Glasgow City Council Internal Audit Section
Committee Summary
Chief Executive's Department – Glasgow Gift Cards

Item 4(e)

24th January 2024

1 Introduction

1.1 As part of the agreed Internal Audit Plan, we have carried out a review of the Glasgow Gift Card scheme managed by the Chief Executive's Department.

1.2 To support both residents struggling with the cost-of-living crisis and local businesses recovering from the Covid-19 pandemic, Glasgow City Council issued gift cards with a value of £105 to approximately 85,000 eligible households.

1.3 Funding for the project came from a £9.45m Covid Economic Recovery Funding package awarded to the council by the Scottish Government.

1.4 The Glasgow Gift Card scheme was promoted as part of a nationwide campaign called "Scotland Loves Local" with over 950 Glasgow based businesses signing up to accept the gift cards.

1.5 The purpose of the audit was to ensure that robust arrangements were in place for distributing the gift cards and dealing with unused / unclaimed cards and residual balances.

1.6 The scope of this audit included:

- Reviewing the eligibility criteria for recipients.
- Verifying the existence of a suitable process for the issuing of cards.
- Reviewing the arrangements for dealing with unused or unclaimed cards and measures for dealing with residual balances.
- Determining how the objectives of the scheme were measured.

2 Audit Opinion

2.1 Based on the 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 one recommendation which management should address.

3 Main Findings

3.1 We found that most key controls were in place and operating effectively. Authorisation for the scheme was approved by Committee. The process for selecting the recipients of the gift cards was appropriate and focussed on Glasgow residents most likely to be in need.

3.2 A risk register for the scheme was in place and subject to regular monitoring. The expected controls for the transfer of data to the scheme provider, such as Data Privacy Impact Assessment and Data Processing Agreements were completed and authorised. For the distribution of cards to vulnerable groups (such as homeless citizens), we found that a suitable process was developed whereby cards were distributed to partner organisations to issue. An audit trail for the issuing of these cards was maintained. Adequate arrangements were in place for the monitoring of the activation of cards and ongoing spend levels.

3.3 However, our audit testing found one area for improvement. At the time of the audit, there were a number of cards which had yet to be issued or where the full balance of the cards had not been spent. Regular monitoring of spending takes place, however, no reconciliations have been carried out as it is intended that this will take place following the end of the scheme in early 2024. There is currently no decision on how the residual balances will be dealt with, although it is anticipated that a formalised plan will be submitted to the City Administration Committee (CAC) on completion of the full reconciliation.

3.4 An action plan is provided at section four outlining our observations, risks and recommendations. We have made one recommendation for improvement. The priority of the recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	0
Low	Lower level controls absent, not being operated as designed or could be improved.	1
Service Improvement	Opportunities for business improvement and / or efficiencies have been identified.	0

3.5 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

3.6 We would like to thank officers involved in this audit for their cooperation and assistance.

3.7 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.

4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Funds are monitored appropriately and suitable arrangements are in place for the use of residual balances.				
1	At the time of the audit, there were a number of cards which had yet to be issued or where the full balance had not been spent. Regular monitoring of spending on the cards takes place, however, no reconciliations have been carried out as it is intended that this will take place at the end of the scheme. There is currently no decision on how residual balances will be used, although it is anticipated that a formalised plan will be submitted to CAC on completion of the full reconciliation. If formal reconciliations are not undertaken, there is an increased risk that any errors or issues will not be identified. Without confirmation on how residual balances are to be used there is an increased risk that some funds may not be used for their intended purposes.	Economic Development management should ensure that a full reconciliation of funds is carried out at the conclusion of the scheme and should develop clear guidance of how the residual balances will be used.	**Low**	**Response:** Economic Development Management can confirm that a full reconciliation of funds is underway as planned now the programme has concluded. Reconciliation could not be completed any earlier as all cards expired on the 23 December 2023. As outlined in the COVID LOW-INCOME GIFT CARD UPDATE' committee paper that went to CAC on the 22nd June 2022 once Economic Development Management have confirmed what the remaining balance of funds are they will take options to use remaining funds back to CAC for further approval. Any options to use remaining funds will adhere to the main principles of the Local Authority COVID Economic Recovery Fund. **Officer Responsible for Implementation:**

No.	Observation and Risk	Recommendation	Priority	Management Response
				Group Manager (Business Growth) **Timescales for Implementation:** 31st March 2024