

AUDIT & STANDARDS COMMITTEE ADDENDUM

4.00PM, TUESDAY, 28 JUNE 2022

COUNCIL CHAMBER, HOVE TOWN HALL

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ADDENDUM

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Brighton & Hove City Council

Audit and Standards Committee

Agenda Item 15

Subject: Audit Report on Member Expenses

Date of meeting: 28 June 2022

Report of: Executive Director Governance People & Resources

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Ward(s) affected: All

For general release

REASONS FOR URGENCY

By reason of the special circumstances for non-compliance with Council Procedure Rule 3 and Section 100B(4) of the Local Government Act 1972 (as amended) (items not considered unless the agenda is open to inspection at least five days in advance of the meeting) the internal audit investigation report had not been finalised in time and it was not therefore possible to publish the report within the normal timescales. The Chair has been consulted and agreed that this matter should be included as an urgent item on the agenda.

1. Purpose of the report and policy context

1.1 The purpose of this report is to inform the Committee of the findings of the Internal Audit investigation into issues relating to expenses claims and to seek agreement to the recommendations in the report.

2. Recommendations

2.1 That Committee notes the Internal Audit report into issues associated with Member expenses claims as set out in Appendix 1 to this report

2.2 That Members agree the recommendations in section 5 of the report and instruct officers to implement the same.

3. Context and background information

3.1 Following allegations of irregularity regarding Members' expenses claims raised in the press, an independent investigation by the Internal Audit function - which is part of the Orbis partnership arrangements - was commissioned. The review was undertaken over the last couple of months and was overseen by a senior Auditor employed by another authority. The investigation reviewed the Council's records, interviewed relevant officers and examined the Scheme for Members' Allowances.

Although Councillor Phillips was not interviewed, she was sent written questions which she responded to and supplied evidence in the form of receipts.

- 3.2 The allegations centred around claims for travel and childcare expenses for the period between October 2020 and March 2021, when Councillor Phillips was Mayor. The report found that the claims were not always submitted in time and/or that the documentation was incomplete. There were also weaknesses in the way that the claims were processed, perhaps over-reliance on trust rather than insisting on documentary proof.
- 3.3. It is estimated that the issues identified in para 3.2 may have resulted in an overpayment of between £143.79 and £482.34, depending on how one interprets the rules under the Members Allowances Scheme ('the Scheme') relating to expenses. There is, in particular, lack of clarity regarding the maximum time period for which travel expenses relating to a single meeting can be claimed (whether it is 1 hour each way or 1 hour in total per meeting) and how the eligibility criteria applies in the context of virtual meetings.
- 3.4 Councillor Phillips was not interviewed as part of the investigation and only supplied responses to specific questions. Although there were failings and irregularities which should not have happened, it is also important, in the interests of fairness and balance, to point out that:
 - This was a challenging time for the Member concerned, juggling many roles with a young family and the uncertainty caused by the pandemic;
 - There is no evidence in the report or anything that Officers have seen to suggest either a systematic or deliberate attempt to deceive nor any attempts at dishonest misuse of public funds for personal gain. It was more a case of not paying sufficient attention to processes due, in part, to the Member's personal circumstances. The fact that the Member also failed to submit claims for some 25 approved duties further supports the view that the situation was the result of a combination of oversight and casual approach rather than a deliberate act;
 - All the claims for childcare were in respect of expenses actually paid rather than simple payments to the member. The Member therefore did not receive any payments for expenses not incurred;
 - All the claims were approved by Officers;
 - The Member concerned has made a payment on account of £490 to the Council to cover any potential overpayments. The Council has therefore not lost any funds. If anything, the actual amount overpaid is likely to be below £490. An assessment will be undertaken and any adjustments made to reflect the final figures for under or over payment of expenses;
 - It is also reassuring that the investigation did not reveal any wide scale failings and that the system seems to be working largely in compliance with the requirements of the Scheme.

