



**Internal Audit Report
2010/11**

Online & Telephone Payments



**Julie Ball
Assistant Auditor**

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Audit: Online & Telephone Payments

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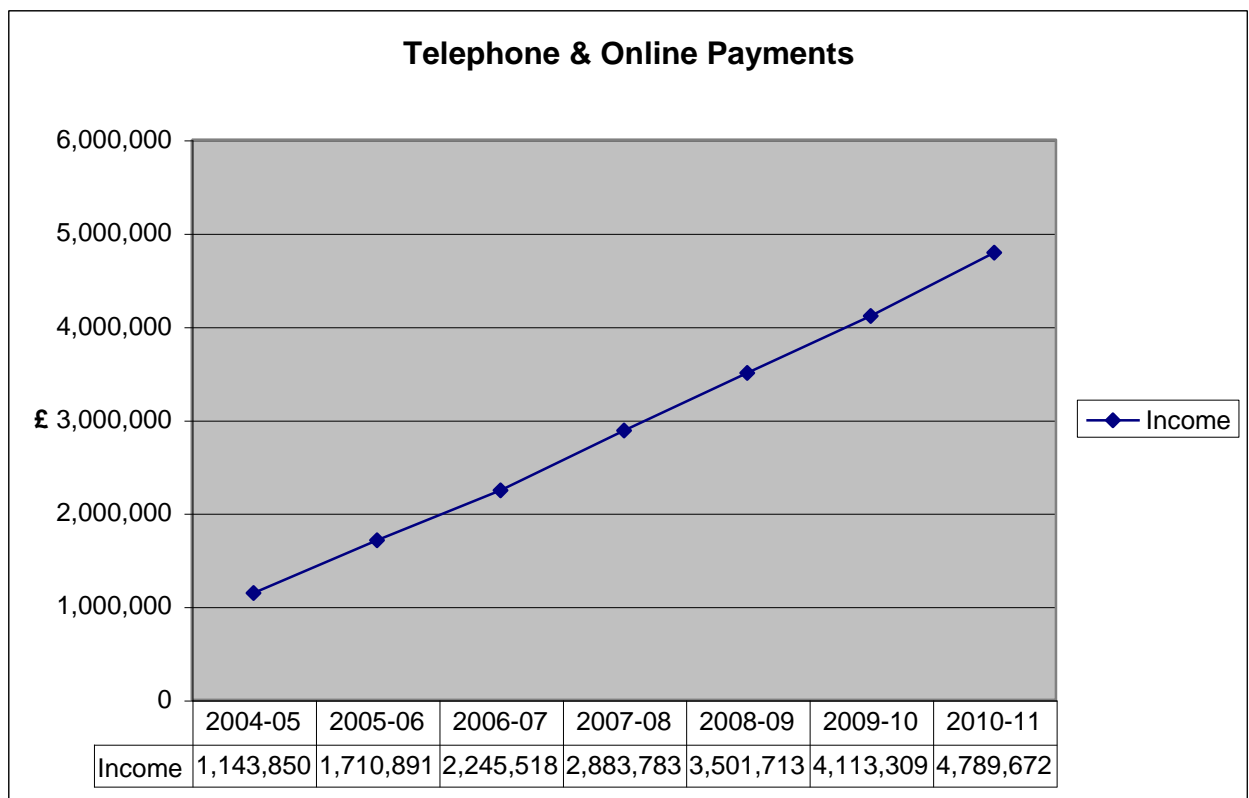
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1. Introduction

1.1 Since the closure of the cash office in 2004 at East Pallant House customers have been encouraged to make alternative arrangements for payments to the Council. Since 2005 customers have been able to make payments by telephone or on line via the Council's website as well as face-to-face at the Customer Contact Centre.

1.2 The chart below shows the increase of the collection of income for telephone and online payments since this method of payment was introduced and the increase of online services.



2. Scope

2.1 The scope of the audit focused on the operational aspects of Online and Telephone Payments. The audit focused on the following areas:

- Financial Regulations are complied with
- Data Protection
- General IT & Contingency

3. Findings

3.1 With the increase of various services across the Council being able to offer online and telephone payments and being the preferred method of payment by some customers, it was identified that a more robust system needed to be put in place. Testing found that a report was presented to the Council's IT Panel in March 2009 and approved at Executive Board in April 2009 to purchase the Capita paye.net and Internet Payment modules. This provided a corporate payment solution for telephone payments, web payments and customer present payments.

