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To: Selection and Member Services Committee – 27 November 2013

Subject: Review of Policies and Procedures in Relation to the Reimbursement of Business Expenses

Summary: To consider the findings and recommendations following a recent follow-up review by Kent Audit in relation to the re-imbursement of business expenses for elected Members.

1. Introduction

- (1) The 2012/13 Internal Audit Annual Plan included a follow-up of the recommendations made in the Members' Expenses Audit and investigations into officer expenses claims.
- (2) The follow-up review identified a number of previous recommendations that had not been fully implemented; a small number of additional controls that were not operating effectively; and made suggestions to clarify the wording of relevant parts of the Constitution and other written procedures.

2. Key Findings Affecting Members' Expenses

Previous Recommendations requiring implementation

- (1) The following areas have been identified:
 - (a) The Constitution and Members' Area on KNet should be updated to reflect that:
 - (i) Members appointed to outside bodies to represent the Council should claim expenses directly from that body where there is a provision to do so;
 - (ii) There is a requirement for mileage claims to be supported with VAT fuel receipts for the expenses claimed; and
 - (iii) Members are only entitled to claim Dependent Carers' Allowances for expenses they incur and are liable to pay.
 - (b) The Members' Area on KNet should include guidance on completing expenses claims online. For example, it should include advice about:
 - (i) using postal codes between the start point and the end point of each journey,

- (ii) providing a VAT fuel receipt if the receipt box is ticked,
 - (iii) if the journey relates to an appointment to an outside body where the Member is acting as the County Council's representative that outside body should pay expenses.
- (2) The review also suggested that the following reference to Dependents' Carers' Allowance in the Members' Allowances Scheme would benefit from clarification as it is open to misinterpretation (proposed amendment in ***bold italics***):

*"Members **who incur expenses themselves in respect of** care responsibilities **for** dependent children under 16 or dependent adults certified by a doctor or social worker as needing attendance will be reimbursed, on production of valid receipts, for actual payments to a carer while the Member is on Council duties, up to a maximum of £10 per hour for each dependent child or adult. Money paid to a member of the claimant Members' household will not be reimbursed."*

- (3) For the avoidance of doubt, it is also suggested that an additional sentence is added to this amended paragraph:

"In the case of an allowance for the care of a dependent relative, the relative must normally reside with the councillor, be dependent on the councillor and require constant care."

If the Committee is minded to agree to this additional paragraph, the views and approval of the Member Remuneration Panel will be sought, prior to a report being made to the County Council to amend this particular part of the Members' Allowances Scheme.

Recommendation on Approvers

- (4) The review also recommended that approvers should be reminded that they are responsible for ensuring that claims are legitimate and reasonable. Claims must not be approved for payment unless they comply with the Council's policies. Claims must be made on the appropriate claim form, which should include sufficient detail (including a post code for each part of the journey), be signed and dated by the claimant and supported by evidence, e.g. receipts.
- (5) The online claim form is being amended to include a statement from the claimant Member that the claim is correct and does not contain any misleading or fraudulent information.
- (6) Since the end of October, the majority of Members have been completing their claims for travel expenses online. No signatures are required by the claimant Member or the officer authorising the claim online. Staff in the Democratic Services Team who receive the Members' expense claims via email will check that if the box is ticked for a VAT fuel receipt the receipt is available. If the receipt is required by more than one organisation it is acceptable for a copy to be submitted as long as the authoriser has seen the original receipt.
- (9) Responsibility for the accuracy and appropriateness of expense claims rests with the Member concerned. It is not for Democratic Services staff to routinely question whether a journey for example is taxable or non taxable. However, in accordance with good governance, Democratic

Services staff will undertake a 10% spot check of Member travel claims submitted each month.

(10) If following the spot check there are ways in which an individual Member's claim can be improved or made clearer, Democratic Services staff will highlight this to the Member concerned.

(11) In the event that an error is identified in a claim, Democratic Services staff will refer the claim back to the Member for clarification.

Logs for County Car Use

(12) The purpose of County Car journeys will be detailed on the driver log and the booking spreadsheet in order to be able to demonstrate compliance with the County Car Policy before each journey is made.

3. Recommendations

The Committee is recommended to agree:

- (a) that guidance relating to the completion of the online expense claim form will be made available in the KNet Member area;
- (b) that following consultation with the Member Remuneration Panel the description relating to Dependent Carers Allowance in the Members' Allowance Scheme be amended as detailed in paragraphs 2(2) and 2(3) above;
- (c) that the online expenses claim form be amended to include a statement that the claim is made in good faith and does not include and misleading or fraudulent information; and
- (d) that the purpose of the journey made in a County Car is entered in the log before the journey is made.

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