read as follows:

Management Response - *Essential User policy currently being reviewed, once implemented any assessment of essential user status can be carried out in accordance with the terms of the revised policy.*

This audit recommendation remains outstanding. An essential car user policy has not yet been introduced.

Council continues to use legacy arrangements in relation to the eligibility of essential car users. An essential car user policy for the Council has been developed and presented to the Council however this policy was never approved or adopted. As a result, a formal review of essential and non-essential car user status has not occurred.

For an employee to be eligible for the essential car user allowance they must travel in excess of the 1200 mile band. In the absence of a policy there is a risk that employees are in receipt of the essential car user allowance who would not necessarily qualify for this allowance and employees who do qualify for the allowance may not be in receipt of it, as was the case for one employee sampled whose allowance had to be backdated.

b) Implication-

There is a risk that the Council may not be achieving best value when it comes to the payment of the essential car user policy.

There may be an inconsistent approach when determining who qualifies for the essential car user allowance and who is ineligible for the essential car user allowance.

c) Priority Rating-

1

d) Recommendation-

The draft essential car user policy should be reviewed to ensure that the policy remains appropriate and should be progressed through Council at the earliest opportunity.

e) Management Response- Essential user policy redrafting was delayed due to protracted local pay negotiations, will be progressed now.

Responsible Officer & Implementation Date-
Chief Finance Officer, implementation date June 2023.

6.2 Review of Travel & Subsistence Policy

Issue 2 – Review of Travel & Subsistence Policy

a) Observation-

The travel and subsistence policy for Council was implemented in December 2018 and is contained on the staff portal so that staff can easily access the policy whilst completing their travel and subsistence claims. The policy was last updated in December 2018.

From a review of the travel and subsistence policy it is not clear when an employee is entitled to claim travelling time and mileage. The policy does not include specific examples of when an employee may claim for journeys and when they may not claim for journeys, therefore leading to inconsistencies in the application of the policy.

b) Implication-

There is a risk that the policy may not be in line with government/inland revenue guidance and may be applied inconsistently across Council.

c) Priority Rating-
2

d) Recommendation-

It is recommended that the travel and subsistence policy be reviewed and updated according. Detailed procedure notes/scenarios could be included within the policy to inform employees completing their mileage claims, expense claims and time sheets as to what is allowable under the policy and what is dis-allowable under the policy. As present there is some ambiguity within the policy as to what is allowable and what is not allowable.

e) Management Response- Travel and subsistence policy to be reviewed in conjunction with the essential user policy.

Responsible Officer & Implementation Date-
Pensions & Payroll Manager, implementation date June 2023.

6.3 Completion of Travel and Subsistence Claim Forms

Issue 3 Completion of Claim Forms

a) Observation-

Internal audit selected a sample of 10 employees travel and subsistence claims to test, this sample was further extended to include an additional 3 claims.

Paragraph 8 of the travel, subsistence and mobile phones policy states:
Claims must be submitted to the Payroll department within 3 months. Claims outside the 3-month period will not be paid unless approved by the relevant Director/SMT members

- A number of the claims selected included journeys outside of the 3-month period stipulated within the policy. On one of the claims selected within the sample included journeys covering from January to August 2022. Travel claims submitted must relate only to the previous 3 months and not the 8-month period as listed on the claim form submitted. The lateness of the claim and the number of entries contained on the claim make the verification of the expenditure more difficult.
- One of the claims selected within the sample had the incorrect mileage entered against the journey, 60 miles was entered instead of 4 miles entered. This error was not noted by the Officer responsible for authorising the travel claim nor was it noted by the payroll team who process the claims. This was brought to the attention of the Officers and has been subsequently amended. The sample size was extended, and no further errors noted.
- One of the travel claims submitted did not include postcodes in respect of the journey undertaken. As noted above this makes verification of the mileage incurred more difficult.

b) Implication- There is a risk that travel claims exceeds the three-month time limit therefore making them more difficult to check for accuracy. There is a risk that incorrect mileage may be claimed that is outside the scope of the policy.

c) Priority Rating-
2

d) Recommendation-

All claims should be completed within the 3-month timeframe as stipulated within the policy so that expenditure can be appropriately checked. Where claims are outside the 3-month timeframe, in the first instance these should be approved however if the employee continues to submit claims outside of the policy expenditure should be disallowed by the approver.