- 3.5 Notwithstanding the above, the failings could have resulted in more significant irregularities. Although the circumstances were challenging, it is difficult to avoid responsibility altogether and the Member concerned should have paid more attention and been more diligent than was the case.
- 3.6 There were a number of shortcomings in the way that the Scheme was administered, and the report highlights a number of issues including lack of clarity in some of the rules, inconsistency in their application and failure to require documentary proof (receipts) in all cases. A higher level of informality, flexibility and over-reliance on trust was applied than should have been the case. The report makes a number of recommendations to rectify these issues going forward. Officer would like to apologise for any failings and will make sure that all the steps set out in the recommendations are implemented.
- 3.7 The specific recommendations are set out in paragraph 5 of the audit report and are reproduced below:
- a. A review of the Scheme should be conducted to ensure that the rules for submitting a claim for member expenses are clear and concise. This should specifically include clarifying the rules relating to claiming childcare time for travelling. The review should ensure that any ambiguity regarding the rules for claiming are removed.
 - b. A review of Section 7.2 (Member Expenses) of the Procedural Manual for Democratic Services should be conducted to ensure that there is a clear procedure for processing claims. This should include specifying who is responsible for verifying that duties occurred and who is responsible for authorising the claim. The review should also include what the verification requirements are, for example, confirming that a duty took place, the time and date of the duty, and that there is supporting evidence that childcare was provided.
 - c. Claim forms for expenses should be completed in full and submitted within the timeframe specified by the Scheme. If a claim form is not completed in full, the member of staff processing the claim should return the form to the Member and request further information.
 - d. A claim should only be accepted if it is made within the two-month timeframe specified in the Scheme.
 - e. Supporting receipts and invoices should be provided with each claim form as per the Scheme. If these are not available, the claim should be rejected.
 - f. All members of staff responsible for processing claims should be trained on the correct procedures and requirements.
 - g. All Members should be reminded of their responsibilities to submit fully completed claim forms with supporting documentation within the relevant timeframe.

- h. Democratic Services should consider whether it is possible to introduce electronic claim forms to reduce the possibility of a claim form being misplaced.
- 3.8 It is suggested that the above recommendations are all accepted and implemented by the Executive Director for Governance, People and Resources. This will involve convening a meeting of the Independent Remuneration Panel to review the rules and make recommendations to full Council.

4. Analysis and consideration of alternative options

- 4.1 There are no alternatives to implementation of the recommendations of the audit report. Any potential overpayments have been recovered and once the recommendations have been implemented the issues will have been addressed and any remedial action taken.

5. Community engagement and consultation

- 5.1 This is an internal matter regarding claims for expenses and how they are administered. While there has been no consultation or engagement with the public, the fact that the report is in the public domain will hopefully help maintain public confidence in the system.

6. Conclusion

- 6.1 The report has identified a number of issues that need to be addressed urgently and implementation of the recommendations will ensure that the necessary steps are taken, and any shortcomings rectified.

7. Financial implications

- 7.1 There are no financial implications arising directly from the report. It is noted that the Member concerned has made a payment on account to cover the overpayment.

Name of finance officer consulted: Peter Francis

Date consulted: 24/06/2022

8. Legal implications

- 8.1 The proposals in the report comply with the requirements in the scheme for members allowances and the Members Allowances Regulations. The steps set out in the report's recommendations will provide greater assurance to the public and ensure proper administration of the scheme.

Name of Legal officer consulted: Abraham Ghebre-Ghiorghis

Date consulted: 24/06/2022

9. Equalities implications

- 9.1 Although any Member could potentially be eligible to claim travel and childcare allowances if they come within the Scheme, the provisions regarding childcare allowances are likely to affect women and those with young children more than other Members. It is therefore important that the Scheme and the administrative requirements that go with it are effective and do not put disproportionate administrative burden on Members who need childcare or carers' support.

10. Sustainability implications

- 10.1 There are no sustainability implications directly arising from the report.

Supporting Documentation

Appendices

1. Internal Audit Investigation Report- Member Expenses

Background documents

None

Internal Audit

Investigation Report

Member Expenses

Assignment Manager: Simon White, Audit Manager (Counter Fraud)

Assignment Ref: AO316

Prepared for: Brighton & Hove City Council

Date: June 2022

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Report Distribution List

- Abraham Ghebre-Ghiorghis, Executive Director Governance, People and Resources (Monitoring Officer)

This audit report is written for the officers named in the distribution list. If you would like to share it with anyone else, please consult the Chief Internal Auditor.

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1. Introduction and Allegation

- 1.1. Orbis Internal Audit were requested to undertake an investigation following concerns raised in an article published by the Brighton Argus on 31 March 2022.
- 1.2. The article alleged that claims for childcare expenses had been submitted by Councillor Alex Phillips for periods when meetings had already finished or had not yet started.
- 1.3. In addition, it was alleged that Councillor Phillips had submitted claims for childcare expenses for a period when she was in France during the lockdown that started in March 2020.
- 1.4. The aim of the investigation was to seek confirmation that claims were made in line with the Brighton & Hove City Council (BHCC) scheme, that they were supported by appropriate evidence where necessary and that they were made for the appropriate duration in respect of the approved duties attended by Councillor Phillips.
- 1.5. As agreed with Abraham Ghebre-Ghiorghis, we have not interviewed Councillor Phillips as part of this investigation. Written questions were submitted to Councillor Phillips seeking clarification in a number of areas. The findings outlined in the report reflect the responses provided by Councillor Phillips.
- 1.6. The agreed Terms of Reference is attached as Exhibit One.

