

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Item 6(b)

30th September 2020

Title of the Audit: Corporate Review – Business Travel and Expenses

1. Introduction

- 1.1 As part of the agreed Internal Audit plan we have carried out a corporate review of business travel and expenses.
- 1.2 With the exception of journeys costing less than £25, all business travel for Council officers should be arranged by the Executive Compliance Unit (ECU). Senior management were issued with details of these arrangements in 2018 and 2019, and asked to ensure that all employees were made aware. The ECU liaises with the Council's appointed travel agent to make efficient and cost effective business travel arrangements. Employees are expected to purchase travel or incur expenditure and then reclaim costs via their salary for costs below £25, either through My Portal or using claim forms where they are not on this system.
- 1.3 Guidance on personal expenses whilst travelling on Council business was published in 2011 and applies to all staff. This policy outlines when a claim can be made, what can be claimed and the evidence and authorisation required. In 2019/20, Council employees claimed £183k in travel expenses and £23k in subsistence expenses.
- 1.4 The purpose of the audit was to gain assurance that employees and managers comply with current processes for booking, claiming and authorising business travel and expenses, ensuring that evidence is checked and retained, and that bookings and claims are processed accurately and timeously. The scope of the audit included a review of:

- Documented policies and procedures issued to employees on travel and subsistence claims.
- The ECU's role in enforcing corporate policies and procedures for business travel and expenses.
- A sample of claims for business travel and expenses and to check compliance with corporate policies.
- The systems used for claims.
- Evidence submitted to support claims, and ensuring that this is retained in accordance with retention schedules.

Mileage claims were outwith the scope of the audit.

2. Audit Opinion

- 2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and five recommendations which management should address.

3. Main Findings

- 3.1 Key controls are in place and generally operating effectively. There are sufficient and appropriate documented procedures in place covering business travel and expenses. These procedures are generally being followed in most service areas. All claims we examined were submitted within three months of the expenditure being incurred.

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- 3.2 However we found some areas of non-compliance with the expected corporate procedures. We reviewed a sample of business travel and expenses claims made by 32 employees across the Services via My Portal (246 claims in total with a value of approximately £10k), and 10 One Time Vendor (OTV) payments to travel or expenses providers paid between March 2018 and April 2019. We also reviewed purchase card transactions (P-card) for 25 employees to identify if these were being used in a way that bypassed the policies and procedures. Some claimants in the Chief Executive's Department (CED), Development and Regeneration Services (DRS) and Neighbourhoods and Sustainability (NS) could not locate or provide the required evidence to support their claims. Although the majority of services retained evidence of claims locally, there were occurrences across CED, DRS, Financial Services (FS), NS and Social Work Services (SWS) of supporting evidence not being sent to Customer and Business Services (CBS) for retention per the procedure to ensure they are held centrally for record keeping purposes.
- 3.3 We identified examples of aggregated expense claims by officers within CED, DRS, Education Services (ES) and SWS which were entered under the category of "out of pocket expense" via My Portal. This category does not enforce the maximum limit detailed in the policy, and was not the appropriate category of expense as there are specific options available on My Portal which should have been used to mark the claim as lunch, dinner, or business fares separately. In CED and ES, we found occurrences of expenses claims which were over the limit prescribed by the Council's Travel Policy. On two occasions, claims by CED officers were approved when the expense appeared to relate to hospitality offered by Council officers. However, these were not declared as required under the Gifts and Hospitality policy. The failure to record this means that the hospitality register does not accurately represent the extent of hospitality provided by the Council and responses to freedom of information requests may not include all details.
- 3.4 We identified eight travel expense claims for fares over £25 by employees in DRS, ES and NS which were not booked through the ECU and sought explanations. We also noted one claim for accommodation costs by a CED employee which was not booked through the ECU and was over the prescribed nightly limit. Some claimants in ES, FS and SWS indicated that they were not aware of ECU or the need to go through ECU to make travel arrangements. Some claimants in NS stated that it was a last minute booking so they had to book it themselves. However the ECU confirmed that they are able to advise the best course of action in terms of short notice bookings and also provide e.g. train tickets within a short space of time (less than an hour).
- 3.5 Management have discretion to approve the purchase of travel cards for staff who travel frequently in the course of their duties. However we noted that the practices for obtaining and managing travel cards was inconsistent across services.
- 3.6 We found that P-Cards had been used by some employees to purchase travel tickets and pay for expenses, rather than

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claiming through My Portal or booking through the ECU. These employees formerly worked for Community Safety Glasgow but had had transferred into NS, and had not yet been added to My Portal to be able to make claims.

