

ABERDEEN CITY COUNCIL

---

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	23 November 2017
REPORT TITLE	Internal Audit Report AC1814 – Travel Costs
REPORT NUMBER	IA/1814
LEAD OFFICER	David Hughes
AUTHOR	David Hughes

---

**1. PURPOSE OF REPORT**

- 1.1 The purpose of this report is to present the planned Internal Audit report on Travel Costs.

**2. RECOMMENDATION**

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

**3. BACKGROUND / MAIN ISSUES**

- 3.1 Internal Audit has completed the attached report which relates to an audit of Travel Costs.

**4. FINANCIAL IMPLICATIONS**

- 4.1 There are no direct financial implications arising from the recommendations of this report.

**5. LEGAL IMPLICATIONS**

- 5.1 There are no direct legal implications arising from the recommendations of this report.

**6. MANAGEMENT OF RISK**

- 6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the attached appendix.

## **7. IMPACT SECTION**

7.1 **Economy** – The proposals in this report have no direct impact on the local economy.

7.2 **People** – There will be no differential impact, as a result of the proposals in this report, on people with protected characteristics. An equality impact assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. The proposals in this report will have no impact on improving the staff experience.

7.3 **Place** – The proposals in this report have no direct impact on the environment or how people friendly the place is.

7.4 **Technology** – The proposals in this report do not further advance technology for the improvement of public services and / or the City as a whole.

## **8. APPENDICES**

8.1 Internal Audit report AC1814 – Travel Costs.

## **9. REPORT AUTHOR DETAILS**

David Hughes, Chief Internal Auditor  
[David.Hughes@aberdeenshire.gov.uk](mailto:David.Hughes@aberdeenshire.gov.uk)  
(01467) 537861



# ABERDEEN

## CITY COUNCIL

# Internal Audit Report

## Travel Costs

**Issued to:**

Morven Spalding, Interim Head of HR and Customer Service  
Fraser Bell, Head of Legal and Democratic Services  
Steven Whyte, Head of Finance  
Keith Tennant, HR Team Leader  
David Cheyne, Payroll Manager  
Angela Crawford, Finance Controls Manager  
External Audit

## **EXECUTIVE SUMMARY**

The Council's Local Terms and Conditions for Local Government Employees detail the travel and subsistence scheme in place for employees. It also states that all travel (excluding mileage) and accommodation should be booked through Corporate Governance. The objective of this audit was to review a sample of travel and subsistence claim forms to ensure that they had been completed, authorised and paid correctly, along with a sample of travel applications made for travel outwith the Council's boundaries.

Issues were identified with the application and management of the Essential Car User Allowance and recommendations have been made in this respect, including giving consideration to ceasing the allowance in line with the majority of other Scottish Councils that replied to a survey undertaken as part of this audit.

VAT is reclaimable on an element of the mileage allowance paid for each business mile claimed and paid. The Council has not been reclaiming as much VAT as it could since 2007. At present rates, only around half of the VAT is being reclaimed per annum (£11,300 in 2016/17). VAT is also not being reclaimed on allowable expenses where VAT receipts are available. It is unclear how much VAT has been foregone as a result.

Although some minor issues were identified in relation to mileage claims, a majority of claims were found to be satisfactory. However, the Council may not be achieving best value in terms of purchased travel (air fares and hire cars) due to the lateness of some bookings and delivery charges being applied to some car hires, whilst some staff are using their own cars when traveling outwith the Council's boundaries and being paid the official mileage rate which can incur significant additional costs compared with other forms of transport. Recommendations have been made to help address these issues.

# 1. INTRODUCTION

1.1 The Council's Local Terms and Conditions for Local Government Employees detail the travel and subsistence scheme in place for employees. It also states that all travel (excluding mileage) and accommodation should be booked through Corporate Governance. Guidance held on the Zone provides further details of the procedures, forms to use, and individuals to contact.

1.2 The Council pays the HMRC Approved Mileage Rate of 45p per mile for the first 10,000 business miles travelled per annum in an employee's car and 25p per mile thereafter. Lower rates are payable for mileage by motor cycle and bicycle. Where a post is designated as requiring an Essential Car User Allowance, payments are made based on the employee's previous year's mileage, as follows:

Actual Annual Business Mileage	Annual ECU Allowance
Under 1,200 miles	£120
1,200 to 5,000 miles	£250
5,001 to 7,500 miles	£500
Over 7,500 miles	£800

1.3 Subsistence is payable where an officer is prevented from taking their meal at home, administrative centre or establishment where they normally take their meals, and thereby incur additional expenditure. Maximum allowances are specified and expenditure must be supported with a receipt.

