Oldham Council Audit and Counter Fraud Team

Expenses, Travel and Subsistence Allowance Review

Audit Report

5 June 2026

Prepared by:

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Reviewed by:

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Issued to:

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Oldham Council

1. Background

1.1 Expenses, Travel, and Subsistence claims represent a key component of employee remuneration. These allowances are intended to fairly compensate employees for reasonable and legitimate expenses incurred while undertaking work-related travel and activities. However, due to the nature of these allowances, they carry inherent risks. These include non-compliance with established policies, submission of erroneous claims, and the potential for fraudulent activity.

1.2 Such risks, if not appropriately mitigated, can lead to significant consequences including financial loss, reputational harm, and a loss of public confidence in the integrity and governance of the Local Authority. In this context, effective controls and oversight are essential to ensure compliance, accuracy, and transparency in the administration of travel and subsistence claims.

1.3 This audit contributes to the council's self-assessment under the Fighting Fraud and Corruption Locally (FFCL) 2020–2025 framework. It supports the Authority's commitment to best practices in fraud prevention and aligns with national expectations for robust anti-fraud and corruption measures.

2. Objective and Scope

2.1 The objective of this audit is to review and evaluate the effectiveness of the council's systems, procedures, and internal controls for the management of travel and subsistence allowances. The audit aims to assess whether these arrangements are:

- Clearly defined and well-communicated.
- Operating in compliance with internal policies and external regulations; and
- Sufficiently robust to deter and detect non-compliance or fraud.

The audit also seeks to provide assurance that both management and employees are consistently applying the relevant policies and procedures.

2.2 The scope of this audit encompassed the following key areas:

- Review of the policies governing travel and subsistence allowances, including the frequency and effectiveness of policy updates and dissemination to staff.
- Assessment of internal controls designed to prevent and detect policy non-compliance and fraudulent activity.
- Sample testing of submitted travel and subsistence claims to verify the accuracy of claim submissions and the consistent application of policies and procedures.
- Identification of any weaknesses, control gaps, or areas requiring improvement.

3. Main Findings

3.1 <u>Mileage Expenses</u>

Mileage expenditure significantly increased, as expected, following the pandemic related low of 2020/2021, from £8,919.45 in 2020/2021 to a peak of £222,019.35 in 2025/2026.

However, both the number and value of claims has also risen in comparison with pre-pandemic levels during 2019/2020. This despite the significant increase in the use of online meeting, training and conferencing facilities now in day-to-day use.

Financial Year	Number of Claims	Expenditure (£)
2019/2020	392	£132,654.21
2020/2021	94	£8,919.45
2021/2022	471	£150,045.30
2022/2023	619	£193,615.81
2023/2024	638	£222,019.35
2024/2025	578	£175,882.64
2025/2026	612	£221,108.49
Total	**3404**	**£1,104,245.25**

It is unclear as to the reason for increased levels of business travel in comparison with pre-pandemic levels.

There is a lack of regular monitoring of staff with high mileage claims or unusual travel patterns, as mileage spending is not routinely reported and trends over time are not reviewed.

No value-for-money review of mileage expenditure against comparable costs of public transport has been conducted, and costs are not benchmarked against comparable authorities, limiting assurance over efficiency and compliance.

We would recommend that mileage by service area is examined in light of post covid working practices, including home working and remote meeting technology.

See Recommendation 1 in section 7 of this report.

3.2 Travel and Subsistence Policies.

Travel policies have not been updated to reflect post-COVID working practices, including guidance on when travel is essential versus when remote meeting or conferencing is appropriate.

See Recommendation 2 in Section 7 of this report

3.2 Expenses (Non-Mileage)

Following an expected post pandemic increase in non-travel related expense claims from £6,814.89 in 2020/2021 to a peak of £107,573.73 in 2022/2023, expenditure has since fallen back to below pre-pandemic levels. The apparent recent fall in claims in 20205/26 would appear consistent with the post pandemic trend in working practices in connection with remote working and meeting activity.