3.7 An action plan is provided at section four outlining our observations, risks and recommendations. We have made five recommendations for improvement. The priority of each recommendation is:

| Priority | Definition | Total |
|---------------------|--|-------|
| High | Key controls absent, not being operated as designed or could be improved. Urgent attention required. | 1 |
| Medium | Less critically important controls absent, not being operated as designed or could be improved. | 2 |
| Low | Lower level controls absent, not being operated as designed or could be improved. | 2 |
| Service Improvement | Opportunities for business improvement and/or efficiencies have been identified. | 0 |

3.8 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

3.9 We would like to thank officers involved in this audit for their cooperation and assistance.

3.10 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

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| No. | Observation and Risk | Recommendation | Priority | Management Response |
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| <p>Key Control: Business travel and subsistence costs and claims are booked, submitted, authorised and paid out through approved methods and authorisation processes.</p> | | | | |
| <p>1</p> | <p>We reviewed a sample of business travel and expenses claims for 32 employees made via My Portal, and 10 OTV payments to travel or expenses providers paid between March 2018 and April 2019. We also reviewed P-card transactions for 25 employees from April 2018 to September 2019.</p> <p>We identified occurrences of non-compliance as such:</p> <ul style="list-style-type: none"> • Evidence to support claims could not be provided for some claims within certain Services (CED, DRS, NS); • Evidence to support claims retained locally but not being sent to CBS for central retention (CED, DRS, FS, NS and SWS); • Expenses claimed under the incorrect category “out of pocket expense” via My Portal which does not restrict values to the policy limits for meals etc. (CED, DRS, ES and SWS) • Expense claims were over the | <p>Senior management must remind all staff to adhere to the travel and expenses policies.</p> <p>Specifically, employees should be reminded to:</p> <ul style="list-style-type: none"> • Retain evidence to support all claims and send this to CBS for retention following review by their approver; • Book all travel and accommodation in excess of £25 through the ECU; • Only claim for costs within the limits and categories prescribed in the policy. <p>Managers who approve claims should also be reminded of their responsibilities in terms of ensuring compliance with the policies.</p> <p>Any expenses incurred by Council officers related to the provision of hospitality must also be included in the relevant Service’s register of gifts and hospitality.</p> <p>The option to select “out of pocket” expenses should be removed from My Portal or subject to additional controls to prevent circumvention of procedures and potential misuse.</p> | <p>High</p> | <p>Response: CED – accepted DRS – accepted EDS – managers will be reminded of their responsibility in adhering to the appropriate policies. FS – (i) reminder will be issued corporately along with My Portal update. (ii) CBS will review with CGI what configuration changes can be made to limit the use of out of pocket expenses from the portal. It cannot be removed entirely as it is required to retain historic data use. However, we will review if it is possible to disable it or hide from view. CBS will also work with ECU on how existing portal guidance on storage of receipts can be incorporated into wider compliance reminders. NS – accepted SWS – accepted. SWS already issue an annual reminder of the travel and subsistence procedures, but an additional communication will be issued highlighting the specific</p> |

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| | <p>prescribed limits for meals (CED)</p> <ul style="list-style-type: none">• Nature of expense is not permitted or should have been declared as hospitality offered (CED)• Travel expenses over £25 not booked through the ECU (DRS, EDS, NS);• Failure to declare hospitality offered by an officer (CED). <p>These practices increase the risks that unauthorised or inappropriate arrangements are made, and value for money is not achieved when undertaking business travel.</p> | | | <p>points noted in the recommendation.</p> <p>Officer Responsible for Implementation: CED – Head of Compliance DRS – Head of Service Development EDS – Head of Resources FS – Head of Finance and Employee Services NS – Divisional Director, CSRSBS SWS – Principal Officer Finance (Compliance team)</p> <p>Timescale for Implementation: CED - 30th September 2020 DRS - 30th September 2020 EDS – 30th September 2020 FS – (i) 31st October 2020 (ii) 31st December 2020 NS – 30th September 2020 SWS – 30th September 2020</p> |
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| 2 | <p>We reviewed a sample of P-card expenditure to identify any transactions relating to business travel or expenses which had not adhered to the policy and procedures.</p> <p>We found purchases by seven employees (former ALEO staff who had transferred in to NS) had used P-cards to buy train tickets and pay for parking. These officers were not on My Portal, but the manual salary reclaim process for Council employees had not been used. In 14 transactions made by these employees, the cost was for train travel and exceeded £25 so should have been booked through the ECU. From review of a sample of these transactions, we confirmed that these were for business purposes, approved by a manager and receipts retained.</p> <p>We were advised by NS HR that there are plans to move these officers to My Portal in 2020, after which they should use the appropriate route to purchase and reclaim travel costs.</p> <p>However in using the P-card there is a risk that the full extent of Council expenditure on travel and expenses is unclear.</p> | NS management must ensure that that former ALEO employees no longer use P-cards to pay for travel and expenses once they have moved to My Portal. | Low | <p>Response: Accepted</p> <p>Officer Responsible for Implementation: Divisional Director, CSRSBS</p> <p>Timescale for Implementation: 30th September 2020</p> |

