

Glasgow City Council Internal Audit Section

Committee Summary

Social Work Services – Section 22 Payments

1 Introduction

- 1.1 As part of the agreed Internal Audit plan, we have carried out a review of Section 22 payments.
- 1.2 Section 22 of the Children (Scotland) Act 1995 sets out the local authority's duty to safeguard and promote the welfare of children in its area who are in need. Help can be given under Section 22 either in cash or by purchase of essential items. Assistance is given unconditionally and is not subject to repayment or conditions. Section 22 is normally used to make one off payments but can also be used to make regular payments. Approximately £1.3m is spent on Section 22 payments per year.
- 1.3 In the past, there were occasions when NHS Health Visitors (HV) and Family Nurse Partnership staff (FNP) were referring families to Social Work Services where extreme and sudden financial hardships were being experienced. Social Work Services would then provide access to short term financial support where no other childcare need or risk was identified.
- 1.4 In September 2022 the Integration Joint Board (IJB) approved a proposal to extend HV and FNP staff access to allow them to directly make Section 22 payments.
- 1.5 The purpose of the audit was to gain assurance that Section 22 payments are made and recorded in accordance with the Council's documented policies and procedures. The scope included:
 - Reviewing documented policies and procedures relating to the management of Section 22 payments.
 - Reviewing processes to record and analyse Section 22 payments on the financial systems.
 - Ensuring Section 22 payments made directly by GCC Social Work Service Officers, HSCP Officers and NHS Health Visiting Staff are in accordance with documented policies and procedures.
 - Reviewing the Scheme of Delegation (SoD) and the associated roles / responsibilities for Section 22 payments.
 - Ensuring appropriate training and guidance is provided to Council Officers and NHS HV and FNP staff with responsibility for making and managing Section 22 payments.
 - Reviewing reconciliation processes.
 - Reviewing outputs from Data Analytics exercises to identify any potential anomalies or irregularities in financial data.

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 3 recommendations which management should address.

3 Main Findings

- 3.1 We are pleased to report that key controls are in place and generally operating effectively. A Standard Operating Procedure (SOP) has been developed and issued to NHS HV and FNP Staff allowing these HSCP colleagues to make Section 22 payments to their clients. A Financial Procedure document is also maintained which outlines the procedures for issuing PayPoint vouchers, the method by which Section 22 payments are issued. This defines the roles and responsibilities of officers within Social Work Services / HV and FNP, and CBS, and the processes to be followed in arranging Section 22 Payments.
- 3.2 The CBS PayPoint Team operate a semi-automated procedure to process PayPoint payment requests received from Social Work Services and NHS staff. This process involves generating payment vouchers on the PayPoint system, saving down the request form and original email for audit purposes and automatically generating confirmation emails which are sent once the PayPoint vouchers have been issued, thereby reducing the risk of human error in processing a high volume of PayPoint payment requests.
- 3.3 The CBS PayPoint Team and Social Work Financial Compliance Team perform a weekly reconciliation of all PayPoint vouchers issued, redeemed, expired, and cancelled prior to agreeing payment of the PayPoint invoice, including those vouchers issued in relation to Section 22 payments. The teams also agree the amounts prior to completing the SAP journal upload to record the payments on the Council's financial ledger.
- 3.4 The Social Work Services Childrens & Families Team prepare a fortnightly report for each of the three Social Work localities, which provides a breakdown of Section 22 payment expenditure per authorising officer and requesting officer. This report is issued to Team Leaders, Service Managers and Heads of Service, and provides an oversight and opportunity to review Section 22 Payment expenditure within their respective areas of responsibility.
- 3.5 However, our audit testing identified some areas where improvements could be made. In exceptional circumstances Section 22 payments can be issued directly to the requesting officers to be passed to the service user. In these circumstances a receipt must be signed by the service user

to confirm they have received the cash or goods and this receipt should be returned to the CBS PayPoint team. We reviewed a report of outstanding receipts and observed that there are over 400 receipts outstanding from 2021 and 2022, and 162 for the first half of 2023. Follow up emails to request outstanding receipts had not been issued for payments made between June 2023 and December 2023 due to the long-term absence of the responsible Officer.

- 3.6 We also reviewed the PayPoint Financial ledger report and observed that some payments made to requesting officers had been incorrectly recorded as being made to 'Other', which is typically used for payments made to a service users' parent, guardian, or carer. This was due to incorrect completion of the PayPoint Payment Request form and has resulted in receipts not being requested from the officer requesting the S22 payment.
- 3.7 We reviewed a report of all S22 Payments issued between April 2022 and January 2024, and observed that some payments have been recorded against the incorrect cost centres. We were advised that NHS staff are required to use copies of the PayPoint Payment Request Form which are saved to local hard drives as they do not have access to the Council's Connect intranet site, and, on occasion this has resulted in an older version of the form being used which has resulted in the incorrect cost centre being recorded.
- 3.8 We noted that whilst the most recent version of the form contains version control in the filename this is often changed by the end user to represent the service users' details prior to being submitted to CBS to process the payment.

