

**EXTRACTS FROM AUDIT REPORTS WITH MODERATE OR LOW LEVEL OF ASSURANCE ISSUED QUARTER 4 2011/12**

**Corporate Governance – 30 January 2012**

**1. SCOPE AND OBJECTIVES**

1.1 The Deputy Chief Executive was contacted so that he could determine the scope for the work. Following consultation with the Chief Executive and the other Deputy Chief Executive, the following aspects were suggested.

- Use of delegated authority – appropriateness and recording of use. Given the restricted time available for this review, this was discounted this time but it can be considered at some point in the future if thought to be suitable.
- Complaints.
- The significant governance issues identified for improvement in the Annual Governance Statement.

**2. APPROACH**

2.1 The work was undertaken by a combination of discussions with the appropriate officers and where available the examination of evidence.

**3. BACKGROUND**

3.1 The council has a formally approved and adopted Code of Corporate Governance which complies with the principles in the CIPFA/SOLACE framework.

3.2 In order to comply with the code and also the Accounts and Audit Regulations, the Council has to publish a statement on internal control and this takes the form of the Annual Governance Statement which was approved by the Leader of the Council and the Chief Executive on 24 June 2011 and was published as part of the Statement of Accounts.

3.3 The concluding section of the AGS identified some issues for improvement.

**4. FINDINGS**

**4.1 Complaints**

4.1.1 At SMT in December, during the consideration of the corporate measures, there were comments about the length of time taken to deal

with stage 2 complaints. In order to help understand where the problems lay, some statistical analysis for the previous six months was requested.

4.1.2 A report will be presented to SMT on 1 February 2012 providing the information requested.

#### 4.2 **Significant Governance Issues**

#### 4.3 **Ongoing support from accountants; training on Code of Financial Practice and Code of Procurement Practice.**

4.3.1 The issue is ensuring that budgets are managed robustly so the council is able to deliver the services its customers value but with a much reduced income.

4.3.2 Support available to service areas and budget managers was established largely through discussion with the Principal Accountant (Development and Business Support).

4.3.3 All of the service areas have an accountant or assistant accountant assigned to them and part of their role is to offer support with regular tasks e.g. budget monitoring and estimate preparation, to respond to reasonable requests and to carry out certain duties on behalf of the service areas.

4.3.4 Training has been provided in the past on topics such as use of Total, estimates, budget monitoring and year end procedures.

4.3.5 The amount of support offered, requested and available will vary on an individual basis and will depend on such things as the accountants' priorities and the managers' commitment to finance matters e.g. some managers prefer to meet face to face to discuss budget monitoring while others prefer the exchange of e mails.

4.3.6 Budget monitoring routines and timetables are well established such that SMT and Executive are kept informed and appropriate action can be taken when necessary. The onus through the whole process lies with the budget manager and the accountants have to place reliance on their greater knowledge and experience of their service.

4.3.7 The ASG states that the Code of Financial Practice will be reviewed at least once every other year. It was last updated and agreed by council in April 2010. Work priorities have delayed the review that is due about now.

4.3.8 Training on the Code of Procurement Practice has been provided over the last two years and the Procurement Manager holds a budget for it. The latest position (30.01.12) is that £4,017 is available from a budget of £6,500. Nearly all of the expenditure relates to two days of training in June 2011 when only eight people attended.

4.3.9 The poor response to the invitation for the June 2011 training has meant that no training has been offered since.

4.3.10 It is interesting to note some of the statistics on attendance. Over the last two years 42 people have attended training. Of those people, six have since left the council; two heads of service have attended; the majority of delegates have been from Housing, Community Protection and ICT. Nobody from Culture has attended.

4.4 **Organisation wide awareness sessions on best practice approach to procurement, training on Code of Financial Practice and Code of Procurement Practice.**

4.4.1 The issue here is ensuring that procurement practice addresses compliance and innovation issues with a focus on planning for the tender process.