2. Work Undertaken

- 2.1. The investigation carried out by Orbis Internal Audit has focussed on an examination and analysis of the following:
 - The Members' Allowance Scheme 2019 – 2023
 - A review of the procedures for processing expense claims for Members'
 - Claim forms submitted by Councillor Phillips from 20 October 2019 to March 2022
 - Attendance records for Councillor Phillips for the same period
 - Evidence submitted to support the claims
 - Civica Payroll reports
 - A review of a sample of claims submitted by other Councillors for comparator purposes.
- 2.2. Detailed in the remainder of this report are the findings based on the above investigative work. The report includes recommendations to address control weaknesses identified during the course of the investigation.

3. Executive Summary

Overall Conclusion

- 3.1. Based on the analysis of available records, it is our conclusion that Councillor Phillips has been overpaid member expenses by BHCC between the value of £143.79 and £482.34 based on various scenarios outlined in this report. These overpayments have arisen primarily as a result of Councillor Phillips claiming for childcare allowances beyond the timeframes permitted within the Council's Member Allowances Scheme (The Scheme).
- 3.2. In considering these findings, it is however, important to recognise that a poor standard of record keeping, weak internal controls and some ambiguity over interpretation of The Scheme have prevented us from accurately calculating a definitive overpayment. We would also highlight that we have not interviewed Councillor Phillips as part of this stage of the investigation. Written questions were submitted to Councillor Phillips seeking clarification in a number of areas. The findings outlined in the report reflect the responses provided by Councillor Phillips.

Key Findings

- 3.3. The Brighton & Hove City Council 'Members' Allowances Scheme 2019 – 2023 (The Scheme) outlines the allowances that can be claimed by councillors. Schedule 2 of The Scheme specifically relates to the requirements when submitting a claim for childcare expenses. The requirements include:
- Councillors can claim up to £9 per hour for childcare.
 - Up to a total of one hour travelling time may be added to the claim (where applicable) to enable the councillor to travel to and from meetings.
 - An appropriate claim form must be submitted with supporting receipts.
 - The claim form must be submitted within two months of the approved duty when childcare was required.
- 3.4. From the review of the claim forms submitted by Councillor Phillips it is evident that these requirements were not consistently complied with and that poor control has meant that incomplete or unsupported claims had been processed despite not meeting the requirements of The Scheme. Claim forms submitted by Councillor Phillips were not always completed correctly, with the time that she arrived and left an approved duty frequently left blank. In addition, not all meetings attended by the councillor were referenced, and the approved duty and childcare times were often recorded on the claim form as being the same. Incomplete or inaccurate claims were not challenged by officers prior to processing and Councillor Phillips was not requested to provide supporting information or receipts.
- 3.5. In addition, the Civic Office (the team responsible for processing Member expense claims) have been unable to locate all the claim forms that were submitted by Councillor Phillips between October 2019 and March 2022. Where the source documentation was not available, Excel spreadsheets were provided to us that summarised the information from the processed claim.

Analysis undertaken in this investigation has been conducted based on the information from these spreadsheets (which are clearly not prime records and therefore evidentially less reliable), along with the paper claim forms that were made available to us.