Financial Year	Number of Claims	Expenditure (£)
2019/2020	698	£87,234.23
2020/2021	55	£6,814.89
2021/2022	482	£41,997.92
2022/2023	913	£107,573.73
2023/2024	978	£77,946.15
2024/2025	907	£72,860.04
2025/2026	618	£63,602.23
Total	**4651**	**£458,029.19**

There is limited monitoring and reporting of staff expense claims. Quarterly reporting should be introduced with analysis by type of spend, department, and claimant, and results should be compared to other similar authorities.

Examination of expense claims within Children's Services suggest that staff are submitting claims for client travel and subsistence alongside staff travel and subsistence for re-imbursement via payroll each month. The Authority should consider whether this client related expenditure should be accounted for elsewhere and purchased via purchase card, as opposed to being funded by, and re-imbursed to, employees.

The staff expenses policy has not been updated to reflect post-pandemic working practices, and high-value individual claimants are not routinely reviewed.

See Recommendation 3, 4 & 5 in Section 7 of this report

3.3 Click Travel Expenses

The Council utilises the Click Travel system to book business related travel and accommodation. The system is used by a number of officers around the Council and is accessible to many. The system has no built in segregation or authorisation controls and relies on offline authorisation and audit trail for transactions.

Total Click Travel related expenditure over the five-year period was £2,397,123.27, including hotels, services, trains, flights, travel card, and vehicle costs. Hotel expenditure accounted for £2,085,561.60 of this total.

Financial Year	Hotel	Service	Train	Flight	Travel Card	Vehicle
2019/2020	£306,658.78	£299.00	£26,496.80	£2,205.07	£587.10	£0.00
2020/2021	£74,189.29	£188.60	£7,801.30	£0.00	£147.00	£0.00
2021/2022	£125,786.18	£243.50	£23,451.95	£6,495.41	£419.20	£0.00
2022/2023	£199,495.30	£437.85	£38,564.30	£15,614.55	£901.40	£125.66
2023/2024	£353,995.18	£898.98	£39,960.05	£7,531.30	£1,002.50	£59.38
2024/2025	£854,829.76	£1,478.70	£50,353.70	£8,810.52	£747.80	£154.82
2025/2026	£170,607.11	£856.99	£54,521.85	£20,321.97	£755.40	£129.02
Total	**£2,085,561.60**	**£4,403.62**	**£241,149.95**	**£60,978.82**	**£4,560.40**	**£468.88**

Hotel costs experienced the most substantial variations, and increase, over the period 2019/20 to 2024/25. This growth is largely attributable to the increased use of hotel bookings via Click Travel for social care temporary accommodation costs, which rose significantly year on year. Temporary social care accommodation costs are now coded elsewhere, and these costs have since dropped back below pre-pandemic levels in 2025/2026. Again, this would appear consistent with the trend towards online meeting and conferencing activities post pandemic.

Train and flight costs however have risen in comparison to pre-pandemic levels. As with mileage expenditure, the reason for increases in business related train and air travel are unclear.

Expenditure on flights is of particular interest. Whilst it may, in some instances, prove more economical to fly than travel by other modes of transport, this type of expenditure should be utilised by exception and following a clear demonstration as to the economy and business need to be met.

See Recommendation 6, 7 & 8 in Section 7 of this report

4. Summary

4.1 The review confirmed that while HR and Payroll processes exist to ensure manager authorisation controls of staff travel and expenses claimed via Payroll, authorisation weaknesses exist within the Click Travel booking system which limit the Council's ability to provide full assurance that costs are authorised, reasonable and justified.

4.2 Travel and Subsistence policies require updating in light of post pandemic working practices. Monitoring and oversight arrangements require strengthening to enable examination of ongoing trends. As a result, value-for-money assurance is limited in this area. Addressing these issues will reduce exposure to financial, operational, and reputational risks.