4.4.2 An audit of Corporate Procurement is currently underway and this concern can be incorporated into it.

4.4.3 In respect of the actions required on training, the response is as previously stated.

4.5 **Ongoing support to service areas from line managers to focus on the importance of measures and how to learn from them to improve service.**

4.5.1 The issue is ensuring that the new performance management framework is embedded and understood throughout the organisation.

4.5.2 The framework has been in place for about a year now and it relies on responsible officers populating their service area's spreadsheet on the L drive every month. It was reported that officers are complying with this requirement and very little chasing up is required.

4.5.3 As regards how the measures help to improve service, the response from three managers was that the measures are considered in various departmental, group, team and one-to-one meetings. Particular attention is paid to those measures exhibiting a downward or unusual result. They all indicated that the measures are only one part of managing performance and that a range of other performance data is used regularly.

4.6 **Reports to be circulated in a timely fashion allowing contribution from all appropriate officers and Members receive reports with necessary time for consideration.**

4.6.1 The issue here is ensuring that the council's decision making processes enable full officer and Member scrutiny.

4.6.2 The process for the production of reports and agendas and their despatch to Members follows a well established and publicised timetable.

- 4.6.3 As far as the circulation of agendas to Members is concerned, there are no concerns. There is a legal requirement to publish agendas five days before a meeting and the aim at WDC is for Members to receive Executive agendas at least six clear working days before a meeting and other agendas five days before a meeting.
- 4.6.4 The timetable ensures that this happens, subject to any Royal Mail intervention. When an agenda is posted on the website Members receive an e mail so they can view it there before they receive the hard copy should they wish to. A change is to be implemented next month whereby Members of the various committees will receive an automatic e mail alert when an agenda is posted on the website.
- 4.6.5 The timetable that culminates in the actual meeting includes a number of stages where draft reports are considered by other officers, CMT, Portfolio Holder etc and it is here where there have been problems as a result of deadlines not being adhered to by report authors.
- 4.6.6 The issue was well documented in an email from the Chief Executive to SAMS on 15 November 2011. For the purpose of this report it can be said that there has been a problem with the circulation of reports not enabling due consideration by other officers and the Chief Executive is dealing with it.
- 4.7 **Review the draft Communications and Marketing Strategy**
- 4.7.1 This action stems from a desire to ensure that the Council has a joined up approach to communication and marketing.
- 4.7.2 In short, the strategy was reviewed by SMT on 9 November 2011 where two additions were requested.
- 4.7.3 Following an audit of communications last year, there were a number of recommendations relating to the policy, strategy and procedures. The management response was that they would be reviewed as part of the Channel Strategy and review of C&CS by April 2012.
- 4.7.4 Further evidence of the joined up approach is the relaunching of the Marketing and Communications Network Group.
- 4.8 **Completion of the annual health check for each of the council's partnerships.**
- 4.8.1 This action seeks to ensure that the council's individual partnerships are reviewed on an annual basis.
- 4.8.2 The report presenting a revised partnership policy in March 2010 included, as an appendix, a list of the council's partnerships at the time. Some of the partnerships were classed as being of such significance that an annual report should be submitted to Executive basically addressing the health of the partnership.

4.8.3 In practice, the reports to Executive have been to Overview and Scrutiny Committee and they include completion of a standard checklist and health check.

4.8.4 A search of the committee system revealed that reports had been submitted covering the sports partnerships, most of the town centre management partnerships and a few others. A number of partnerships had not been reported on.

## **5. CONCLUSION**

5.1 Based on discussions with appropriate officers and examination of evidence, it is evident that some progress has been made towards addressing most of the actions listed in the AGS.

5.2 Further action is required, particularly on procurement training and partnership reporting and possibly compliance with report preparation deadlines.

5.3 It is a question of deciding what more needs to be done and, in order to be able to monitor the situation more effectively, assigning responsibilities and deadlines.

5.4 In view of the above issues, the findings are considered as giving MODERATE assurance that the systems and procedures in place are appropriate and working effectively.

