



Glasgow City Council

Strathclyde Pension Fund Committee

Report by Head of Audit and Inspection

Contact: Duncan Black Ext: 74053

Item 2(a)

21st June 2023

INTERNAL AUDIT – Customer Engagement

Purpose of Report:

To present the results of the Internal Audit review of the Customer Engagement arrangements within the Strathclyde Pension Fund.

Note:

In most cases one of four opinions is expressed:

1. The control environment is satisfactory i.e. audit testing found no concerns with the control environment.
2. A reasonable level of assurance can be placed upon the control environment i.e. audit testing found no major weaknesses in the control environment but some improvements could be made.
3. A limited level of assurance can be placed upon the control environment i.e. improvements are necessary to ensure the control environment is fit for purpose.
4. The control environment is unsatisfactory i.e. significant improvements are required before any reliance can be placed upon the control environment.

Recommendations:

The Committee is asked to note the contents of this report and **AGREE** the audit recommendation that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the Action Plan.

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes ☐ No ☐ consulted: Yes ☐ No ☐

Glasgow City Council Internal Audit Section

Committee Summary

Strathclyde Pension Fund – Customer Engagement

1 Introduction

- 1.1 As part of the agreed Internal Audit plan, we have carried out a review of the customer engagement arrangements in place within the Strathclyde Pension Fund (SPF).
- 1.2 It is important for an organisation to ensure that they provide great customer service; satisfied customers also help improve an organisations reputation. The SPF has a wide range of 'customers', including Employers, Pensioners and Members that they deal with on a regular basis. To help ensure that the varying needs of the SPF customers are met, the SPF has a Communications Policy in place. If customers are dissatisfied with a service, there is a Customer Complaints Procedure that can be utilised.
- 1.3 The scope of the audit was to ensure there are adequate arrangements in place in relation to the management of SPF customers. The scope of the audit included:
 - Verifying the arrangements in place to ensure customer needs and expectations are understood and considered.
 - Confirming the processes to be followed when dealing with a customer enquiry or complaint, including any timescales that must be met.
 - Reviewing a sample of enquiries and complaints to ensure they have been dealt with in accordance with the documented policy and procedures, and
 - Confirming that senior management and the Committee/Board are provided with information in relation to enquiries and complaints received to facilitate active monitoring and the implementation of remedial action where necessary.

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 four 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. We confirmed that a Communications Policy has been developed that is reviewed regularly and available to all relevant stakeholders. Where customers are dissatisfied with a service, the Glasgow City Council (GCC) Customer Complaints Procedure can be utilised. Staff also have access to the SPF Complaints Handling Process document which provides guidance on how to deal with a complaint. Statistics in relation to customer complaints are regularly reported to the SPF Committee and Board.
- 3.2 However, our audit testing found that there are some areas of non-compliance and opportunities for improvement. Although we were advised that on the job training is provided to staff to enable them to deal with customers effectively, we could not evidence this through review of the training plan provided. There are also a number of GOLD courses available in relation to customer engagement and complaints that are not being utilised.
- 3.3 Feedback is requested from customers when there has been a payment made (refunds and retirals), however feedback is not sought from stakeholders on other occasions. We noted that the level of feedback received in relation to payments is low despite the efforts being made by the SPF to improve this.
- 3.4 We reviewed a sample of 15 complaints received from customers between April 2021 and Dec 2022: twelve Stage 1 and three Stage 2. From this we found instances of non-compliance with agreed processes. The issues found included timescales not being adhered to and customers not being advised of their right to proceed to the next stage of the complaints process. When remedial action is identified as a result of a complaint this is not recorded and monitored.
- 3.5 Although we were advised of the process and timescales in place for dealing with enquires, these are not documented. From review of the digital enquires received between April 2022 and March 2023, we found that over 50%_had been responded to outwith the expected timescales. We note that due to the large volume of enquiries received, only digital

enquiries are recorded, therefore these figures may not be a true reflection of the overall compliance with timescales.