1.4 During 2016/17, the following payments were made:

Element Description	Miles Paid	Cash Paid
Bicycle Mileage	265	£53
Car Lump Sum for NI (ECU)	--	£97,997
Car Mileage	1,228,961	£552,801
Expenses	--	£88,041
Motorcycle Mileage	120	£29
Passenger Mileage	89,985	£4,500
Relocation Mileage	26,813	£12,532
Relocation Expenses	--	£6,615

1.5 The objective of this audit was to review a sample of travel and subsistence claim forms to ensure that they had been completed, authorised and paid correctly, along with a sample of travel applications made for travel outwith the Council's boundaries. This was undertaken in the form of a "desk top" exercise although, where appropriate, further information was sought from Services to support and justify the claims.

1.6 The factual accuracy of this report and action to be taken with the recommendations made have been agreed with Morven Spalding, Interim Head of HR and the Finance Partner.

## 2. FINDINGS AND RECOMMENDATIONS

### 2.1 Essential Car User Allowance

- 2.1.1 The Council pays an Essential Car User Allowance as detailed in paragraph 1.2 above. The Council's Local Terms and Conditions for Local Government Employees state that the Allowance will be assessed on the previous year's mileage with all lump sum payments being reviewed on 31 March each year. New starters will have an estimated mileage based on the previous post holder's mileage. In order to ensure consistency across the Council, application of the criteria to award an Essential Car User Allowance must be based on a business case which will be assessed by an independent Corporate Director and Head of Service who will be advised by the Head of HR or nominee.
- 2.1.2 During 2016/17, the Council paid £98,000 in this Allowance to an average of 418 employees per month. As the Council pays the HMRC approved mileage rate for business mileage, the Allowance is subject to both tax and national insurance when paid. In view of this, the cost to the Council is approximately £111,500 including employers' national insurance contributions.
- 2.1.3 A survey of other Scottish Councils undertaken as part of this audit revealed that the Council is the only one, of those that responded, that currently has a sliding scale of Allowance. Four Councils pay a fixed amount of Allowance to certain staff groups (eg Chief Officers, those who were in receipt of the allowance before 2007 with no new employees receiving the allowance, etc). Fourteen have ceased paying the Allowance, or have an agreed end date.
- 2.1.4 The Council is currently reviewing its Terms and Conditions, and, in view of financial pressures, and the trend across other Councils, should consider whether the Allowance should remain in place.

#### **Recommendations**

The Council should consider whether the Essential Car User Allowance should remain in place.

#### **Service Response / Action**

Agreed. This will be given consideration under the employment terms and conditions review which has commenced.

#### **Implementation Date**

November 2018

#### **Responsible Officer**

HR Manager

#### **Grading**

Significant within audited area.

- 2.1.5 Guidance relating to Travel and Subsistence on the Zone states that essential users comprise all first and second tier officers who are on Chief Officer salary scales and other officers who are in posts whose duties are of such a nature that it is essential for them to have a car at their disposal whenever required. Chief Officers decided, some years ago, that the allowance would no longer apply to them, so the guidance needs to be updated.

**Recommendations**

Policy and guidance documentation should be reviewed and updated (*see also paragraph 2.2.10, below*).

**Service Response / Action**

Agreed. The guidance (namely the Zone page on Travel and Subsistence) will be reviewed.

**Implementation Date**

March 2018

**Responsible Officer**

Team Leader, Policy and Performance

**Grading**

Significant within audited area.

2.1.6 The accuracy of payments made to a sample of twenty employees who received the Allowance in August 2017 was reviewed.

2.1.7 Three had just started receiving the Allowance with it being back-dated to February and June 2015, and April 2017 respectively. One related to a new employee who was replacing an officer who had been in receipt of the Allowance. The officers authorising the other two were unaware of the requirement to seek the approval of an independent Director and Head of Service, so this approval was not obtained.

**Recommendations**

Payroll should ensure that Essential Car User Allowances are not commenced unless the appropriate approvals have been given.