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| Key Control: The ECU effectively enforces corporate policies and procedures in relation to business travel and expenses. | | | | |
| 3 | <p>Breaches of the business travel and expense policies and procedures which are identified by the ECU are escalated to senior officers as necessary. A manager's brief was issued last year and any updates/changes are communicated regularly via email to senior managers.</p> <p>Some of claimants queried as part of our sample indicated that they are not aware of the existence of the ECU or the need to go through the ECU to make travel arrangements above £25. As noted in the first action point, we found instances of travel expenses over £25 not booked through the ECU, with some officers stating they were unaware of this requirement.</p> <p>Business travel not booked through the ECU means that employees are not covered by the Council's insurance arrangements. Additionally this increases the risk of non-compliant practices and failure to achieve value for money.</p> | A Council-wide communication should be issued to ensure that all employees are aware of the role and functions of the ECU in relation to business travel and expenses arrangements. | Medium | <p>Response: An email communication will be issued to all Council staff.</p> <p>Officer Responsible for Implementation: Head of Executive Compliance</p> <p>Timescale for Implementation: 30th September 2020</p> |

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| <p>Key Control: Management information on business travel and expenses claims is produced and analysed as appropriate to identify non-compliance and address areas or practices where further savings could be made.</p> | | | | |
| <p>4</p> | <p>In conjunction with FS Service Development, Governance and Control team, we reviewed the arrangements in place across Council Services for staff travel cards. We found that Services operated different processes.</p> <p>Inconsistent practices can result in unfair treatment of employees across the organisation. Additionally, Freedom of Information responses may not be accurate if staff travel is managed at a local rather than corporate level and the data is not centrally available.</p> | <p>The ECU must take responsibility for the purchase of travel cards for all staff across the organisation who are deemed to require these for business purposes.</p> | <p>Medium</p> | <p>Response: The ECU will liaise directly with Services to assess whether the issue of travel cards for staff represents value for money. A risk assessment will also be carried out to ensure the Council is fully compliant with HMRC rules and regulations on taxation. A centralised process for the purchase and renewal of travel cards will then be introduced to ensure consistency across the council.</p> <p>Officer Responsible for Implementation: Head of Executive Compliance</p> <p>Timescale for Implementation: Engagement with Services by 31st December 2020. New procedures to be introduced 1st April 2021.</p> |

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| 5 | <p>We noted that some employees had paid for car parking at airports and reclaimed this through My Portal. Additionally, staff had reclaimed for taxis to and from the airport associated with business trips.</p> <p>The ECU confirmed that this was current practice at the time although the intention was to amend the Council's Travel Policy Guidelines in 2020/21 to include all travel arrangements to and from airports, within any staff travel plans arranged by the ECU.</p> <p>Due to the ongoing Covid-19 pandemic, this has not yet taken place, and staff travel is likely to be significantly curtailed for the foreseeable future.</p> <p>In February 2020, the Council budget was passed which included an end to internal mainland flights within the UK. Thereafter the Covid 19 lockdown has meant it is unlikely employees will require flights in the foreseeable future. So while the risk and frequency will be low, without consistent arrangements for arranging and paying for travel to and from airports, there is a risk that more expensive options will be used.</p> | <p>The ECU should progress with plans to incorporate travel to and from airports into the remit of the ECU, to ensure that value for money is achieved, in addition to other benefits such as insurance cover for employees and vehicles.</p> | Low | <p>Response: Transport to and from airports will be included within staff travel plan. This will ensure staff comply with the terms of the Business Travel Policy.</p> <p>Officer Responsible for Implementation: Head of Executive Compliance</p> <p>Timescale for Implementation: 30th September 2020</p> |