

Glasgow City Council Internal Audit Section

Committee Summary

Corporate Review – Debt Write Off

Item 6(a)

19th November 2025

1

1 Introduction

- 1.1 As part of the agreed Internal Audit plan we have carried out a review of the Council's debt write off arrangements.
- 1.2 The Guidance on the Invoicing and Collection of Sundry Income outlines that the Council recognises that a small proportion of income will not be recoverable due to matters outwith its control and documents the Debt Write Off Procedures. Debt write offs require approval from the service's management team and a recommendation from the Executive Director of the service to the Executive Director of Financial Services. Final authority to write off debt lies with the Executive Director of Financial Services or their delegated officer outlined in the Financial Services Scheme of Delegation, currently this is the Director of Finance and Business Services.
- 1.3 Customer and Business Services (CBS) Accounts Receivable team issue quarterly reports to each service showing debt that has been outstanding for over 24 months. Services will review these reports and obtain approval from the Executive Director for those debts which do not meet the "do not write off" criteria, for example other Local Authorities and current customers. A report is then prepared for the Director of Finance and Business Services for final authorisation. CBS will subsequently complete a transaction in SAP to move the authorised debts to the write off account code. The Council can continue to pursue and collect debt from any company or individual even if the debt has previously been written off. The total debt written off in 2024/25 was £2,816,911.
- 1.4 The scope of the audit was to gain assurance that there are sufficient and appropriate controls in place covering the management of debt write off throughout services and that these are operating effectively. The scope of the audit included:
 - Roles and responsibilities
 - Documented policies, procedures and guidelines
 - Training and communication arrangements.
 - Authorisation and approval
 - Segregation of duties and reconciliations
 - Review of a sample of debt write offs
 - Record keeping arrangements and timeliness of write offs

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 two recommendations which management should address.

3 Main Findings

- 3.1 We are pleased to report that the key controls are in place and generally operating effectively. Through review of procedures and discussion with officers we confirmed that roles and responsibilities for the debt write off process have been established and communicated to all relevant staff. We were advised that CBS staff receive on the job training and have documented procedures in place for their role in the process.
- 3.2 The Council services' Senior Management and the Director of Finance and Business Services are provided with a breakdown of the debts proposed to be written off each quarter, this information shows the trends and statistical breakdowns across the services, for example the value of debt write off for individual services, the numbers of accounts identified for write off in individual services and the range of values of accounts to be written off.
- 3.3 Although there is a Debt Write Off Procedure, this is high level and does not include guidance on the "do not write off" criteria that should be used by finance officers who carry out the initial review of outstanding debt in order to propose accounts for write off.
- 3.4 We undertook a review of the debt write off process for quarter four in 2024/25 (a total of 3,735 accounts with a Gross Value of £401,199) to confirm the procedures had been followed. This involved a review of the stages in the process for all debts written off in the quarter for all services. We confirmed through review of evidence that all debts written off for quarter four in 2024/25 had been subject to the relevant approvals. The three levels of authorisation along with the responsibility of CBS to process the transaction allows for appropriate segregation of duties. In addition, we confirmed that all records related to the sample were maintained by CBS.
- 3.5 In addition, we carried out further sample testing on 30 of the individual accounts that were included in the overall quarter four write off to confirm the decision to write off the debt was correct considering the "do not write off" criteria and the timeliness of the write offs. As a result of this review, we found the following:

- One debt was approved at service level then rejected by the Director of Finance and Business Services as it related to a local authority and therefore met the “do not write off” criteria.
- Five other debts were identified that were approved for write off, however met the “do not write off” criteria.
- The remaining 24 debts reviewed as part of the sample were suitable for write off.
- 11 debts were between three and nine years old and reasonable explanations were provided as to why they remained outstanding before the quarter four write off process, for example the customers contract had recently been terminated, or the company is now in liquidation.

- 3.6 Furthermore, the debt in the sample that had been approved at service level but had been rejected for write off by the Director of Finance and Business Services was then included in the SAP transaction by CBS in error. The error was identified by CBS at the time, steps have been taken to rectify this, and we were advised that this debt has now been paid. Through discussion we were advised that there is a reconciliation between the approved debt write off and the value of the SAP transaction before it is posted. However, both the reconciliation and the posting of the transaction are carried out by the same officer.
- 3.7 An action plan is provided at section four outlining our observations, risks and recommendations. We have made two 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.	2
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

- 3.8 The audit has been undertaken in accordance with the relevant 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.

4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Documented procedures and guidance are available to all staff involved in the debt write off process and these are being applied correctly and consistently.				
1	At the initial stage of the debt write off process, CBS provide finance officers within each service a report detailing the debts that have been outstanding for over 24 months. Finance officers for each service will then review each debt and propose those suitable for write off, this is the level one authorisation. With the exception of Health and Social Care Partnership (HSCP) who have a designated Finance Team, this is carried out by staff within Corporate Finance. Although there is a Debt Write Off Procedure, this is high level and does not include guidance on the “do not write off” criteria that should be used by finance officers who carry out the initial review of outstanding debt in order to propose accounts for write off. Each service advised us of the “do not write off” criteria and we reviewed a sample of 30 debts to confirm that this criteria was applied. Through review we identified six instances where the “do not write off” criteria had been met and	Corporate Finance, in conjunction with individual services, should document the “do not write off” criteria for all services. Thereafter these should be communicated to all relevant officers. Corporate Finance and HSCP senior management should determine whether further training should be provided to responsible officers to ensure procedures are applied correctly and consistently.	Medium	Response: FS – Accepted. Corporate Finance, in conjunction with individual services, will document the do not write off criteria and share appropriately with staff. Thereafter this will be communicated. HSCP – Accepted. The process will be reviewed by HSCP Finance Managers, and updates and training/workshop will be arranged with staff where required. Officer Responsible for Implementation: FS – Head of Corporate Finance HSCP - Head of Finance Timescales for Implementation: FS and HSCP – 31 March 2026

No.	Observation and Risk	Recommendation	Priority	Management Response
	therefore should not have been written off, these debts related to Education Services and the HSCP. The lack of documented criteria may have contributed to the findings above. It should be noted that although debts are written off they will remain on SAP as a debt and therefore can still be collected. Without key documentation to guide staff there is an increased risk that unsuitable debts are written off.			

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: There are adequate reconciliation arrangements in place for debt write offs.				
2	CBS complete a transaction in SAP to move debts from the customer account to the debt write off account. This is taken from the information provided by services that has been subject to level three approval. We were advised that CBS will complete a reconciliation between the approved debt write off and the value of the SAP transaction before it is posted. However, both the reconciliation and the posting are carried out by the same officer. From review of the debt write off process for quarter four in 2024/25 it was identified that one debt of £27,948 which was rejected by the Director of Finance and Business Services, was included in the SAP transaction and was written off in error. This error was identified by CBS promptly after posting and rectified, however if an independent reconciliation process was in place, this error could have been avoided. This error can also be attributed to the errors identified in the previous steps outlined in recommendation one. Without involvement of an independent officer in the reconciliation and posting process to confirm the debt written off is	CBS should ensure that an independent officer undertakes a reconciliation between the approved debt write off value and the value of the SAP transaction prior to upload to confirm that these totals match. Any variances should be investigated and an audit trail maintained for future reference.	Medium	Response: Accepted. An independent officer will undertake the reconciliation prior to the SAP transaction and records maintained. Officer Responsible for Implementation: Service Delivery Manager Timescales for Implementation: 31 January 2026

No.	Observation and Risk	Recommendation	Priority	Management Response
	the same as that approved there is an increased risk that errors occur.			