**Assurance Opinion:** Moderate.

## Customer Access Facilities – 06 March 2012

### 1. SCOPE AND OBJECTIVES OF AUDIT

- 1.1 The purpose of the audit was to evaluate management systems for operating and developing facilities for customer interaction with the Council to secure economic, efficient and effective deployment of resources to meet relevant standards and corporate priority objectives.
- 1.2 The examination comprised an evidential risk-based assessment of management systems in place covering the following areas:
- strategies and policies
  - roles and responsibilities
  - processes and procedures
  - improvement and development
  - information assurance.
- 1.3 The scope is based on the managed risk framework applied to 'Customer Services' generally and more specifically the Customer Services Centre, Joint One-Stop Shops and the Council's website. The findings are based on examination of relevant documentation and discussion with the relevant managers including Susie Drummond (Head of Corporate and Community Services), Michael Branson (Website Manager) and Adrienne Bellingeri (Customer Services Manager, Warwickshire County Council).

### 2. FINDINGS

#### 2.1 General Comments

- 2.1.1 Immediately noticeable from initial review is the ongoing transformation of the customer access services and interim 'hybrid' structures that have, among other things, necessitated careful consideration of the boundaries of Warwick District Council's Internal Audit remit.
- 2.1.2 This is illustrated in particular by the Customer Services Centre and Joint One-Stop Shops which remain partially staffed by Warwick District Council employees while operating (with one exception) on County Council premises. It has been advised that management is shared between the two Councils, although the official structures indicate that the functional line management is mainly with the County Council. The ultimate aim is integration of the services to be hosted wholly by the County Council.
- 2.1.3 Although there are no set plans for staff transfer along TUPE lines, it is now established policy for the County Council to recruit for all vacancies in the Customer Services Centre irrespective of the employer of the previous post holders. It was advised that functional integration is well advanced in the Joint One-Stop Shops, while for the Customer Services Centre a project is in place to achieve an integrated function servicing Warwickshire County Council, Warwick District Council and Nuneaton and Bedworth

Borough Council. Hence from a control evaluation perspective, the Customer Services Centre and Joint One-Stop Shops have to be regarded essentially as outsourced services.

- 2.1.4 This effectively places evaluation of controls under the umbrella of 'people management' for the Customer Services Centre and Joint One-Stop Shops outside the audit remit. Reliance here is placed on internal audit reports and other information furnished by Warwickshire County Council for assurance on the robustness of the arrangements in place. Discussions with the Customer Services Manager at Warwickshire County Council confirmed a generally uniform approach to people management, subject to adoption of Warwick District's Performance Appraisal and Competency Scheme and recognition of existing employment terms and conditions for applicable staff. In key areas such as training and work planning, the processes are essentially integrated.
- 2.1.5 An issue identified common to both the Customer Services Centre and Joint One-Stop Shops is the absence of formal governance arrangements for joint delivery of their respective services. While recommendations for formal agreements have been submitted, it has been acknowledged that substantial progress on integration is a pre-requisite.

**Risk**

Failure to work effectively in partnership may adversely affect service standards and lead to key aims and objectives not being achieved.

**Recommendation**

**Formalisation of the governance arrangements for the Customer Services Centre and Joint One-Stop Shops should be sought in the form of written and signed agreements with Warwickshire County Council.**

- 2.1.6 On the risk management side, it was noticed that a raft of new entries and revision to some existing ones had appeared in the Operational Risk Register during the currency of the audit. The new entries relate solely to the Customer Services Centre and have clearly been drawn directly from the Warwickshire County Council Risk Log. Some are restatements of existing entries differing only in categorisation as risk, cause or effect. Also, despite the evident review of existing entries, certain clearly obsolete ones remain.
- 2.1.7 Also of concern is that, by this wholesale adoption of risks from the County's Risk Log, the Head of Corporate and Community Services may have effectively assumed ownership of risks, controls and/or actions over which the District has no direct control.
- 2.1.8 Overall the entries as they stand create a somewhat 'muddled' risk profile which is not seen as adequately serving effective risk management.

**Risk**

Operational risks are not effectively managed.