All miles claimed should be checked with the post codes listed on the claim to ensure that the appropriate mileage has been claimed.

e) Management Response- This can be included in the travel and subsistence policy review as described in 6.2 above.

Responsible Officer & Implementation Date-

Pensions & Payroll Manager, implementation date June 2023.

6.4 Number and Use of Mobile Phones

Issue 4 – Number and Use of Mobile Phones	
a) Observation Audit reviewed a sample of mobile phone invoices during the course of this audit. Several observations were made in relation to the invoices sampled:	
<ul style="list-style-type: none">• Council have approximately 600 mobile phones issued to staff. On review it was noted that mobile phones have been issued to Agency staff and staff that appear to be back-office staff. It is not clear the rationale used for the issuing of mobile phones to these staff. In addition, it was noted that staff who are on secondment continue to be in receipt of a Council mobile phone and costs continue to be incurred in respect of these.• A number of mobile phones on the itemised bills do not include officers names, but instead listed a number of locations e.g. Events KG, UCD 1 NSF2 and Moyle HRC. Therefore, it is not possible to determine which officer has responsibility for the security of the device or the usage.• Invoices include a number of devices against staff who have since left the Council. It is unclear what has happened to the devices listed and why names remain on the invoice.	
b) Implication There is a risk that management of mobile phones across Council may not achieve best value.	
c) Priority Rating 3	
d) Recommendation Audit recommendations include:	
<ol style="list-style-type: none">i. A review be undertaken at the earliest opportunity of the mobile devices issued to staff to ensure that it remains appropriate.ii. Where a location is listed a responsible officer should be included within the billing invoice.iii. Budget holders should review the list of mobile phones held within their service areas and ensure that this is accurately reflected in the invoices received.	
e) Management Response A review will be undertaken of the current policies and procedures in relation to the Mobile Devices. These will be updated to reflect the recommendations set out above, including liaison with Accounts payable in the Finance team, regarding the appropriate budget codes, and ODHR in terms of leavers. A six monthly update to the Budget Centre Manager regarding Mobile devices within their service area will also be provided.	
Responsible Officer & Implementation Date- ICT Operations Manager, implementation date June 2023.	

7 Conclusion

The internal control environment, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include but are not limited to the possibility of poor judgement in decision – making, human error, control processes being deliberately circumvented by

employees and others, management overriding of controls and unforeseen circumstances arising.

The risk associated with the management of Travel & Subsistence and Mobile Phones is considered to be low. It is important that clear and concise policies are in place and made available to all staff to ensure a consistent approach is adopted.

As a result of the audit, senior management have been reminded of their obligations in relation to ensure that they have adequate arrangements in place for the management of travel & subsistence and mobile phones. Internal Audit has made four recommendations, one high, two medium and one low level. The recommendations have been accepted by management and procedures put in place to address the findings of this report.

Appendix I: Definition of Assurance Ratings and Hierarchy of Findings

Satisfactory Assurance

Evaluation opinion: Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

Limited Assurance

Evaluation opinion: There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.

Unacceptable Assurance

Evaluation opinion: The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Hierarchy of Findings

This audit report records only the main findings. As a guide to management and to reflect current thinking on risk management we have categorised our recommendations according to the perceived level of risk. The categories are as follows:

Priority 1: Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.

Priority 2: Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.

Priority 3: Failure to implement the recommendation could lead to an increased risk exposure.

Appendix II: Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below:

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future Periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control, and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