**Service Response / Action**

Agreed. The Essential Car Users form will be amended to make it clearer who should authorise the form and guidance notes on its reverse will be amended to include the authorisation process for the form. Additionally, a reminder for all Managers regarding the overall Essential Car User process will be issued to Business Managers (or nominees) to disseminate through their Directorates.

**Implementation Date**

December 2017

**Responsible Officer**

Payroll Team Leader

**Grading**

Significant within audited area.

2.1.8 Six of the sample were receiving a monthly payment for a mileage band higher than their 2016/17 mileage justified (eg receiving the allowance for the 1,200 to 5,000 mile band, but travelled less than 1,200 miles in 2016/17). One was being paid at a lower band. Payroll Development advised that they run reports detailing the mileage processed in the previous financial year and provide this data to Services. The Service should review the data and, if the actual mileage is outwith the existing band, advise Payroll to amend the allowance payable. However, the data relating to 2016/17 was not sent to Service contacts until after Internal Audit questioned the payments being made to the above cases.

2.1.9 Review of the data provided to Services in September 2017 showed that, of 421 employees receiving the Allowance, 89 are being paid more than the rate applicable based on their 2016/17 mileage, 23 are being paid at a lower rate, and 60 had no mileage in the previous year.

2.1.10 Employees who are in receipt of the Allowance and are on long-term sick leave are entitled to 3 months full Allowance and 3 months at 50% thereafter. The reduction in Allowance has to be notified to Payroll by the employing Service on an Essential Car Users form. One of the sampled employees was absent through sick leave for 6 months during 2016/17, but the allowance paid was not reduced. The Service involved has now advised managers of this requirement.

- 2.1.11 It would be more efficient and effective if Payroll could automatically administer both adjustments to the annual value of Allowance and reductions where staff in receipt of the Allowance are on long-term sick leave, without having to rely on Service management to do this.

**Recommendations**

Consideration should be given to Payroll administering adjustments to the allowance payable. If this is not adopted, Payroll should advise Services in a timely manner to ensure that the correct rate of allowance is paid.

Any over or under payments arising as a result of the 2016/17 data not being processed in a timely manner should be addressed.

**Service Response / Action**

Agreed. The Annual Allowance will be set by Payroll in April based on the mileage for the previous tax year. Notification will be sent out to Managers to review and appeal where appropriate. In addition, a new report will be created and added to the monthly suite of sickness absence reports, which are reviewed by the Payroll Operational Team and actioned as appropriate. The new report will highlight any employee who is in receipt of Essential Car Users Allowance and display when the employee's sickness absence 3 monthly trigger is due to elapse and similarly when the employee's 6 month period is due to expire, allowing the Operational Team to action the necessary Essential Car Users Allowance adjustment for each employee for the next payroll run.

Payroll will look into any over or underpayments.

**Implementation Date**

April 2018

**Responsible Officer**

Payroll Team Leader

**Grading**

Significant within audited area.

**2.2 Mileage Claims**

- 2.2.1 Employees are required to claim all mileage and expenses on a Travel and Subsistence Claim form. Details of journeys, including miles travelled, locations visited, the purpose of the visit and the name of any passenger, must be recorded. The mileage must be supported with a fuel VAT receipt to satisfy HMRC requirements relating to the recovery of the VAT element included in the mileage rate.
- 2.2.2 Claims should be submitted on a monthly basis and only in exceptional circumstances will they be paid if submitted more than 3 months after the expenses were incurred. A general review of claims paid in August 2017 confirmed that HR / Payroll refer such claims back to the authorising officer to confirm that they should be paid.
- 2.2.3 A sample of 10 claim forms was selected and compared to the payroll system to confirm accuracy of processing. A further sample of 10 claims was selected from the payroll system to confirm that the mileage paid was supported by a valid claim. In each of the claims selected the mileage element of the claims was examined for reasonableness. With the exception of one claim for seven months which had been overpaid by 113 miles (to be adjusted by Payroll), the results of this testing were satisfactory.
- 2.2.4 The Council's Relocation Guidance allows the payment of mileage to new employees as part of a relocation package. This must be recorded on the Travel and Subsistence Claim form as "Relocation Mileage" to ensure that it is taxed at source. One of the sampled cases had claimed and been paid such mileage as normal business mileage resulting in tax and national insurance not being accounted for. Another claim for back dated relocation mileage was identified, where Payroll had moved the mileage claimed from "business" to "relocation" mileage to ensure that it was treated correctly. Appropriate



adjustments will be made to correct the identified payment. Incorrectly coding relocation mileage as business mileage also risks reclaiming VAT on the petrol element included in the mileage rate, which can only be recovered on business mileage (see section 2.3, below).