- 3.6 An action plan is provided at section four outlining our observations, risks and recommendations. We have made four 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.	1
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.7 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.8 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.9 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: Staff have received adequate training to enable them to deal with customers effectively.				
1	<p>We were advised that staff receive on the job training as part of their induction, however from review of the training plan used, it does not specifically cover training in relation to customer engagement or complaints handling.</p> <p>We also found that there are a number of customer related training courses on GOLD that are not being utilised, these include Complaint Handling and Frontline Resolution and What is Customer Care.</p> <p>Where staff are not adequately trained, there is an increased risk that customers are dealt with effectively.</p>	<p>SPF management should review and update the training plan to include customer engagement and complaints handling training.</p> <p>Management should consider rolling out the customer related training courses on GOLD to all relevant staff. Completion of these courses should be monitored thereafter.</p>	Medium	<p>Response: Accepted.</p> <p>SPFO will review and update the training plan to include customer engagement and complaints handling and will also consider what GOLD courses should be considered.</p> <p>Officer Responsible for Implementation:</p> <p>Service Manager (Digital Communications)</p> <p>Timescales for Implementation:</p> <p>30 September 2023</p>

Glasgow City Council Internal Audit Section

Committee Summary

Strathclyde Pension Fund – Customer Engagement

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Enquires and complaints are dealt with in accordance with the agreed policy and procedures.				
2	<p>The GCC Complaints Handling Procedure specifies that there are two opportunities to resolve a complaint: Stage 1 - Frontline Response and Stage 2 - Investigation. Each has a different timescale in which a response should be issued to a customer. Stage 1 is five working days, and Stage 2 is 20 working days.</p> <p>Through review of the twelve stage 1 complaints, we found the following:</p> <ul style="list-style-type: none"> For three complaints, the five working day timescale had not been met (two responded to in six days and one in seven). For seven complaints (two of which are the same complaints noted above), the complainant had not been advised of their right to escalate the complaint to Stage 2. In most cases, this was due to an email being issued rather than the formal template letter. 	<p>SPFO management should remind all relevant staff of the importance of adhering to the agreed timescales and of using the standard response letter to respond to complaints. Compliance with these requirements should be monitored and additional support and/or training should be provided where required.</p> <p>Management should update the complaints register to include a column for remedial action. Thereafter the implementation of remedial action should be monitored.</p>	Medium	<p>Response: Accepted.</p> <p>SPFO management will remind all relevant staff of the importance of adhering to agreed timescales and using standard response letters, this will continue to be monitored. The complaints register will be updated with a column for remedial action.</p> <p>Officer Responsible for Implementation:</p> <p>Pension Scheme Manager</p> <p>Timescales for Implementation:</p> <p>30 September 2023</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	<p>We found that all three Stage 2 complaints were dealt with in line with the Complaints Handling Procedure.</p> <p>Despite being advised that remedial action is identified as a result of complaints when required, a record of this remedial action and a process for monitoring the implementation is not in place. Therefore, there is an increased risk that remedial action has not been taken and customers' needs are not being met.</p> <p>Where the agreed processes are not being adhered to, there is an increased risk that complaints are not being dealt with effectively.</p>			