- 3.6. Receipts or supporting documentation were not submitted by Councillor Phillips with her claim forms. Despite this being a requirement of The Scheme, the officer processing the claims has explained that they did not consider this to be necessary and consequently did not challenge the absence of supporting documents. As part of this investigation Councillor Phillips has provided records, receipts, and invoices to support the claims submitted.
- 3.7. The investigation also found that claim forms had been submitted and approved for payment outside the two-month timeframe allowed by The Scheme. Failure to submit claim forms in accordance with The Scheme requirements was not challenged or escalated. Records show that claims were made late and included childcare expenses spanning several financial years, significantly beyond the permissible two-month limit. Councillor Phillips was not challenged for submitting late claims, and the claims were processed and paid without query. It is noted that during the period Councillor Phillips served as Mayor she was subject to a number of demands beyond that of the Mayor; as an MEP, MP-candidate, full-time employment and parent to a young child, and consequently claim forms were not always prioritised or submitted in accordance with The Scheme.
- 3.8. The Scheme states up to a total of one hour of childcare for travelling time may be added to the claim (where applicable) to enable the councillor to travel to and from meetings, provided the child/children remain with the carer for the duration. However, there appears to be some confusion over how this rule should be applied, with the member of staff responsible for processing the claims allowing councillors to add up to one hour travelling to a meeting and one hour travelling from a meeting, in effect allowing for two hours to be added to a claim. In some cases, the officer appears to have permitted claims even beyond this two-hour threshold.
- 3.9. The investigation also found that claims for childcare travel time to virtual meetings were made during the pandemic. Childcare may still be required to enable a councillor to attend a virtual meeting. Councillor Phillips has stated that she believed she was still permitted to claim the time because she was required to travel to the childcare provider to drop off her children prior to attending the meetings. Or in the cases where virtual meetings were attended from France, when childcare had already been booked and paid for (in the UK) to include travel time in advance of the meetings, and these were honoured by Councillor Phillips and subsequently paid for.
- 3.10. Based on the information available, our analysis indicates that Councillor Phillips has been overpaid for some of the childcare expenses claimed. Our analysis has also identified a number of occasions where Councillor Phillips attended events and meetings but did not submit a claim to cover these. Consequently, we have estimated a potential overpayment of between £143.79 and £482.34 based on various scenarios, including how much time can be added to a childcare claim for travelling. Our ability to calculate the exact value of overpayment has been significantly hindered by the poor quality of information provided on claim forms and by some ambiguity in interpretation of exactly what is allowable under the Member Allowances Scheme. A table detailing the estimated overpayment can be found in Section 4 below. The investigation

has concluded that the potential overpayment appears to be the result of poor record keeping and poor verification when processing claim forms.

- 3.11. Following our investigation, a number of areas were identified where Councillor Phillips may have been able to provide further information. As a result, a set of questions was submitted to Councillor Phillips, which she responded to in writing.
- 3.12. A number of control issues were identified during the course of the investigation and the report makes a number of recommendations to improve the control environment. These are included under Section 5.

4. Findings

Brighton & Hove City Council Members' Allowances Scheme 2019 – 2023 (The Scheme)

- 4.1. The Scheme came into effect on 23 May 2019 and outlines the basic Member allowances, as well as additional allowances that a Member can claim.
- 4.2. Section 6 relates to 'Travel, Subsistence and Dependents' Carers' Allowances'. It states that Travel, Subsistence and Dependents' Carers' Allowances shall be paid to councillors in accordance with Schedule 2 of the policy.
- 4.3. Section B of Schedule 2 specifically relates to Childcare and Dependents' Carers' Allowance. It states: 'Eligible councillors may claim no more than the actual amount paid for childcare provision, up to a maximum of £9.00 per hour for each child, provided that the appropriate form is completed, and the relevant receipts are attached'.
- 4.4. Section B also states: 'Up to a total of one hour travelling time may be added to the claim (where applicable) to enable the councillor to travel to and from meetings, provided the child/children remain with the carer for the duration'.
- 4.5. Section 9.2 of The Scheme refers to the payment of claims and reads: 'Claims for all other allowances should be made within two months of the date on which the approved duty was carried out. Payments will be made monthly when claims are received'.
- 4.6. The annual cap for childcare expenses is set at £1,800.

Procedure for Processing Claim Forms for Member Expenses

- 4.7. The Procedural Manual for Democratic Services 2016/17 details the procedures covering all aspects of the work of Democratic Services.
- 4.8. Section 7.2 of the manual specifically refers to Member Expenses and states that the procedure is the responsibility of the Democratic Services Officers.

4.9. Section 7.2 states the procedure as follows:

- Step One – Receive Member Expenses and Co-Optees Claim Forms.
- Step Two – Check, verify and process Members Expenses & Co-Optees claim forms.
- Step Three – Enter claim into electronic Salary Record Sheet.
- Step Four – Enter claim into Electronic Cllrs Monthly Pay Sheet.
- Step Five – All claim forms are checked and authorised by a senior authorising officer.
- Step Six – The monthly ‘Note’, the monthly Paysheet and Salary Records Sheet are checked by a senior authorising officer and authorised.
- Step Seven – The processing officer emails the authorised monthly ‘Note’ to payroll for processing on behalf of the authorising officer.

4.10. Step Two of the procedure states that when the claim form is received it should be checked, verified and processed. However, it does not specify who receives the claim form and exactly what should be checked and verified.