<b><u>Recommendations</u></b>		
The Service should ensure that all Services are aware that relocation mileage is taxable and is treated correctly on claim forms.		
<b><u>Service Response / Action</u></b>		
Agreed. The relevant documents will be updated as necessary and communicated as appropriate.		
<b><u>Implementation Date</u></b>	<b><u>Responsible Officer</u></b>	<b><u>Grading</u></b>
March 2018	Team Leader, Policy and Performance	Significant within audited area.

2.2.5 Guidance on the Zone, and on the claim form, requires that, where passenger mileage is claimed, the name of the passenger is recorded. None of the sampled claims which had passenger mileage claimed recorded the name of the passenger.

<b><u>Recommendations</u></b>		
Where a claim for passenger miles fails to detail the name of the passenger, payment should be withheld. Officers authorising claims should be advised of this requirement.		
<b><u>Service Response / Action</u></b>		
Agreed. (1) The authorising manager should ensure that where passenger miles are being claimed the names of the passengers are recorded. Where this is not the case the manager should return the form to the employee to complete and re-submit. A communication will be issued to managers to this effect through Business Managers (or nominees). (2) The Travel Form and guidance on the Zone will be enhanced to make this clear whilst any future electronic process could have this requirement built in.		
<b><u>Implementation Date</u></b>	<b><u>Responsible Officer</u></b>	<b><u>Grading</u></b>
(1) December 2017	(1) Payroll Team Leader	Important within audited area.
(2) March 2018	(2) Team Leader, Policy and Performance.	

2.2.6 The Council's Travel Policy, Procedure and Guidance (approved by the Finance, Policy and Resources Committee in September 2014, covers long-distance travel (ie journeys outside the Council's boundaries), and encourages the use of hire cars where transport by car is necessary. It also provides for the payment of mileage (at the Council's mileage rate of 45p per mile) where an officer has had to use their own vehicle and that was the most cost effective method of ground transport. The Council's Local Terms and Conditions for Local Government Employees state that travel outwith the City boundaries shall normally be by the most economical method. Where this is by private car, authorisation in accordance with the Service's "authorisation of journey" procedure must be obtained before the journey is undertaken. Separate guidance on the Zone states that car hire is more cost effective for journey distances over 43 miles.

- 2.2.7 A number of journeys outwith the Council area were included in the sampled claims and authorising officers were contacted to determine the approach taken to these.
- 2.2.8 It is understood that there used to be a form to demonstrate prior authorisation and consideration of cost but that it is no longer in general use. Evidence of advance consideration was not available in any of the sampled cases.
- 2.2.9 Whilst it is accepted that travel by car can be more efficient with regards to the time and timing of travel, it is generally more expensive when there is only one person in a vehicle. For example, the reimbursement of mileage claimed for a journey to Edinburgh was £108.00. Had this been undertaken in a hire car (or the expenses reimbursed been restricted to the cost equivalent of the cheapest option) this could have been reduced to approximately £48.00 (including fuel). In such a case, the efficiency of the journey would not have been affected and, should the employee decide to take their own car, there would be no detriment to the Council in terms of cost. Resultant savings could be significant.

**Recommendations**

Procedures should be put in place to ensure that the most cost effective method of travel is approved in advance and the Council should consider restricting the amount that can be claimed for journeys outwith the Council's boundaries, undertaken in an employee's vehicle, to the cost equivalent of the cheapest option.

**Service Response / Action**

The travel policy currently requires officers to use the most efficient mode of transport. Action will be taken to remind all staff of the requirements of the travel policy in respect of value for money, review existing procedure, including consideration of the cost equivalent option, and implement additional checks in advance where appropriate.

**Implementation Date**

March 2018

**Responsible Officer**

Finance Controls Manager

**Grading**

Significant within audited area.

