

FROM: Audit and Risk Manager **SUBJECT:** Community Leisure Facilities
TO: Head of Cultural Services **DATE:** 27 May 2014
C.C. Chief Executive
Deputy Chief Executive (AJ)
Head of Finance
Sports & Leisure Manager
Sports Facilities Area Manager
Operations Managers

1. Introduction

- 1.1 In accordance with the Audit Plan for 2014/15, an examination of the above subject area has been undertaken and this report presents the findings and conclusions drawn from the audit for information and action where appropriate. This topic was last audited in August 2010.
- 1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2. Background

- 2.1 There are two community sports centres in the district that are dual use facilities located in schools. These are the John Atkinson Sports Centre (JASC) at Myton and the Meadow Community Sports Centre (MCSC) at Kenilworth.
- 2.2 At the time of the previous audit, there was also an agreement with Campion School for the Sydenham Sports Centre. However, following partnership health checks of the dual use agreements performed by members of the Finance & Audit Scrutiny Committee, an agreement was reached with Campion School for the termination of the agreement.
- 2.3 A further facility is available in Lillington. This community centre is just a room for hire with associated facilities.
- 2.4 All sites are managed by Operations Managers from leisure centres.

3. Scope and Objectives of the Audit

- 3.1 The audit was undertaken to test the management and financial controls in place.
- 3.2 In terms of scope, the audit covered the following areas:
- Income and cash security

- Staffing
- Budget planning and management
- Dual use agreements
- Insurance and risk management.

3.3 The audit programme identified the expected controls. The control objectives examined were:

- All income due from users of the facilities is collected and can be properly accounted for
- Customers pay the agreed amounts for using the council's services
- Income received and held on site is secure, with bankings being securely undertaken
- Staff are properly appointed and are only paid for time worked
- Budgets are effectively managed
- Operational and financial conditions are governed by formal agreements and these are adhered to
- The council is adequately covered in case of accidents etc. at any of the community leisure facilities being operated
- Management are aware of valuable items held at each facility
- Management are aware of the risks associated with the provision of services
- The sites are secure and safe.

4. Findings

4.1 Income & Cash Security

- 4.1.1 All income for Lillington Community Centre (LLC) comes from three regular hirers of the facility and invoices are raised on a monthly basis based on usage.
- 4.1.2 Block bookings are also used at the two dual use sites. There is also some casual 'turn up and pay' usage of these facilities, although this is fairly limited.
- 4.1.3 A sample of invoices for use of the facilities was selected and testing was undertaken to ensure that appropriately completed booking forms were held, that the invoices had been accurately raised based on folio information supplied by the centres and that correct prices had been charged as per the fees and charges that had been agreed by Executive. A number of minor issues were identified during this testing:

Booking forms were generally found to be in place where relevant. However, one booking form for MCSC was not located as there was confusion over whether it had been raised at the centre or by the Sports Development Manager at Riverside House. As a result, no booking form was seen.

A number of cases were identified where there was insufficient detail being recorded on the folios to confirm that the prices were correct (e.g. not stating whether the bookings were in peak or off-peak hours, or whether the bookings related to juniors or adults).

Bookings for the same groups had been invoiced against different debtors in three pairs of cases. It appears that duplicate debtors had been set up, as all details on the folios were the same except for the name in each case (invoices sometimes raised to the individuals and sometimes to the organisation).

Three of the five invoices for hirers of Lillington Community Centre were based on incorrect prices. However, the relevant Operations Manager (OM) had already highlighted this issue, and the more recent invoices reflected the correct rates.

One hirer of the JASC all-weather pitch was being overcharged by 50p per hour (less VAT) due to a miscalculation of the VAT free price.

Another was being undercharged by 50p per hour for off-peak bookings. They were also being charged these incorrect off-peak prices for weekly bookings that should have been charged at peak prices.

Two hirers of the MCSC all-weather pitch were similarly being undercharged for use of the pitch at weekends (off-peak prices being charged instead of peak prices).

Risk

The council does not receive fees that are due.

Recommendations

Folios need to include sufficient levels of detail (i.e. include usage details regarding peak / off-peak and junior / adult bookings) and are consistent in the names used for hirers to ensure that duplicate debtors are not set up.

Correct prices should be charged for all bookings.

Confirmation of booking and insurance details (see 4.5.2 below) needs to be obtained regarding the hiring of Meadow Community Sports Centre by the specific user.

- 4.1.4 Cash tills are operated at the two dual use sites. The tills are not linked to the Flex system that is used at the other leisure centres, although prices for the different activities are loaded onto them.
- 4.1.5 Receipts are issued from these tills and daily and weekly readings are taken from them. The figures from these weekly reads are entered onto financial analysis sheets that are sent to the Accountancy section. A sample review confirmed that figures were being entered appropriately.
- 4.1.6 Cash income and till floats are held in the safe at each of the dual use sites. The tills were not in use at the time of the site visits and the till drawers were empty.
- 4.1.7 Monies are collected directly from each site by G4S. These collections are currently weekly at MCSC and monthly at JASC. The G4S operative provides a receipt detailing the serial number of each bag collected.
- 4.1.8 G4S receipts held at JASC were attached to proforma documents for each monthly collection and the bank paying in slips were annotated with the bag

numbers so that the collections could be cross referenced to the bankings. A brief review of recent takings was undertaken and this proved satisfactory.