- 3.9 An action plan is provided at section four outlining our observations, risks and recommendations. We have made 3 recommendations for improvement. The priority of each 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.	3
Low	Lower level controls absent, not being operated as designed or could be improved.	0
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.10 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.11 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.12 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: The CBS PayPoint team request signed receipts for all Section 22 payments made directly to Social Work Officers, Health Visitors and Family Nurses.				
1	<p>Section 22 PayPoint vouchers should be issued to the service user, or their guardian / carer, in the first instance. However, PayPoint payments can be made to an employee in exceptional circumstances e.g., if the service user does not have access to a mobile telephone.</p> <p>Where a payment is issued directly to an employee the PayPoint Payment request form should be completed to indicate that this is the case and the employee should obtain a signed receipt from the service user, or their carer / guardian, which should be returned to the CBS PayPoint team mailbox within 5 business days of the payment.</p> <p>From a review of the PayPoint ledger we identified that 40 out of more than 450 payments recorded as being made to an employee were incorrectly recorded as no receipt required, therefore, a receipt for the payment was not pursued in line with the documented procedures.</p>	<p>CBS Management should determine why payments to the requesting officer have been marked as no receipt required and introduce controls to ensure that receipts are pursued for all instances where payments are made to the requesting officer.</p> <p>CBS Management should also review procedures and consider training staff to ensure that there is continuity of business processes in the event of long-term absences.</p>	Medium	<p>Response: Accepted</p> <p>Officer Responsible for Implementation: CBS Accounts Payable Operations Manager</p> <p>Timescales for Implementation: 30th June 2024</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	<p>We reviewed the outstanding receipts log which is maintained by the CBS PayPoint Team and observed that no follow up emails to request outstanding receipts had been issued between June and December 2023. We also reviewed the overdue receipts log which is maintained by the SWS Financial Compliance Team and observed that no new outstanding receipts had been recorded since June 2023. We were advised that this was due to the long-term absence of the responsible officer in the CBS PayPoint team.</p> <p>If receipts are not requested for PayPoint vouchers that are made to a requesting officer, there is an increased risk of inappropriate use or fraud.</p>			

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Social Work Officers, Health Visitors and Family Nurses follow procedures for completion of paperwork and return of signed receipts for any payments they have received on behalf of a client.				
2	<p>A review and analysis of Section 22 payment data recorded in the CBS PayPoint ledger between April 2022 and January 2024 identified 59 instances where payments to 'Other' were recorded in error with the free text field identifying the 'Other' person to be the officer requesting the payment.</p> <p>Payments to 'Other' are typically used for relatives / carers of the service user, with the free text box being used to provide the name of the individual and a secondary free text field used to identify their relationship to the service user.</p> <p>These errors in completion of the FIN71 PayPoint Payment Request form meant that receipts to confirm that the PayPoint payment had been handed to the service user were not requested.</p> <p>We observed that the Social Work Financial Compliance Team maintain a log of outstanding receipts for payments made to the requesting officer. Processes are in place for monitoring the total number of outstanding receipts and following up on these where required. However, at the time of the audit there were 608 receipts noted as outstanding in the Financial Compliance log. We were</p>	<p>Social Work Services should issue a reminder to Social Work staff and HV / FNP staff who make Section 22 payments to confirm that a payment made to the requesting Officer should be recorded as a payment to 'requestor' on the FIN71 PayPoint request form and should not be recorded as payment to 'Other'.</p> <p>Social Work Services should review processes for ensuring receipts for payments made to officers on behalf of a client are returned in a timely manner.</p> <p>Social Work Services should also monitor instances where an officer has failed to return a receipt on multiple occasions and take action as appropriate.</p>	Medium	<p>Response:</p> <p>Communication to be sent to all HSCP staff to remind them of recording correct information when completing FIN71 form.</p> <p>Children's Services will issue a reminder to Social Work Staff to remind them to follow the process of returning receipts to CBS.</p> <p>HV/FNP will re-brief staff to remind staff of the SOP.</p> <p>Children's Services managers will ensure a process is put in place where staff fail to return receipts on multiple occasions.</p> <p>Officer Responsible for Implementation: SWS Financial Compliance Team</p> <p>Head of Children's Services – South Glasgow</p> <p>Timescales for Implementation: 30th June 2024</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	<p>advised that this was a direct result of the long-term absence in CBS which meant that the Financial Compliance Team were unable to update their log with details of outstanding receipts and therefore could not take action to pursue these.</p> <p>We also observed that there are no checks in place to identify instances where an individual officer has failed to return a receipt on several occasions.</p> <p>If appropriate financial procedures in relation to completion of the FIN71 form and return of signed receipts for payments made to the requesting officer are not followed, there is an increased risk of inappropriate use or fraud.</p>			

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Section 22 Payments are subject to regular reconciliation and are accurately recorded in the financial ledger.				
3.	<p>We reviewed a report of all S22 Payments issued between April 2022 and January 2024 and observed that some payments have been recorded against the incorrect cost centres.</p> <p>We were advised that this was likely the result of an old version of the Payment Request Form being used as NHS HV and FNP do not have access to the Council's Connect intranet site.</p> <p>Whilst the version date of the form is noted in the filename, we found that these were often changed to show the service users details prior to submission to CBS to process the PayPoint payment and no version control is noted within the file itself. This means that the CBS PayPoint team are unable to easily identify if the most recent version of the form has been submitted.</p> <p>The use of incorrect costs centres can impact on the ability to accurately monitor and report Section 22 expenditure.</p>	Social Work Services should introduce version control to the FIN71 PayPoint Payment Request form to reduce the likelihood of section 22 expenditure being recorded against incorrect cost centres.	Medium	<p>Response: Version control to be input to FIN71 Form.</p> <p>Officer Responsible for Implementation: SWS Financial Compliance Team</p> <p>Timescales for Implementation: 30th June 2024</p>