- 2.2.10 The review of journeys outwith the Council's boundaries identified errors in the mileage claimed in one case. Review of previous claims identified a net over claim of 378 miles which has now been recovered. Had guidance been available regarding journeys that commence or finish at an employee's home, these over claims may not have arisen. (See *recommendation at 2.1.5, above.*)
- 2.2.11 There was a lack of detail in one claim (where multiple journeys had been grouped together) which will be addressed directly by the Service concerned. However, whilst reviewing this claim, it became evident, from management responses, that two members of staff were undertaking duties that were not aligned with their substantive posts. They have different rates of pay and were being paid at overtime rates on their substantive rate of pay for the work being undertaken. The Service has subsequently referred this matter to HR.

**2.3 VAT on Business Mileage**

- 2.3.1 The Council can recover VAT on the fuel element contained within mileage allowances paid for business mileage. From September 2017, the amount that can be reclaimed per mile paid is 1.944p. Based on the 1.228 million miles paid in 2016/17, the VAT reclaim would be in the region of £23,900 per annum. In order to claim this VAT, claim forms must be supported by a fuel VAT receipt covering the fuel used by the claimant.
- 2.3.2 Payroll advised Internal Audit that the Council has been claiming a flat rate 2% of the business mileage paid since approximately 2007, and that Finance had contacted them in August 2017 with a view to reviewing the way that VAT is recovered on mileage

payments. The Council reclaimed £11,300 of VAT relating to mileage for 2016/17.

2.3.3 Following agreement with HMRC, other Councils are known to be recovering a composite rate of VAT based on published figures for vehicles with varying engine capacities and fuel types. Over the last four years, the amount of VAT per mile travelled that could be reclaimed using this methodology has ranged from 1.85p per mile to 2.61p per mile. This would indicate that the Council could at least double its recovery of VAT.

2.3.4 As at 12 September 2017, VAT had only been reclaimed for April and May 2017 in respect of 2017/18. Whilst the monthly amounts are not significant, they should be reclaimed on a monthly basis. The delay may be caused by the fact that the amount of VAT recoverable is calculated manually and entered to the financial ledger by journal entry. The Council is in the process of preparing a tender for a replacement payroll system and will ensure that as much automation as possible is built into this.

**Recommendations**

Action should be taken to ensure that the Council maximises its recovery of VAT and that VAT is recovered in an efficient and timely manner (*see also paragraph 2.4.3, below*).

**Service Response / Action**

Agreed. Finance will review the process to ensure that VAT recovery is maximised.

**Implementation Date**

March 2018

**Responsible Officer**

Accounting Manager

**Grading**

Significant within audited area.

2.3.5 Receipts attached to claim forms are detached once they have been processed and the claim form is scanned for electronic filing. The receipts are held together for each month processed and it would be difficult to match these back to individual claims.

**Recommendations**

Finance should consider whether the above system presents any risks relating to VAT compliance.

**Service Response / Action**

Agreed. Finance will review the process to identify any risks relating to VAT compliance or financial controls. Recommendations will be incorporated into the new Human Capital Management (Payroll module) implementation process. Finance and HR are working pro-actively to deliver more efficient and controlled processes with the new system.

**Implementation Date**

July 2018

**Responsible Officer**

Accounting Manager

**Grading**

Significant within audited area.

**2.4 Expenses and Subsistence Claims**

2.4.1 Claims for expenses and subsistence incurred in the course of business are claimable on the Travel and Subsistence Claim form. These have to be supported by receipts attached to the claim form submitted. Guidance on the Zone, and on the claim form, requires that, where subsistence is claimed, the hours of absence are recorded.

2.4.2 The types of expenses claimed in a sample of claims paid in August 2017 included car parking, bus fares, fuel for hire cars, meals / subsistence, taxis, train fares, hotel costs, phone calls, and professional fees, along with others that had no description. As receipts are detached from claim forms once processed, there is no easy way to determine what

costs that have no description are, or whether all costs have an appropriate receipt.

- 2.4.3 Some of the costs being reimbursed are subject to VAT (eg off-street car parking, fuel, meals, hotels) and, if a VAT receipt is held by the Council, the VAT could be recovered. Such costs are not being separately recorded and coded in the financial ledger, so the recovery of eligible VAT is foregone. It is understood that Finance is reviewing this situation and the recommendation at paragraph 2.3.4, above, applies.

