

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Financial Services – Affordable Warmth Dividend

1. Introduction

- 1.1 As part of the agreed Internal Audit plan we have carried out a review of the Affordable Warmth Dividend (AWD), which is administered by Financial Services (FS).
- 1.2 The AWD was introduced in November 2011 and is a £100 payment made by the Council to Glasgow residents who are 80 years of age and older on or before 31st March to keep warm during winter. To date, approximately 12,600 residents have received a payment this year. Eligible residents are identified using the list of residents paid the previous year and matching these against existing Council records to confirm they are still eligible. Those residents who received a payment the previous year automatically receive the payment and those who are newly eligible have to submit an application form. The Council's preferred method of payment is by BACS directly residents' bank accounts. However around 48% of payments are still being made via cheque. AWD payments are paid per resident, not household, and include residents living in residential homes and hospitals.
- 1.3 The purpose of the audit was to gain assurance that the AWD payments made are appropriate, authorised, recorded and paid correctly to eligible residents.
- 1.4 The scope of the audit included:
- Ensuring documented procedures and training have been provided on the administration of the AWD for all relevant staff involved in the process.
 - A walkthrough of all aspects of the process, including the process for identifying eligible residents and any evidence required to support the payment.
 - A review of a sample of AWD payments made, including corresponding documentation.
 - Confirming that AWD reconciliations and checks are undertaken.
 - A review of the tools in place to ensure that residents are aware of the AWD and how they can apply.

Item 2(c)
16th January 2019

2. Audit Opinion

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

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3. Main Findings

- 3.1 We are pleased to report that the key controls are in place and generally operating effectively. Staff are aware of their roles and responsibilities in relation to the AWD and there is a process in place for identifying eligible residents who have previously received a payment. Relevant information is available via the Council's website on how remaining eligible residents can apply.
- 3.2 However, our audit testing found that there are some areas where controls could be strengthened. There are procedures in place for the administration of the AWD that are available to all relevant staff, however these do not include guidance for all parts of the process.
- 3.3 We found that the payment details such as names and bank details are not reviewed and approved by an independent officer to ensure that no erroneous or fraudulent payments are being made. However it should be noted that we did not find any evidence to suggest that fraudulent payments were made.
- 3.4 There is a process in place for identifying payments that have not gone through as expected, e.g. incorrect bank details, however there are no reconciliations undertaken to ensure that the total amount of AWD payments actually made match the total amount of AWD payments authorised, which would help to detect additional payments added after authorisation
- by FS.
- 3.5 Online application forms are received via the AWD generic mailbox, however these emails are then forwarded to staff's individual email addresses by the team manager to process. The information contained within these emails is not password protected and as this and contain residents' personal details including bank accounts, National Insurance numbers and dates of birth. This increases the likelihood of a data breach.
- 3.6 From reviewing a sample of 30 payments processed, we identified instances where some of the requirements outlined in the procedures were not adhered to. These are detailed in the action plan.
- 3.7 An action plan is provided at section four outlining our observations, risks and recommendations. We have made five recommendations for improvement. The priority of each recommendation is:

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Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	2
Medium	Less critically important controls absent, not being operated as designed or could be improved.	3
Low	Lower level controls absent, not being operated as designed or could be improved.	0

- 3.8 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.9 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.10 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

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4. Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: There is adequate segregation of duties built into the process to minimise the risk of errors and unauthorised payments.				
1	<p>We found that the payment details (such as names and bank details) are not reviewed and approved by an independent officer to ensure that no erroneous or fraudulent payments are being made. However it should be noted that we did not find any evidence to suggest that fraudulent payments were made.</p> <p>As the list of eligible payments is maintained via a spreadsheet, this increases the risk that bank details could easily be changed and this would not be detected.</p>	<p>FS management should ensure that an independent check of the AWD payment details is undertaken before being issued to CBS for processing to confirm that the same names and / or bank details have not been used for a number of payments.</p> <p>Consideration should also be given to improving the security arrangements for the list of eligible payments by using password protection.</p> <p>A sample of payment details should also be reviewed to confirm that they match the details recorded on the Document Imaging Processing System (DIPS) for the specific residents.</p>	High	<p>Response: This will now be built into the process and included in the process document.</p> <p>Officer Responsible for Implementation: FS Project Manager</p> <p>Timescale for Implementation: 31 January 2019</p>