4.11. Step Five indicates that the authorising officer should check and verify the claim forms. However, the Civic Office have advised that this is in fact the responsibility of the processing officer, who checks to verify the approved duty specified on the claim form occurred. This involves the processing officer checking meeting minutes and calendar entries to confirm the date and times of the duty and that the councillor attended. No other checks are conducted.

4.12. The Civic Office have advised that once the claim forms have been checked and verified by the processing officer, they meet with the authorising officer to present the forms. Once the meeting is complete, the processing officer then emails the authorising officer to seek confirmation that the claim forms can be authorised based on the meeting held. It should be noted that the authorising officer concerned is no longer employed by BHCC and therefore has not been interviewed as part of this investigation.

4.13. Section 7.2 states that the paper claims forms received are filed into individual folders and stored in a locked filing cabinet. However, as explained above, the Civic Office have been unable locate all the claim forms requested as part of this investigation, indicating that this procedure is not always being followed.

4.14. As noted above, The Scheme states that councillors should provide receipts with their claim forms. However, the procedure for processing the claim form does not refer to verifying receipts or supporting documents and it is understood from the processing officer that this does not take place.

4.15. The Scheme also states that ‘up to a total of one hour travelling time may be added to the claim (where applicable) to enable the councillor to travel to and from meetings, provided the child/children remain with the carer for the duration’. However, the processing officer has interpreted this provision as meaning that councillors can add a total of two hours travelling time to their childcare claim, based on one hour of travelling time to a meeting and one hour to travel home.

4.16. When seeking to clarify whether this was correct, we were provided with contradictory information. The processing officer stated that ‘generally we don’t allow a councillor to claim

two hours'. However, we were also advised as part of this investigation that the processing officer would consider where a councillor was travelling to and from and where necessary, would seek confirmation from the authorising officer, that the amount of time could be added to the claim. In considering these findings, it should be noted that a councillor does not have to state on their claim form where they are travelling to and from, raising questions as to how the member of staff would be able to calculate this time.

Councillor Phillips Claim Forms and Quality of Records

- 4.17. As part of this investigation, we requested copies of all the claim forms and supporting documents submitted by Councillor Phillips covering the period October 2019 to March 2022. During this period, it is understood that Councillor Phillips submitted three bulk claim forms covering multiple monthly periods. The claim forms were submitted in March 2020, March 2021, and September 2021. However, the Civic Office have been unable to locate six of the claim forms submitted in March 2021.
- 4.18. Five separate claim forms have been obtained, which were submitted by Councillor Phillips on 9 March 2020 and paid by the Council on 30 April 2020. These were claims for childcare expenses for January to March 2020 and were submitted within the two-month timescales specified by The Scheme.
- 4.19. According to the records provided by the Civic Offices, six claim forms were submitted on 5 March 2021. However, they have been unable to locate these forms and Councillor Phillips has also been unable to provide a copy of these forms. In the absence of these prime records, the Civic Office provided us with an Excel spreadsheet summarising the claims data used to process the subsequent payment. According to the information on the spreadsheet, the six forms covered the following periods:
- 18/10/2019 to 01/11/2019
 - 01/11/2019 to 07/11/2019
 - 09/12/2019 to 21/12/2019
 - 11/03/2020 to 13/08/2020
 - 29/07/2020 to 18/11/2020
 - 08/12/2020 to 28/01/2021
- 4.20. The forms received on 5 March 2021 span two financial years and have not been made in line with the timeframe specified by The Scheme.
- 4.21. Two undated forms were also received in September 2021, which were claims for childcare expenses submitted by Councillor Phillips for the months of February to March 2021. Whilst the two forms duplicate the same duties, we have been able to confirm that no duplicate payment has been made. In addition, Councillor Phillips has confirmed that she was requested to resubmit her claim form when the original form was lost in the internal post and when a photograph of the claim form was too blurry to read.