## **2.5 Efficiency – Digitisation**

- 2.5.1 In December 2015, HR was examining the possibility of moving from paper based claim forms to having claims submitted online via the YourHR system. It was anticipated that this might result in savings of around £190,000 per annum through improved accuracy and reduced administration, although not all of this would be a cashable saving (as some elements would release a proportion of staff time to do other duties). Proposals were being developed for dealing with the requirement to retain receipts but progress was not made. This was due to a number of factors including staff resource priorities, finalisation of the workflow of the YourHR application for travel claims, and the mapping of the future business processes including the requirement to retain receipts.

- 2.5.2 The Council is currently in the process of preparing tenders for a new Payroll system which is anticipated to be in place by April 2019. It is anticipated that on-line forms will form part of the new system so no new development work will be undertaken on the existing systems.

## **2.6 Travel Applications**

- 2.6.1 The Council's Travel Policy, Procedure and Guidance requires that travel outwith the Council's boundaries involving flights, trains, inter-city buses, car hire, visa costs and accommodation must be booked by a Travel Co-ordinator. It details the types of travel and accommodation that are appropriate and is designed to minimise cost.

- 2.6.2 All such travel must be authorised by the budget holder and the travelling officer's line manager (if different to the budget holder). In addition, all foreign travel must be authorised by the relevant Service Committee, Corporate Management Team, and the Chief Executive. The purpose of travel must be fully disclosed before it is approved.

- 2.6.3 The Travel Team maintains detailed records of travel booked through them. This includes an overall spreadsheet with links to electronic folders for each booking made which hold details of the application, approval and bookings. These showed that the cost of travel and accommodation booked in relation to 2016/17 was almost £750,000.

- 2.6.4 A sample of 10 foreign travel arrangements was checked. The Chief Executive's authorisation was evidenced for seven of these whilst this had not been sought for three, although in each of these cases there was Committee approval (Aberdeen Gornal Trust, Finance Policy and Resources Committee, and Aberdeen City IJB). In view of the fact that Committees are approving foreign travel, the need for further authorisation should be reviewed. Having fewer layers of authorisation may make the process more efficient and result in applications reaching the Travel Team more quickly, resulting in reduced costs.

- 2.6.5 The travel application has provision for recording the minute reference relating to the Committee giving approval, but this is not always completed. If this were enforced, there would be more assurance over the approval process.

### **Recommendations**

The approval process for foreign travel should be reviewed and complied with.

**Service Response / Action**

Agreed. The travel policy will be reviewed in respect of this action to make the process more efficient.

**Implementation Date**

March 2018

**Responsible Officer**

Finance Controls Manager

**Grading**

Significant within audited area.

2.6.6

A sample of nine domestic flights, all to London in September 2017 was examined. The cost incurred for each was compared and this showed that the closer to the date of travel the booking was made, the more expensive the fare was, with costs ranging from £79 to £442. Whilst it can be difficult to book travel far in advance due to uncertainty over officer availability, booking too close to the travel date can add hundreds of pounds to the cost.

**Recommendations**

Services should be reminded to ensure that travel applications are forwarded to the Travel Team as soon as possible to ensure that cost effective travel arrangements can be made.

**Service Response / Action**

Agreed. The travel policy currently requires officers to be aware of the value for money requirement and it is recognised that booking flights at the earliest opportunity is of utmost importance. Action will be taken to remind all staff of the requirements of the travel policy in respect of this requirement and review existing policy where appropriate to strengthen this requirement.

**Implementation Date**

March 2018

**Responsible Officer**

Finance Controls Manager

**Grading**

Significant within audited area.

2.6.7

Travel applications were available for a sample of train and hire car bookings checked. Whilst hiring cars is generally more cost effective than paying the Council's mileage rate when longer journeys are undertaken, care needs to be taken to ensure that this is always the case. Two applications relating to an employee who lives outside the Council's boundaries and has hire cars delivered to and collected from home were selected. These were for travel to Stirling and Dundee and in each case there was a delivery and collection charge, each of which was in excess of the daily hire charge. Assuming a fuel cost of 10p per mile, and comparing the total cost against the reimbursement of mileage at 45p per mile, the journey to Stirling is slightly cheaper with a hire car (£85.85 compared with £93.00), whilst that to Dundee is more expensive (£74.59 compared with £47.36). The recommendation made at paragraph 2.2.9, above, covers this issue.

**AUDITOR:** D Hughes

## Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
<b>Major at a Corporate Level</b>	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
<b>Major at a Service Level</b>	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
<b>Significant within audited area</b>	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
<b>Important within audited area</b>	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.