**Recommendation**

**The relevant entries in the Operational Risk Register should be reviewed to secure a coherent risk profile free of duplication and with realistic control ownership.**

2.2 Strategies and Policies

2.2.1 For some years now the Customer Access Best Value Review has been the key strategic driver for developing the customer access channels in operation today. The aims and objectives have been carried over in successive corporate and resource strategies (also a Communications Strategy), but only recently has an updated comprehensive strategy document devoted to customer access emerged.

2.2.2 A draft Channel Strategy was presented to Senior Management Team in November 2011 and, at the time of the audit, submission for Executive approval is pending.

2.2.3 The new Strategy shows due alignment with the Fit for the Future Programme and comes across as setting a clear agenda for future development of customer access channels with appropriate outline governance provisions. The Strategy is not time planned over a specific period but is intended to evolve with formal annual review and re-release and has an appended action plan with target dates spanning over a period of two years from inception.

2.2.4 Various overarching policies have a direct bearing on the operation of customer access channels including Health and Safety and Information Security and Conduct. In the case of the Customer Services Centre and Joint One-Stop Shops these are becoming less relevant as equivalent Warwickshire County Council policies will be expected to apply.

2.2.5 Established policies are in place on website accessibility and content style along with one governing official Council use of social networking sites.

2.3. Roles and Responsibilities

2.3.1 In the absence of other sources, the picture on defined roles and responsibilities has had to rely mainly on job descriptions of the relevant Warwick District Council posts. These were of limited value in the case of the Customer Services Centre given that they predate by several years the transfer to Shire Hall. However, they demonstrate a basically sound framework consistent with the service requirements with appropriate line management and supervisory relationships.

2.3.2 In the case of the Council's Website there are more elaborate sources including service level agreements setting out roles and responsibilities of the Website Manager, ICT Services and the service areas.

2.3.3. Critical dependencies on external technology providers identified in the Operational Risk Register are controlled through formal contractual provisions including service availability and continuity.



2.3.4 It is noted that Warwick District Council is the designated client for the Northgate Customer Relationship Management and MacFarlane telephony systems, a legacy of the division of roles between the Warwickshire local authorities agreed under the Joint Contact Centre project. Under this arrangement, the Council pays all charges and recharges apportionments to the other authorities.

2.3.5 The other key dependency is the premises, office facilities and technological infrastructure provided by Warwickshire County Council, which further highlights the issue of the absence of formal partnership governance arrangements. To date, Warwick District Council's financial contribution has been solely direct costs incurred (e.g. employees on District payroll, equipment, software and consumables) with the only recharge from the County in evidence being in respect of PC maintenance for the Customer Services Centre.

2.3.6 It was advised that the County Council is in the process of recruiting replacements for former District-employed operatives at the Customer Services Centre and a recharge will be made on actual cost. Currently there is no premises related recharge from the County.

## 2.4 Processes and Procedures

2.4.1 Internal processes and procedures for the Customer Services Centre and Joint One-Stop Shops are deemed beyond the remit for audit evaluation. It was advised that consolidated procedures are being developed for the Customer Services Centre as part of the integration process and information received show County internal audit findings on operational matters to be favourable.

2.4.2 The processes for maintaining and developing the Website are set out in a Website Improvement Plan which is updated every 6 months. Standards for accessibility and usability are imbued through training and guidelines for approved website authors.

## 2.5 Improvement and Development

2.5.1 Monitoring processes are in evidence based on customer measures enshrined in the applicable Service Area Plan. The Head of Corporate and Community Services submits outturn statistics to Senior Management Team quarterly in relation to these customer measures, on recent occasions accompanied by more specifically themed data relating to the Website.

2.5.2 Monitoring at Member level is manifest in the annual approval by Executive of the Portfolio Holder statements and, in terms of developmental aspects, the annual health check for the Warwickshire Direct Partnership under the corporate partnership governance framework.

2.5.3 External monitoring and review of the Website also takes place using Society of Information Technology Managers (Socitm) resources. The

Council is signed up to a benchmarking service where embedded code generates monthly reports on take-up which the Website Manager can access. In addition, Socitm undertakes an annual review of all local authority websites under the banner 'Better Connected' and publishes its results.