- 4.22. No claims for childcare expenses have been made by Councillor Phillips for any approved duties carried out post March 2021. The claim submitted in September 2021 was for duties up to March 2021.
- 4.23. A review of the claim forms available found that they were not always completed correctly. Although the form requires the councillor to input the time they arrived and left an approved duty, this was frequently left blank or replicates the childcare start and end time.
- 4.24. The councillor is also required to specify on the form the approved duty for when childcare was required. Whilst this section of the form had been completed, the review found that reference was not always made to all the meetings that had been attended (based on the Mayor's calendar) during the period that childcare was being claimed.
- 4.25. Furthermore, the two undated forms, covering the period February to March 2021, had not been signed by the childcare provider as required under The Scheme. With regards to record keeping and the submission of the claim forms, Councillor Phillips has explained that during the period she was working as Mayor, a MEP, a Councillor, and had a full-time job. As a result, many of the forms were completed a long time after the event and submitted outside the two-month timeframe specified by The Scheme. Furthermore, some of the forms were not signed by the childcare provider due to Councillor Phillips' health at the time.
- 4.26. No receipts or other supporting documents had been submitted by Councillor Phillips with any of the claim forms examined. Despite this being a requirement within The Scheme, the member of staff processing the claim forms has confirmed that they did not consider this necessary and therefore did not, at any stage, challenge Councillor Phillips over the omissions. Councillor Phillips has confirmed that she was not aware that it was a requirement of The Scheme to provide supporting documentation with the childcare expense claim forms.

Analysis of Claim Forms Submitted by Councillor Phillips

- 4.27. Based on the records available, we have conducted an exercise comparing the information provided by Councillor Phillips against meeting times as confirmed on the BHCC website or by the Mayor's calendar. Records held by the Council show that Councillor Phillips claimed childcare expenses for 74 approved duties between 20 October 2019 and 25 March 2021. On 55 of these occasions, Councillor Phillips claimed childcare expenses for a period of over an hour above the confirmed duration of the approved duty specified on the claim form.
- 4.28. In addition, on 27 of these occasions, Councillor Phillips claimed childcare expenses for two hours or longer above the confirmed duration of the approved duty specified on the claim form. With regards to childcare time for travelling, Councillor Phillips states her understanding is that a maximum of one hour can be claimed for travelling to and also from meetings.
- 4.29. As noted above, our review found that Councillor Phillips had not always completed the claim forms fully and this was not challenged or supporting information sought prior to the forms being processed and authorised. Under the approved duties section of the claim form, Councillor Phillips did not always reference all meetings attended (according to the Mayor's calendar) during the period that childcare was being claimed.

- 4.30. The review of the Mayor’s calendar from 20 October 2019 to 25 March 2021 found 25 dates where Councillor Phillips had attended additional approved duties but had not referenced these meetings on her claim forms. It is unknown whether Councillor Phillips required childcare for these meetings, for which she could potentially have claimed expenses. Clearly, if this were the case, it could potentially reduce the value of any overpayment of expenses.
- 4.31. It has been confirmed with the Civic Office that under The Scheme, travel claims would not be permissible for virtual meetings. Consequently, no additional time should have been added to childcare claims for travelling when a councillor attended a virtual meeting during the COVID-19 pandemic. However, it is not evident how well this change was communicated particularly during the uncertainty and turbulent period of the early pandemic. Our analysis has, however, identified 21 occasions where childcare expenses relating to travel time were claimed by Councillor Phillips for meetings that occurred virtually during the pandemic. On 16 of these occasions, Councillor Phillips claimed childcare for an hour or longer above the confirmed duration of the approved duty, indicating that additional travel time was still being added to the claim. Councillor Phillips has stated that she believed she was still permitted to claim the time because she was required to travel to the childcare provider to drop off her children prior to attending the meetings.
- 4.32. In addition to the above, there are four claims for childcare expenses for approved duties on 9 December 2019, 14 December 2019, 15 December 2019 and 13 February 2020, where we have been unable to verify the duties specified on the claim form from the BHCC website or the Mayor’s calendar. Councillor Phillips has subsequently confirmed the duties that took place and provided supporting evidence where available, although we have not been able to verify the timing of these duties.
- 4.33. Based on the information available, we have modelled several scenarios to estimate a potential overpayment of childcare expenses paid to Councillor Phillips. The scenario and potential overpayment are shown in the table below:

Scenario	Potential Overpayment
Scenario 1: Councillor can claim childcare for approved duty time plus up to one hour (only) to enable travel to and from meetings.	£482.34
Scenario 2: Councillor can claim childcare for approved duty time plus up to two hours to enable travel to and from meetings.	£187.80
Scenario 3: Councillor can claim childcare for approved duty time plus up to one hour (only) to enable travel to and from meetings. However, calculation takes into account that there were 25 dates when there were additional meetings not referenced and	£345.15

