

MEETING	Audit Committee
DATE OF MEETING	12 July, 2011
TITLE	Report on Leisure Centres Internal Audits
PURPOSE	To report on the Department's intentions to respond to leisure centers internal audits
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PORTFOLIO LEADER	Councillor W. Roy Owen

1. Main purpose of the report

1.1. The purpose of this report is to report on the Department's intentions to respond to internal audits in relation to the Council's Leisure Centres. This is in order to try and ensure the receipt of an acceptable standard mark 'B' or better which would demonstrate compliance with regulations and procedures of the Council.

2. Background

2.1 As part of the Internal Audit Departments' audit programme during 2010, 5 of the County's Leisure Centre's were audited and 3 were judged to fall into the 'C' category in terms of compliance with the implementation of the Council's financial regulations or procedures.

2.2 I list below the Centre's that were audited together with the date of publication of the audit and include the category judgment of the Senior Audit and Risk Manager.

Centre	Date Published	Category Received
Canolfan Hamdden Plas Silyn	September, 2010	C
Canolfan Hamdden Glan Wnion	September, 2010	C
Canolfan Hamdden Glaslyn	December, 2010	B
Canolfan Hamdden Y Pafiliwn, Abermaw	October, 2010	B
Canolfan Hamdden Bro Ffestiniog	December, 2010	C

As noted above, 3 centre's received marks which was of a lower standard than is acceptable.

3. Main Message Reports

3.1 Set out below are the main recommendations of the reports that received a 'C' mark according to category types

3.2 Defects in the Production of Regular Reports

- *Ensure that reports' Daily Analysis Report ', 'Point of Sale Transactions Cancelled' and 'Record Refunded 'are produced and checked in accordance with the guidelines / procedures, and that the reports are signed and dated to confirm that the proper checks have been carried out.*
- *Ensure report refunds are produced and reviewed monthly, and then signed and dated to confirm that the proper checks have been carried out.*
- *There should be logging in and out reports produced and checked monthly, and then signed and dated to confirm that proper checks have been carried out.*

3.3 Shortcomings in following Operating Procedures

- *Ensure that receipts refunds are retained and signed by the customer and a member of staff at all times.*
- *The two officers involved in the process of banking should sign the 'Banking Report Form' and sign the bank paying in books on each occasion to confirm that the information is correct.*
- *Every effort should be made by officers to ensure the accuracy of the collected funds and allocated to its correct code in the ledger, which will reduce the use of the account surplus / deficit code.*
- *Ensure that an adequate explanation will be sent to District Administrator on every occasion where a difference of £ 3.00 or more is found.*
- *The amount of the holding account J999 SJ79 has a balance of £ 0.00 at the end of each financial year and therefore there is a need to clear the credit standing for the 2009/10 financial year in order to do this.*
- *Ensure a robust system is in place to retain and complete 'Applications for Reservation of Facilities'.*
- *Ensure that invoices are passed for prompt payment to ensure that they are paid within 30 days.*
- *Ensure that the cash reconciliation form for the hair dryer is signed by two officers on each occasion.*
- *Ensure that a clear sign appears in the reception area indicating that photography is not permitted without the prior agreement of the manager.*
- *Posters should be displayed clearly prohibiting the use of phone cameras and taking photographs at the reception, sports hall and toilets etc.*
- *The Centre needs to maintain and update the current inventory regularly following any changes due to purchase, sales.*
- *On an annual basis there should be an independent officer apart from the one who regularly check the stock and inventory records, to sign and date to confirm that the records are correct.*

3.4 The recommendations outlined above are issues which are regularly audited by the Internal Audit Department in each Leisure Centre and are included in the centre's operating procedures.

3.5 However, some reasons can be identified as to why discrepancies exist – these are as follows:

- Centre staff turnover is relatively high which increases the risk of failing to comply when new staff undertake the work.
- Not all the Duty Manager undertake work on a daily basis. This means, that some steps within the set procedures can be missed which can lead into mistakes.
- There is no adequate monitoring and reporting system in place. This means that poor or incorrect practices can become part of everyday work of the staff without realizing.

4. Implementation of recommendations to mitigate risks

4.1 The Department is determined to make every effort to ensure that each Centre is operating efficiently and correctly in order to ensure that the Council is not open to financial or operational risk.

4.2 The recommendations set out below are initial plans to respond to current deficiencies and asks for the cooperation of the Internal Audit Department to conduct further investigations when necessary. It is also requested that the Internal Audit Department contributes in order to review the ongoing process within the Provider and Leisure Services. This will ensure that any future shortfalls or deficiencies can be foreseen or anticipated.

4.2.1 Integrated Management System - The Leisure Service has some years ago developed an Operations Manual. This handbook contains the majority of regulations, procedures, recommendations and guidelines which are relevant to the service. The relevant parts and sections relating to finance were updated last year but there is some doubt as to whether the contents has been implemented throughout the Service. Arrangements are now in place in order to address this deficiency and to re-introduce all relevant sections to all Centres by September, 2011 at the latest. This will include training of all staff, and ensuring that a record of this training is kept on their personal training records.

4.2.2 Business Support Officer - By the time of the meeting of the Audit Committee, the Department will have appointed to the post of Business Support Officer within the Business Support Service and Administration. This is not a new position but following a review of the purpose and responsibilities of the post, its location within the staffing structure and its job description has changed. One of the main changes will be the focus on monitoring Centre compliance with regards to these regulations and procedures by implementing an appropriate reporting system.

4.2.3 Quality Monitoring Assistant - To assist with this task there are two other posts within the Leisure Service (which are currently Area Administrators jobs) which have been relocated. It is proposed to change the job title of these posts to Quality Monitoring Assistants and they will be the responsibility of the Business Support Officer. The main duties of these posts will be:

- Ensure consistency across the service by ensuring that any changes to corporate processes are promptly cascaded.
- Monitor performance and compliance of the Centre's in terms of financial and administrative matters.

These posts will commence immediately after the appointment to the post of Business Support Officer and when the individual have begun in the posts.

4.2.4 Corporate Training Unit - Discussion has taken place with that training unit as to the best way to deliver specific training in relation regulations and policies to the Leisure Service. The training unit has confirmed that this training can be made available with an implementation timetable as soon as possible and by September, 2011 at the latest.

Committee members are asked to accept this report and to approve the recommendations for action as indicated.