2.5.4 Key developments emerging from the audit examination include:

- proposals formulated for restructure of Corporate and Community Services;
- decision by Warwickshire County Council to reduce library opening hours that will impact on the Joint One-Stop Shop services – this appeared to trigger a more urgent push towards staffing integration as a means of limiting the reduction.
- establishment of a project framework for staffing integration at the Customer Services Centre – a measure of formalised project governance is in evidence including a project plan and monthly liaison meetings.

## 2.6 Information Assurance

2.6.1 This area has been looked at in outline only. The last IT audit needs assessment classified the Northgate Customer Relationship Management system, which underpins the operations at the Customer Services Centre and Joint One-Stop Shops, as low risk from Warwick District's perspective and did not include it among the business applications for review in the resultant audit plan. The main risk areas are the back-office systems that Northgate interacts with, or are accessed directly, which are reviewed separately under the IT Audit Plan.

2.6.2 The Website is scheduled for separate review under the IT Audit Plan in the forthcoming year.

2.6.3 Formal contractual provisions are in place to secure continuity and availability of Northgate, Allpay and Internet Payment services to acceptable standards.

## **3. CONCLUSIONS**

3.1 On the assumption that the new Channel Strategy will be adopted, the findings show a mostly robust strategically driven framework in place to secure economic, efficient and effective deployment of resources. There are, however, two significant issues that emerge.

3.2 The absence of formal governance arrangements for joint service delivery by both the Customer Services Centre and Joint One-Stop Shops has already been drawn to the attention of management at Warwickshire County Council. It is acknowledged that a prerequisite will be the progressing of functional integration to an appropriate stage and Warwick District Council management should actively press for formal agreements

when that stage is reached.

- 3.3 The operational risk profile of the customer access channels has become somewhat 'muddied' and in some cases over-elaborated, especially since incorporation of the new entries in respect of the Customer Services Centre.
- 3.4 The overall profile should be reviewed and duplications and obsolete risks removed. Also consideration should be given to what risks Warwick District Council can reasonably assume ownership of in view of the effectively outsourced nature of the Customer Services Centre and Joint One-Stop Shops.
- 3.5 In view of the above issues, the findings are considered as giving MODERATE assurance that appropriate controls in place to effectively manage the risks that could prevent the function from achieving its objectives.

#### **4. MANAGEMENT ACTION**

- 4.1 Recommendations to address the issues raised are reproduced in the appended Action Plan for management response.

**Assurance Opinion:** Moderate.

## Royal Spa Centre – 22 March 2012

### 1. SCOPE AND OBJECTIVES OF THE AUDIT

1.1 The audit was undertaken in order to appraise the financial and management controls in place over income collection.

1.2 The following aspects of income collection were examined:

- The box office
- Bars and catering
- Sundry debtor income
- Merchandising

### 2. BACKGROUND

2.1 The Royal Spa Centre opened in 1972 and it is the council's main entertainments venue. It comprises a main concert/exhibition hall, the Main Stage, that can seat 667 and a cinema and small-scale theatre, the Studio, which has 188 seats. Other parts of the building are also available for hire.

2.2 The RSC provides licensed bars on the ground floor and first floor. They also serve tea/coffee, confectionery etc.

2.3 The RSC offers a wide range of events covering the whole entertainment spectrum including concerts, pantomime and comedy as well as productions by local amateur musical organisations.

2.4 The main box office was relocated to the Town Hall last year and a limited service is provided at the RSC.

2.5 The RSC has a fairly settled, long serving, staffing set-up that is supplemented when necessary by casual bar staff, technicians and stewards.

### 3. FINDINGS

3.1 In overall terms, the audit concluded that there are appropriate systems and controls in place for dealing with income. There are, however, some issues arising where action is required. In respect of the areas examined, the findings are as follows:

#### 3.2 The Box Office

3.2.1 The box office sales are processed through a system called Databox with the majority of sales being dealt with at the Town Hall. The process is quite complex with customers being able to buy tickets in person using cash, cheque, card or gift voucher and by telephone and internet using a card.