Scenario	Potential Overpayment
childcare could have potentially been claimed.	
<p>Scenario 4: Councillor can claim childcare for approved duty time plus up to two hours to enable travel to and from meetings. However, calculation takes into account that there were 25 dates when there were additional meetings not referenced and childcare could have potentially been claimed.</p>	£143.79
<p>Scenario 5: Councillor can claim childcare for approved duty time plus up to one hour (only) to enable travel to and from meetings. However, calculation takes into account that there were 25 dates when there were additional meetings not referenced and childcare could have potentially been claimed. Calculation also removes all travel time for meetings identified as virtual meetings.</p>	£407.55
<p>Scenario 6: Councillor can claim childcare for approved duty time plus up to two hours to enable travel to and from meetings. However, calculation takes into account that there were 25 dates when there were additional meetings not referenced and childcare could have potentially been claimed. Calculation also removes all travel time for meetings identified as virtual meetings.</p>	£274.23

4.34. The full analysis is attached as exhibit two.

4.35. The article published in the Argus states that Councillor Phillips submitted claim forms for childcare expenses for a period that she was in France. The Civic Office have confirmed that Councillor Phillips went to France on 13 March 2020 and was due to return on 19 March 2020. However, she did not return as planned due to the pandemic and the national lockdown that was implemented in France from 17 March 2020. The article suggests that Councillor Phillips returned to the UK in July 2020. For the period March 2020 to July 2020, Councillor Phillips claimed expenses relating to three meetings. Councillor Phillips has provided receipts and invoices for childcare covering this period that show childcare was booked in advance and paid

for (in the UK) in full up to the end of April, although it was not used due to the lockdown in France. Councillor Phillips has subsequently repaid these claims to the Council.

- 4.36. On 5 March 2021, Councillor Phillips submitted a claim for childcare expenses for a Full Council meeting that took place on 23 April 2020. The submitted form stated that the meeting took place from 15:00 – 18:00 and that three hours of childcare were required for the same period. The minutes from the meeting are published on the BHCC website and confirm that a Full Council meeting was held virtually via Skype from 16:30 to 20:07 on 23 April 2020. The meeting duration has been confirmed as 3:37 hours, which is longer than the time that childcare was claimed.
- 4.37. On 5 March 2021, Councillor Phillips also submitted a claim for childcare expenses for a Full Council meeting that took place on 23 July 2020. By this point Councillor Phillips had returned to the UK. The claim form submitted stated that the meeting took place from 15:00 – 18:00 and that three hours of childcare were required for the same period. The minutes confirm that the meeting was held virtually via Skype from 16:30 to 17:57 on 23 July 2020. The meeting duration was 1:27 hours, therefore 1.33 hours of childcare was claimed in excess of the meeting duration. As this meeting was conducted virtually, travelling time could not be claimed and there is a potential overpayment relating to this meeting. This is included in our calculations above.
- 4.38. The article published in the Argus also states that Councillor Phillips made a claim for childcare expenses for an approved duty on 20 March 2020 when she was in France. The analysis shows that Councillor Phillips submitted a claim on 5 March 2021 which included the University of Brighton Big Build Event. The event is stated as occurring on 20 March 2020 from 13:30 – 18:00, however, our analysis confirms that the event occurred on 12 March 2020. This was prior to Councillor Phillips going to France and the date of 20 March 2020 appears to be an error on the form.

Payments for Childcare Expenses

- 4.39. A review of Civica Payroll reports confirms that payments totalling £2217.32 for childcare expenses have been paid to Councillor Phillips from October 2019 to March 2021.
- 4.40. Payments have been made as follows:

Payment Date	Amount	Claim Date	Period Relates to	Notes
30 April 2020	£678.91	9 March 2020	10 January to 9 March 2020	Total to be paid was £702. However, £23.09 deducted for Annual City Saver Bus Ticket

Payment Date	Amount	Claim Date	Period Relates to	Notes
31 May 2020	£222.91	9 March 2020	10 January to 9 March 2020	See 4.44 below Excess of £246.00 on the previous financial year's allowance. £246 less £23.09 for the Annual City Saver Bus Ticket
31 March 2021	£1212	5 March 2021	18 October 2019 to 28 January 2021	
30 September 2021	£103.50	Undated form	February to March 2021	

- 4.41. The Scheme states that there is an annual cap for childcare, which is set at £1800.
- 4.42. During the financial year 2019/20, Councillor Phillips claimed a total of £2045.99 for childcare expenses. Payment to Councillor Phillips was initially capped at £1800. However, on 8 May 2020, the authorising officer agreed that the additional £246.00 could be paid to Councillor Phillips and deducted from her allowance for the 2020/21 financial year. Payment was made on 31 May 2021.
- 4.43. A report provided by the Civic Office shows that Councillor Phillips was paid a total of £1458.00 for childcare expenses during 2020/21 and £103.50 during 2021/22. Both amounts are below the annual cap. However, records show that claims were made late beyond the permissible two-month limit and included childcare expenses spanning several financial years.