- 4.1.9 The weekly collection receipts at MSC were all held in the safe and there was no cross referencing to the actual weekly sheets completed.

Risk

Missing monies are harder to trace.

Recommendation

Cash collection receipts should be cross referenced to the relevant cash sheets and / or paying in slips at Meadow Community Sports Centre.

4.2 Staffing

- 4.2.1 Staff paid for working at each facility during the previous and current financial years were identified upon review of the payroll extracts held. Although no staff were on site during the site visits, the OMs confirmed that all staff identified were either currently working or had previously worked at the centres either in a permanent capacity or to provide shift cover.
- 4.2.2 Testing was also undertaken on samples of payments to both casual and salaried staff to ensure that payments were accurate, based on the claims submitted, and that the forms had been signed off and authorised as appropriate. On the whole this proved satisfactory, with only a few minor discrepancies being highlighted which were largely down to the miscoding of payments.

4.3 Budget Planning & Management

- 4.3.1 The OMs advised that their only involvement in the management and monitoring of the budgets would be with regards to the completion and review of the income figures on relevant spreadsheets.
- 4.3.2 Other monitoring is undertaken on a monthly and quarterly basis by the Sports Facilities Area Manager (SFAM) and the Business Support Manager.
- 4.3.3 Actual income and expenditure was compared to the budget figures for 2013/14. The majority of codes only showed minor variances, but three larger variances were identified that were queried with relevant staff.
- 4.3.4 The SFAM provided a sample budget summary review document which confirmed that two of the variances had been identified during the year. The relevant Assistant Accountant advised that the other variance related to an invoice that had not yet been received from Myton relating to the profit sharing agreement, as final figures for the year needed to be collated.

4.4 Dual Use Agreements

- 4.4.1 Formal agreements in place with the schools for the operation of the dual use sites were seen. These set out the 'community core periods' where use and management of the facilities are the responsibility of the council. The agreements also include the costs (headings) to be paid by the council.

- 4.4.2 The agreement with Myton School regarding JASC has officially finished. However, the agreement has been rolled forward for another twelve months due to potential changes that may come about if elements of the local plan are adopted.
- 4.4.3 The SFAM advised that meetings are scheduled with the schools to review the ongoing operation of the facilities. However, these are often cancelled by the schools. However, he suggested that good working relationships still existed despite the lack of meetings.
- 4.4.4 The agreements include a number of clauses setting out that certain aspects should be reviewed or monitored on a regular basis. The Sports & Leisure Manager (SLM) advised that there are certain things within the agreements that all parties know are not adhered to. However, this was not a concern for either party.
- 4.4.5 A specific example was given regarding the monitoring of community usage. The SLM advised that the specific target groups etc. were no longer relevant, and the main aim was to encourage use of the facilities, ensuring the population of the district as a whole remained active. It was, therefore, seen as possibly detrimental to turn down certain bookings just to keep the facilities free for other targeted uses where there was no demand, and a pragmatic approach had been agreed with the schools.

4.5 Insurance & Risk Management

- 4.5.1 The Insurance & Risk Officer advised that all of the facilities are covered under the general public liability policies that are in place. No specific detail is required with regards to the dual use nature of the relevant facilities.
- 4.5.2 As part of the review of bookings, testing was also undertaken to ensure that evidence of hirer's insurance was held as appropriate. This proved generally satisfactory, although the confusion over the existence of the paperwork for one booking meant that insurance evidence was not seen for that case (as described in 4.1.3 above).
- 4.5.3 Inventories for JASC and MCSC were provided by the OMs. The inventory for JASC contained details of all of the main items of office and sports equipment.
- 4.5.4 The inventory for MCSC contained a lot more items. This was partly due to the fact that there is a Pyramids Gym on site, but there were also a number of consumable items (including pens and folders) included. The OM indicated that it needed to be updated.

Risk

In the event of fire or theft, the accuracy of an inventory could be disputed leading to reduced or delayed claim settlement.

Recommendation

The inventory for Meadow Community Sports Centre should be updated and purged of consumable items.

- 4.5.5 The Cultural Services risk register includes a number of generic risks as well as those specific to running sports and leisure facilities. Included within the specific risks is the failure of partnerships which applies to the operation of the dual use sites and also the risk of serious injury etc. at any of the gyms and sports halls. These were thought to be appropriate.
- 4.5.6 More detailed risk assessment files covering specific activities were in place at both of the dual use sites although, whilst there was evidence of some review at JASC, both OMs advised that reviews were overdue.
- 4.5.7 However, they also highlighted that the risk assessments are having to be updated and entered onto the Assessnet system, so the reviews were in hand to be undertaken. No recommendation was therefore considered necessary.
- 4.5.8 General site security was reviewed during site visits undertaken at the dual use sites. JASC was not being used at the time of the visit and all doors were found to be secure.
- 4.5.9 MCSC was being used by a holiday sports club during the site visit. The site was generally secure, although the club had propped open one of the fire exits to enable access to and from the all-weather pitch.

5. Summary & Conclusion

- 5.1 Following our review, we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place for the management of the Community Leisure Facilities are appropriate and are working effectively.
- 5.2 Minor issues were, however, identified relating to aspects of the block bookings processes, the cross referencing of cash collection receipts to the relevant takings at MCSC and the need for the inventory to be updated at MCSC.

6. Management Action

- 6.1 The recommendations arising above are reproduced in the Action Plan with management responses incorporated.

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