No.	Observation and Risk	Recommendation	Priority	Management Response
3	<p>There is a process in place for dealing with enquires, including agreed internal timescales. However, this is not documented, therefore there is a risk that staff may be unaware of the correct processes to follow.</p> <p>The SPF receives enquires through various channels, e.g., telephone, mail and digital. Those that are straight forward are responded to straight away and not logged. Those that require further information are logged to the appropriate task requested. All digital enquiries are logged on the Altair system. These enquires are generally categorised into four types based on their complexity and the route by which it was received. Category one, two and three enquiries should be responded to within six working days. Category four enquiries should be responded to within 17 working days.</p> <p>From review of the 12,098 digital enquires received between April 2022 and March 2023, the auditor found that 59% of the category one, two and three enquires had not been responded to within the six working day timescale. Of the category four queries received, 38% had not been responded to within the 17 working day timescale. The auditor notes that around 1,870 of the enquiries were responded to</p>	<p>SPFO management should ensure that a procedure for dealing with enquiries is developed, documented and made available to all relevant staff.</p> <p>Management should undertake an analysis of the digital enquires not responded to within the timescales and the reasons for the delays to identify whether there are any recurring issues/bottlenecks. Thereafter management should take action to address these issues where required and/or consider whether the agreed timescales are appropriate.</p> <p>The process for identifying recurring themes should be formalised to allow for appropriate trend analysis to be undertaken. Information in relation to enquires, including trends should be reported to the Committee/Board on at least an annual basis.</p>	Medium	<p>Response: Accepted.</p> <p>SPFO management will undertake an analysis of digital enquires and identify the reasons for the delays, a review of the current timescales will also be carried out. A formalised process for identifying recurring themes/trends will be implemented to allow for appropriate trend analysis.</p> <p>Officer Responsible for Implementation:</p> <p>Principal Pensions Officer (Development)</p> <p>Timescales for Implementation:</p> <p>31 December 2023</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	<p>within one working day and on average enquiries were responded to within 11.5 days.</p> <p>Although, we were advised that staff would raise any recurring enquiry themes via the regular team meetings, this process is informal. We also found that the Committee/Board are not provided with information in relation to any recurring enquiry themes/trends.</p> <p>This could result in customers being dissatisfied and lead to an increase in customer complaints.</p>			

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Customers are given the opportunity to provide feedback on matters that impact them.				
4	<p>We found that feedback is requested from customers who have received a refund or a retirement payment from the SPF, and the results of this feedback is reported to the Committee. However, the feedback survey issued consists of one question for retirals and two questions for refunds, meaning that the feedback received does not allow for effective scrutiny. Further information is only sought if the service is deemed as average or below. The rates of the feedback received for 2022/23 is also low at 5.9% for refunds and 22.73% for retirals. This has been discussed at the SPF Committees recently and management are working to try to find ways to improve the response rates.</p> <p>We found that customers are not provided the option to give feedback in regard to other services meaning that opportunities to improve the overall customer experience may be missed.</p> <p>If stakeholders are not offered an opportunity to give feedback on all key aspects of the service provided by the SPF, there is an increased risk that the SPF may not be aware of areas where service delivery could be improved.</p>	<p>SPF management should explore the possibility of requesting feedback from all members regularly to ensure that a range of feedback is collated.</p> <p>The feedback currently sought for retirals, and refunds should be reviewed to determine whether any additional questions could be added to enhance the feedback received.</p>	Low	<p>Response: Accepted.</p> <p>SPFO will explore the possibility of requesting feedback from all members to ensure a range of feedback is collated. The current feedback has recently been reviewed and SPFO management made a decision instead of asking numerous questions (which has been done in the past) it was more important to ask the correct question, which is overall how did the member rate the process.</p> <p>Officer Responsible for Implementation:</p> <p>Principal Pensions Officer (Development)</p> <p>Timescales for Implementation:</p> <p>31 December 2023</p>

Policy and Resource Implications

Resource Implications:

<i>Financial:</i>	Internal Audit services are included within the Central Support Services cost.
<i>Legal:</i>	None
<i>Personnel:</i>	None
<i>Procurement:</i>	None

Equality and Socio-Economic Impacts:

<i>Does the proposal support the Council's Equality Outcomes 2021-25? Please specify.</i>	No specific proposals are included within this report.
<i>What are the potential equality impacts as a result of this report?</i>	No significant impact.
<i>Please highlight if the policy/proposal will help address socio-economic disadvantage.</i>	There are no equality impacts as a result of this report.

Climate Impacts:

<i>Does the proposal support any Climate Plan actions? Please specify:</i>	Not Applicable
<i>What are the potential climate impacts as a result of this proposal?</i>	Not Applicable
<i>Will the proposal contribute to Glasgow's net zero carbon target?</i>	Not Applicable
<i>Privacy and Data Protection Impacts:</i>	None

6 Recommendation

- 6.1 The Committee is asked to note the contents of this report and **AGREE** the audit recommendation that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the Action Plan.