3.2 All Capita payment modules integrate fully with the corporate Income Management System. Capita systems administration and control is managed within the Revenues Systems Team.

3.3 The paye.net module enables customers to make payments via the telephone or face to face in the Customer Services Centre and the internet payments module enables customers to make payments via the CDC website. Both modules accept payments by debit and credit card.

3.4 All card payments are processed via Capita to Streamline, a web-based system that validates payments and processes the payment to the Council's bank account. This facility is hosted and takes away the responsibility from the Council for the security of payment data. The Payment Card Industry Data Security Standard (PCI DSS) is a global security standard set by the PCI DSS Council. It is a compliance requirement, which aims to ensure that all cardholder information is always



stored, processed and transmitted securely. Streamline is compliant with the standard.

- 3.5 Under the PCI DSS the Council still has to ensure the IT network is secure. It is a requirement that a self-assessment questionnaire is completed on an annual basis. This was last carried out in 2009/10. Due to system changes it was not carried out in 2010/11. The ICT Projects Co-ordinator informed IA that the controls in place for the Code of Connectivity would also comply for PCI requirements. At the time of the audit the Technical & Systems Accountant was reviewing PCI requirements for 2011/12.
- 3.6 When a telephone card payment is taken from a customer the operator enters all their payment details onto the Capita paye.net system. Card details that are submitted either online or by telephone are not retained by the Council, but are held by Streamline. Testing found that when receipts were printed, payment card details had been starred out except for the last four digits. This is an automated process once the payment card has been authorised by Streamline.
- 3.7 The customer services team, on behalf of various services across the Council, process telephone payments as well as payments when customers are present. The Customer Services Manager carries out checks to ensure that payments have been entered correctly and any errors rectified. Testing found that checks had been carried out and minor errors had been corrected.
- 3.8 Internal Audit took a sample of refunds to check that they had been correctly coded and authorised. From testing carried out refunds had been correctly coded. However, Internal Audit was unable to identify an audit trail on their system of who had authorised refunds from individual Services. The Service needs to ensure that they save a copy of the original authorisation from Services to show an audit trail of refunds.
- 3.9 It was identified during the audit that two Services did not have a limit on the number of staff that can authorise refunds on their systems. To ensure that there is a segregation of duties IA recommended that Services reduce access rights and identify individuals that are responsible for authorising refunds. This was resolved during the audit
- 3.10 The Finance team carry out bank reconciliation on a monthly basis to ensure that income collected from online and telephone payments is correct. Testing found that on two occasions a council tax telephone payment had not been paid into the Councils bank account. However, this was reported to Capita who rectified the position. The Revenues system team has now introduced a further daily reporting function, which identifies any 'missing' payments, and will be logged with Capita immediately for rectification.



- 3.11 There is a daily transfer of payments from the Capita income management system, via export file interfaces, into individual systems/databases. Testing found that not all Services carry out a reconciliation of their income. IA advises for best practice that services carry out a reconciliation of transactions where there are interfaces in place between different systems and the Council's financial system to ensure that all payments have successfully been transferred.
- 3.10 CAPITA provided training for key staff before the Council changed provider from Adelante IT system to paye.net. Trained staff are competent to teach staff who are new to the system. They also have procedures in place.



4. Conclusion

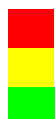
- 4.1 Internal Audit is satisfied with the way that this service is run.
- 4.2 Internal Audit has made two recommendations, of which are medium priority.
- 4.3 The implementation details of these recommendations can be seen in the Action Plan in Section 5.

5. Action Plan

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Recommendation		Officer	Priority	Agreed?	Comments	Implementation Date
3.6	A record of authorised refunds is held.	Customer Services Manager	Medium	Yes		Immediate effect
3.11	Services reconcile their income	Parking Services Manager & Environmental Health Manager	Medium	Yes		Immediate effect



High = Fundamental System Weakness – Action is Essential

Medium = Potential Control Weakness – Action Required

Low = Advised for Best Practice



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