- 3.2.2 Access to the system is controlled by users having to be authorised and having a unique ID and password. The other main control is the independent reconciliation by staff in Financial Services of bankings to the takings recorded on the weekly return.
- 3.2.3 The number of options available for payment and the occasional wrong classification of the payment method does sometimes lead to difficulties in reconciling the takings and the bankings. Any apparent discrepancies are resolved but only after time spent in identifying the causes. Sometimes the amount of time is considerable and involves accountancy staff based in Finance.
- 3.2.4 The life of Databox is limited and it is due to be replaced shortly. As the operation of the replacement system will doubtless be different and in order to reduce time spent investigating any discrepancies caused by inputting errors, it is essential that all users are fully and formally instructed in its use, particularly the occasional users who may be more likely to make errors.
- 3.2.5 It is understood that the new system will contain a reporting option such that standard reports and specific, purpose-written reports can be run. Reports from the system will not only be relevant to RSC management but also to staff in Finance with accounting and reconciliation responsibilities. Accordingly, it is essential that they are conversant with the new system and its options.

***Risk***

***If users of the new system and those with other access are not formally instructed in its use, it is more likely that errors will be made and the system's full potential will not be realised.***

***Recommendation***

***Relevant Finance staff should be included within the formal training sessions to allow them to access financial information.***

**3.3 Bars and catering**

- 3.3.1 There have been a number of changes involving the bars and catering service over the last few years e.g. the redesign of the serving areas, combining bars and catering into one transaction for the customer and the acceptance of debit and credit cards to name but a few.
- 3.3.2 The cash control procedures revolve around tills and till readings and a well established system of cash statements, bankings and reconciliation that has worked well over the years.
- 3.3.3 Occasionally an incident will occur that causes a review of long established procedures and suggests that a minor change will result in an improvement in control.

- 3.3.4 A few weeks ago an apparent £250 discrepancy came to light concerning a collection by G4S on 4 January 2012 in respect of bar and catering takings for the week ending 25 December 2011. This incident is one of a small number of alleged discrepancies that have occurred recently (not at the RSC) involving G4S and it is still being investigated by them.
- 3.3.5 Whenever such an incident occurs it reinforces the view that when it comes to resolving the situation it is very much a case of the council's word against G4S particularly when only one person here has been involved in making up the G4S cash bag. It is noted that, since this latest incident, control has been improved by involving a second member of staff in the process whenever cash is being prepared for collection by G4S. The new arrangements require a second member of staff to count the cash and for both members of staff to sign the bottom copy of the paying in slip. This should apply for any cash being paid in and not just for bars and catering.
- 3.3.6 Having two people evidence the amount of cash being put into the bag does not necessarily put an end to any future allegations of shortages but it does at least strengthen the council's claim that the figures on the paying slip were correct.

**Risk**

***The newly instigated process of a secondary check reduces the risk of bankings being made up incorrectly but that being a new process this now needs to be embedded to minimise this risk further.***

**Recommendation**

***The checking process that was put in place as a result of the apparent discrepancy referred to in 4.3.4 should continue and be monitored.***

- 3.3.7 On the question of paying slips and G4S cash bags, there have been occasions in the past, at other sites, when the manner in which the paying in slip has been made out and the amount of information included has hampered an investigation of a discrepancy e.g. making alterations to figures or omitting the serial number of the G4S bag.
- 3.3.8 For this reason it is important that paying in slips are completed clearly and that they contain all of the required information. Janice Robbins, the DMC Team Leader, has experience of the banking industry and is the council's main contact for dealing with G4S and so is aware of the problems that can arise and of the right and wrong ways of making up bankings.
- 3.3.9 For this reason she has offered to visit appropriate sites to meet staff involved in making up bankings to advise on the correct procedures.

This was raised during a meeting with Rose Maskell and she was perfectly willing for Janice Robbins to call and see her. Janice will liaise directly with Rose to arrange a meeting.