Claims Submitted by Other Councillors

- 4.44. As part of our investigation, we reviewed a sample of claims for childcare expenses submitted by other councillors for comparison purposes and have been able to confirm that only one other councillor had made a claim for childcare expenses.
- 4.45. A review of a sample of their claim forms found that they submitted their claims within the two-month timeframe specified and that supporting documentation was provided.
- 4.46. A potential small discrepancy of £4.50 was identified, but in general, it was found that the times specified for childcare were for less time than the duration of the approved duty.

- 4.47. From this analysis, it is evident that there was no other direct comparison for a working parent fulfilling their civic duties with the additional requirements that the Mayoral position expects in terms of multiple engagements and pre-meetings around formal council meetings. Consideration should be given to reviewing the provision in The Scheme for childcare allowances to ensure they reflect the needs of claimants.

5. Recommendations

- 5.1. A review of The Scheme should be conducted to ensure that the rules for submitting a claim for member expenses are clear and concise. This should specifically include clarifying the rules relating to claiming childcare time for travelling. The review should ensure that any ambiguity regarding the rules for claiming are removed.
- 5.2. A review of Section 7.2 (Member Expenses) of the Procedural Manual for Democratic Services should be conducted to ensure that there is a clear procedure for processing claims. This should include specifying who is responsible for verifying that duties occurred and who is responsible for authorising the claim. The review should also include what the verification requirements are, for example, confirming that a duty took place, the time and date of the duty, and that there is supporting evidence that childcare was provided.
- 5.3. Claim forms for expenses should be completed in full and submitted within the timeframe specified by The Scheme. If a claim form is not completed in full, the member of staff processing the claim should return the form to the member and request further information.
- 5.4. A claim should only be accepted if it is made within the two-month timeframe specified in The Scheme.
- 5.5. Supporting receipts and invoices should be provided with each claim form as per The Scheme. If these are not available, the claim should be rejected.
- 5.6. All members of staff responsible for processing claims should be trained on the correct procedures and requirements.
- 5.7. All Members should be reminded of their responsibilities to submit fully completed claims forms with supporting documentation within the relevant timeframe.
- 5.8. Democratic Services should consider whether it is possible to introduce electronic claim forms to reduce the possibility of a claim form being misplaced.

6. Exhibit List

Exhibits should not generally be appended to an investigation report unless specifically requested by the client, however an amended investigation report with exhibits/exhibit list can be produced for a disciplinary process if this is later required.

(Delete if not required)

Exhibit	Description
1	Terms of Reference

Internal Audit
Investigation Scope
Prepared for: Brighton & Hove City Council

Background & Objective of the Investigation

Internal Audit & Counter Fraud have been approached to undertake an investigation following concerns raised in an article by the Brighton Argus published on the 31 March 2022. The article alleges that claims had been submitted Councillor Alex Phillips for periods when meetings had already finished or had not yet started. Given the potential for financial irregularity, Internal Audit have been asked to conduct a fact finding investigation into the allegation of false expense claims submitted by Cllr Alex Phillips.

The investigation will seek to confirm whether or not:

- Claims were made in line with BHCC Policy
- Claims were supported by appropriate evidence, where necessary
- Claims were made for an appropriate duration in respect of approved duties attended by Cllr Phillips

The investigation findings will be summarised in a report to the Monitoring Officer who will determine, following consultation with the Chair of Audit & Standards Committee and other relevant persons, whether any further action is required.

Work to be undertaken

The investigation will review expense claims submitted in the period March 2020 – March 2022 by Councillor Alex Phillips. The investigation will:

- Review any relevant policy, procedure or guidance relating to member expense claims
- Review all expense claims submitted by Cllr Phillips for the period
- Review receipts and supporting evidence
- Review attendance records for Cllr Phillips during the above period

Key Contacts

Lead Investigator	Georgia Steers – Senior Auditor
Assignment Manager	Simon White – Audit Manager

Audit Timeline and Reporting Arrangements

The investigation is due to commence in April 2022 and it is anticipated that any findings from this work will be reported to the Monitoring Officer.

Final Report Circulation	Abraham Ghebre-Ghiorghis – Executive Director Governance, People and Resources (Monitoring Officer)
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