Appendix III: Summary of Key Controls Reviewed

Risk	Control issues
<p>Travel and subsistence claims may not be completed, approved and recorded accurately leading to incorrect or unapproved payments.</p>	<ul style="list-style-type: none"> • The Council has a travel and subsistence policy which has been distributed to all staff and Councillors. • An appropriate claim procedure is in place to facilitate reimbursement of work-related travel and subsistence (in line with Council's policy) • Claims are accurately completed, calculated and submitted in a timely manner. • Receipts are approved and submitted when required. • Standard distances are used for calculating mileage. • There is clear direction on where mileage starts from (e.g., is it from home?) • Amounts claimed for are considered reasonable (e.g., shortest route claimed, car sharing where more than one person goes to the same place) • All claims are approved by the relevant manager prior to processing the payment of expenses. • There is adequate segregation of duties when processing claims and payments. • Claims are accurately input and processed onto the finance and payroll systems. • Checks are in place to ensure duplicate travel and subsistence claims have not been submitted and paid in a previous claim
<p>Mileage claims are not reviewed on a regular basis in relation to essential car users leading to additional and unnecessary costs to the Council.</p>	<ul style="list-style-type: none"> • An approved essential car user policy is in place. • A review of essential and non-essential car users, including the location of employees, has taken place with a view of reducing overall travel costs. • Standard distances are used for calculating mileage. • Rates used to calculate mileage are in line with Council Policy • Evidence that total mileage travelled by staff has been considered by management in relation to essential and non-essential car users with a view to reducing overall travel costs of the Council
<p>There may be a lack of policies and procedures of mobile phone usage leading to unnecessary costs and payments of personal calls not being made.</p>	<ul style="list-style-type: none"> • There is a CCAG mobile phone policy in place outlining the allocation of work-related mobile phones and the terms and conditions of use. • The policy contains appropriate criteria or circumstances for issuing of a mobile phone. • Appropriate approval is obtained for issuing a work mobile phone. • There is a signed agreement in place between council and staff/councillor who are provided with mobile phones. • Procedures are in place to manage reimbursement to Council by employees for personal call payments. • Mobile phone bills and trends are reviewed on a regular basis

Appendix IV: Review of Previous Management Points

Issue 1 – Travel & Subsistence Policy
<p>Observation - It was noted that Council has guidelines in place for claiming mileage & subsistence which refer to the finance department for input. However, Council does not have an approved Travel & Subsistence Policy in place. It was noted during audit testing that the claim forms are not being accurately completed as per details on claim forms nor being accurately calculated prior to reaching the finance department for processing. It was also noted that Councillors have to submit their claims within a 3 month period, but staff can submit claims in excess of 7 months.</p>
<p>Management Response- Policy for staff to be tabled at Dec Corporate, Policy and Resources Committee. Members payments already governed by the scheme of allowances which is published annually.</p>
<p>Follow Up – A Travel & Subsistence policy in place, refer to issue 2 (page 6) within the main body of the report for an update on the implementation of this recommendation.</p>
Issue 2 – Mileage Costs
<p>Observation - It was noted during 2017/18 the Council paid £551,037.05 in travel and subsistence allowance to employees and Councillors. This mostly related to mileage claims. Implication - There may potentially be some unnecessary relocation of some employees, or changes in essential and non-essential users that may have increased the overall travel costs of the Council.</p>
<p>Management Response- Essential User policy currently being reviewed, once implemented any assessment of essential user status can be carried out in accordance with the terms of the revised policy.</p>
<p>Follow Up – This recommendation remains outstanding, refer to issue 1 (page 5) within the main body of the report for an update on the implementation of this recommendation.</p>
Issue 3 – Mobile Phone Policy & Procedures
<p>Observation - Council has a robust mobile phone policy in place which was approved by Council in 2015 and is available on the staff portal. However, whilst there is normally an email request from relevant management, it was noted that forms requesting a new mobile phone are not always being signed off by line managers or heads of service and the Mobile Operations Manager is not being informed by HR when staff have left the Council.</p>
<p>Management Response- The policy will be updated to reflect the requirement for ODHR to communicate with ICT on the departure of staff.</p>
<p>Follow Up – Current arrangements are being revised and formalised, to ensure employee and Line Managers are notified of the process for returning equipment when they leave. Currently correspondence is issued to the Employee and Payroll, advising of their last day of service,) which outlines arrangements for the return of Council equipment. The Mobile Phone Policy will be reviewed concurrently and updated to include notification and confirmation that equipment has been returned, and ICT and Accounts payable records updated accordingly. A checklist will be developed to ensure adhered to the new revised policy. Director of Corporate Services, implementation date September 2023</p>

Appendix V: Points for the consideration of management

Minor Point 1 - Central Function for the booking of travel and subsistence
<p>Observation - It was noted that travel and subsistence incurred by staff is currently booked on an individual basis by the relevant service area.</p>
<p>Risk - There is a risk that best value may not be achieved when flights and hotels are booked on behalf of Council.</p>
<p>Recommendation - Consideration should be given to establishing a central function within Finance for the booking and management of travel by Elected Members and Staff. This would provide assurance that value for money is being obtained when travel is undertaken on behalf of Council.</p>
<p>Management Response - There is certainly merit in having this handled centrally, and consideration will be given to centralising this function however Council will have to consider where the natural home for this proposal would be and how exactly it would work operationally.</p>
<p>Responsible Officer & Implementation Date- Chief Finance Officer, implementation date June 2023.</p>