4.3 We have addressed our recommendations to the Assistant Director of Workforce and Organisational Culture. As noted at 4.1, this does not reflect a weakness in processes or controls in relation to HR or Payroll systems or payments. Rather that the Assistant Director of Workforce and Organisational Culture is best placed to address the recommendations on behalf of, and across, the Council as a whole.

5. Overall Opinion

5.1 Based on the findings of this review, **Limited Assurance** can be provided over the effectiveness of the current control framework governing Expenses, Travel and Subsistence Allowance claims. Particularly in relation to the unexplained rise in post pandemic business travel costs.

5.2 These weaknesses increase the potential for fraud, error, and mismanagement, and may expose the organisation to reputational harm if not addressed. Strengthening controls, particularly high level review and oversight, and enforcing compliance with policy requirements will help to mitigate these risks.

6. Way Forward

6.1 We would like to thank all staff involved for their help in this review. In the meantime, once the report has been finalised, we would be grateful if you would complete the Customer Service Questionnaire so that we can continuously review our service delivery.

6.2 <u>Disclaimer</u>

This report is made solely as an internal management report to the Officers of the Council identified on the report distribution list as an aid to the effective management of Council resources, and for no other purpose. This review has been be conducted in accordance with the Global Internal Audit Standards (GIAS) 2024, and the Chartered Institute of Public Finance (CIPFA) Local Government Application Note (LGAN) 2024.To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than those Officers for whom the report was produced, for our audit work, for this report, or for the opinions we have formed.

7 Action Plan

The table below shows the recommendations for the findings arising from our audit review. We have prioritised the recommendations to provide you with an indication of the importance for each nominated officer. If an officer disagrees with the prioritisation, they should discuss this with the auditor as part of the finalisation process.

High Priority - Significant risk to the Council or Service, the recommendation is essential for sound or effective control.
Medium Priority - Moderate risk to the Service it is important that the recommendation is completed
Low Priority - Small risk to the Service it would improve control if the recommendation were to be completed.

No.	Recommendation	Priority	Management Response	Responsibility	Implementation Date
1	Implement regular monitoring and reporting of mileage claims by staff and department; track trends over time.	Medium	Agreed, we will work to set up a monitoring and reporting on a bi-annual basis (every 6 months) at DMTs and Management Board	AD of Workforce and Organisational Culture	March 2027
2	Update the Mileage Policy to reflect post-COVID working practices, including guidance on essential travel.	Medium	The organisation does not have a mileage policy but this will be updated in the Expenses and Car Allowance Policies	AD of Workforce and Organisational Culture	March 2027
3	Introduce regular monitoring and quarterly reporting of non-mileage expenses by claimant, department, and type.	Medium	Agreed, we will work to set up a monitoring and reporting on a bi-annual basis (every 6 months) at DMTs and Management Board.	AD of Workforce and Organisational Culture	March 2027
4	Update the staff Expenses Policy to reflect post-pandemic working practices.	Medium	Agreed	AD of Workforce and Organisational Culture	March 2027
5	The AD Workforce and Organisational Culture to raise the issue of non-payroll expenses being re-imbursed via payroll with the S151 Officer and other relevant Officers.	Medium	Agreed	AD of Workforce and Organisational Culture	March 2027
6	Implement regular monitoring of travel and accommodation expenses by type, claimant, and department.	Medium	Agreed, we will work to set up a monitoring and reporting on a bi-annual basis (every 6 months) at DMTs and Management Board.	AD of Workforce and Organisational Culture	March 2027

No.	Recommendation	Priority	Management Response	Responsibility	Implementation Date
7	Extend thresholds as outlined in the Expenses Policy to Click Travel	Medium	Agreed but this is likely to first need a review of the thresholds in the Expenses Policy to ensure these are adjusted for inflation.	AD of Workforce and Organisational Culture	March 2027
8	Update the Click Travel and Expenses policy to reflect post-pandemic working practices and cost-efficiency expectations.	Medium	The organisation does not have a Click Travel and Expenses policy but this will be updated in the Expenses and Car Allowance Policies	AD of Workforce and Organisational Culture	March 2027