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: AWD reconciliations and checks are undertaken.				
2	<p>There is a process in place for identifying payments that have not gone through as expected, e.g. incorrect bank details, however there are no reconciliations undertaken to ensure that the total amount of AWD payments actually made match the total amount of AWD payments authorised.</p> <p>This could increase the risk of any erroneous or fraudulent payments made going undetected.</p>	<p>FS management should ensure that reconciliations are undertaken of AWD payments to confirm that the total amount paid matches the total amount approved, less any known BACS rejects or expired cheques. Any variances should be investigated.</p>	High	<p>Response: Reconciliation process will be put in place.</p> <p>Officer Responsible for Implementation: FS Project Manager</p> <p>Timescale for Implementation: 31 January 2019</p>
Key Control: Documented procedures and training have been provided on the administering of the AWD for all relevant staff involved in the process.				
3	<p>There are procedures in place for the administration of the AWD that are available to all relevant staff, however these do not include guidance on how to instruct a payment. This process includes raising a call on the Pulse workflow system and populating a standard template.</p> <p>A lack of documented procedures increases the risk of inconsistent practices and could limit the ability of new staff members being able to take on the role effectively.</p>	<p>FS management should ensure that the procedures in place for the AWD cover all aspects of the process, including how to instruct a payment.</p> <p>Thereafter these should be communicated to all relevant staff and reviewed on a regular basis to ensure they remain up to date.</p>	Medium	<p>Response: Existing process documentation will be updated to include how to instruct a payment</p> <p>Officer Responsible for Implementation: FS Project Manager</p> <p>Timescale for Implementation: 31 January 2019</p>

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Staff process AWD payments in accordance with the documented procedures.				
4	<p>From reviewing a sample of 30 AWD payments processed, there were a number of cases where the requirements outlined in the procedures were not adhered to:</p> <ul style="list-style-type: none"> • For two payments, a fully completed application form could not be provided. • For two payments, no evidence of the residents' date of birth (DoB) could be provided. There were also an additional five payments where evidence of the residents' DoB was not held on file. • For four payments, the information recorded in DIPS differed slightly from the application form, e.g. - House 61 instead of Flat 6/1. <p>When the expected requirements are not adhered to, there is a risk of payments being unauthorised, delayed, or incorrectly processed.</p>	<p>FS management should ensure that staff are reminded to process AWD payments in accordance with the procedures, in particular to ensure that evidence which confirms eligibility is provided.</p> <p>Staff should also be reminded to ensure that information input into DIPS is accurate and notes are included where necessary.</p>	Medium	<p>Response: A briefing to staff to remind them of AWD payment and recording procedures will be issued.</p> <p>Officer Responsible for Implementation: FS Project Manager and FS Customer Operations Manager</p> <p>Timescale for Implementation: 31 January 2019</p>

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: AWD information is held securely at all times.				
5	<p>Online application forms are received via the AWD generic mailbox, however these emails are then forwarded to staff's individual email addresses by the team manager to process. The information contained within these emails is not password protected and contains residents' personal bank details.</p> <p>This increases the risk that personal information may not be stored and managed appropriately.</p>	<p>FS management should review the current process and determine if improvements could be made to strengthen the information security arrangements in place.</p>	<p>Medium</p>	<p>Response: Process has already been modified with workflow now in DIPS.</p> <p>Officer Responsible for Implementation: FS Project Manager</p> <p>Timescale for Implementation: Completed</p>