- 3.3.10 As mentioned earlier, it is now common practice for customers to pay for drinks etc using a credit or debit card and consequently a number of card slips relating to individual transactions (known in the industry as the merchant copy) have accumulated in Rose Maskell's office.
- 3.3.11 There are strict guidelines in place relating to the storage and retention of these slips, the key points of which are that they should be stored securely, retained for no longer than is necessary and then disposed of, preferably by cross shredding.
- 3.3.12 The council has in place a Card Data Policy which deals with all aspects of card data from receiving through to storage. All staff involved with any processes involving card data should familiarise themselves with the policy.
- 3.3.13 The merchant slips for bar and catering purchases are stored in a safe at the RSC but there is no procedure for disposing of them after a period of time.

***Risk***

***Card data can fall into the wrong hands and be used fraudulently.***

***The council will not be complying with recommended standards.***

***Recommendation***

***All merchant copies of card transactions should continue to be stored securely with access restricted to appropriate staff. Arrangements should be made to destroy securely the copies after three months.***

- 3.3.14 Following a query that arose recently, it became apparent that staff from the RSC are in the habit of visiting the bank in order to obtain change for the bar. The change floats for bars and catering are currently £1,600 but even at this level it is said that there are still regular occasions when this proves inadequate. It was reported that visits to the bank are regular and that the amount of cash involved can be as much as £1,000.
- 3.3.15 This is a high risk practice in many respects, the least of which is the loss of any cash involved. Staff carrying large amounts of cash are very vulnerable, the most important reason for putting an end to the practice, and an incident even without any injury to staff would be very damaging to the council's reputation.

3.3.16 If the amount of cash in the float is a problem then G4S will deliver change at 24 hours notice upon receipt of a request from an authorised member of staff. The Business Support Officer in Cultural Services will be able to organise this. There is, naturally, a charge involved of £9.00 per transaction, but it is a small price to pay for absolute security and peace of mind.

**Risks**

***Serious injury to staff if they are attacked while carrying cash.***

***Damage to the council's reputation.***

**Recommendation**

***Visits to the bank to obtain change for the bar and catering should cease and the services of Group 4 security should be used.***

3.4 **Sundry debtor income**

3.4.1 Sundry debtor accounts are raised for the hire of facilities at the RSC and this often includes charges for staff and specialist equipment. Invoices are also raised for the hire of the glasshouse studio and South Lodge in the Jephson Gardens. While these are strictly speaking not part of the RSC, the income is currently not significant and it is RSC staff who deal with the bookings and the set up of the facilities.

3.4.2 The procedures involved in dealing with hirings are sound and there is a good standard of documentation and control.

3.4.3 It was noticed during an examination of accounts raised that in September 2011 an account was raised to the National Blood Service (invoice no. 0081895093) for eight donor sessions at £600 per session where three of the sessions took place at the Town Hall but all of the income was credited to the RSC. An adjustment of £1,800 between cost centres is required.

3.4.4 The timing of raising an account after a hiring was generally fairly prompt but there were some examples where organisations making a series of bookings e.g. National Blood Service and Weight Watchers when the interval between the booking and the account could be approaching three months. Strictly speaking and in accordance with the Code of Financial Practice, payment for the use of Council services should be in advance.

**Risks**

***Granting credit facilities always has the potential for non-payment or protracted pursuit of the debt.***



***Billing for a service two or three months after provision creates the impression of an inefficient organisation.***

***Recommendation***

***Sundry debtor accounts should be raised promptly at the beginning of each month. This should include billing for part delivery of any series of bookings covering several weeks.***

**3.5 Merchandising**

- 3.5.1 Most of the merchandising activity at the RSC tends to revolve around the pantomime. Stock bought for this purpose is no longer specific to the particular pantomime or dated, meaning that it can be used for any pantomime or similar performance. There is no unused or redundant stock.
- 3.5.2 Income is not processed through a till but kept in a suitable receptacle and paid in periodically.
- 3.5.3 A spreadsheet is maintained detailing purchases, sales and closing stock.

**4. CONCLUSION**

- 4.1 The audit concluded that there are reasonable systems and procedures in place to manage income collection at the Royal Spa Centre.
- 4.2 The audit can therefore give a MODERATE level of assurance that the systems and procedures in place are appropriate and working effectively.

**Assurance Opinion:** Moderate.