



**Finance and Audit Scrutiny
Committee
13th March 2012**

Agenda Item No. 7

Title	Update: Investigation into Leisure Centres Annual Memberships
For further information about this report please contact	Richard Barr Tel: (01926) 456815 E Mail: richard.barr@warwickdc.gov.uk
Service Area	Finance
Wards of the District directly affected	Not applicable
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	Yes.
Date and meeting when issue was last considered and relevant minute number	Finance and Audit Scrutiny Committee – 13 th September 2011
Background Papers	Internal Audit Quarter 2 2011/12 Progress Report issued to Finance & Audit Scrutiny Committee 13 th September 2011

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	27 Feb 2012	Andrew Jones
Heads of Service	27 Feb 2012	Rose Winship & Mike Snow
CMT		
Section 151 Officer	27 Feb 2012	Mike Snow
Monitoring Officer		
Finance	27 Feb 2012	As S151 Officer
Portfolio Holders	27 Feb 2012	Councillors Gallagher & Mobbs
Consultation Undertaken		
Not applicable		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

--

- 1 **SUMMARY**
 - 1.1 The report provides an update on Internal Audit's investigation into Leisure Centres Annual Memberships that was presented to Committee on 13th September 2011.
- 2 **RECOMMENDATIONS**
 - 2.1 That the report be noted and its contents be accepted or, where appropriate, acted upon.
- 3 **REASON FOR THE RECOMMENDATIONS**
- 3.1 Members have responsibility for corporate governance, of which internal audit forms a key part.
- 4 **ALTERNATIVE OPTION(S) CONSIDERED**
 - 4.1 This report is not concerned with recommending a particular option in preference to others so this section is not applicable.
- 5 **BUDGETARY FRAMEWORK**
 - 5.1 Although there are no direct budgetary implications arising from this report, Internal Audit provides a view on all aspects of governance including that of the Budgetary Framework. An effective control framework ensures that the Authority manages its resources and achieves its objectives economically, efficiently and effectively.
- 6 **POLICY FRAMEWORK**
 - 6.1 Although there are no direct policy implications, Internal Audit provides a view on all aspects of governance including the Council's policies.
- 7 **LATEST POSITION**
 - 7.1 Following receipt of the Internal Audit report into the abuse of leisure centre memberships the Finance & Audit Scrutiny Committee meeting on 13th September 2011 instructed that it be provided in 6 months' time with an update on progress in implementing the recommendations contained in that report.
 - 7.2 The current position with regard to implementation of the recommendations is set out in Appendix A.
 - 7.3 The response to the issues is considered robust. Much progress has been made, and is continuing to be made, in addressing the issues and improving the controls to try to ensure that there is no recurrence of this type of problem.

**INTERNAL AUDIT INVESTIGATION INTO LEISURE CENTRES ANNUAL MEMBERSHIPS – 13 SEPTEMBER 2011
REVIEW OF PROGRESS IMPLEMENTING RECOMMENDATIONS**

Recommendation in Audit Report (incl. risk rating)	Initial Management Response (incl. target date for implementation)	Current Position / Further Comment
<p>Suspected irregularities should be reported immediately to line management and to Internal Audit for possible investigation.</p> <p>High risk.</p>	<p><i>Sports, Parks & Leisure Manager / Centre Managers:</i></p> <p>This has been raised with all Centre Managers, discussed at Management meetings and new guidance issued for all irregularities to be escalated without delay.</p> <p>Initial response complete – will be subject to regular review.</p>	<p>All staff aware of importance of escalating concerns at earliest opportunity.</p> <p>The approach has ensured a number of staff issues have been brought to Sports & Leisure Managers attention for discussion and some suspect cards have been checked out.</p> <p>None of these have amounted to irregularities regarding staff use of facilities.</p> <p>Continue to monitor at all sites</p>
<p>The possibility of linking the different 'modules' within the system to provide an appropriate audit / management information trail should be examined.</p> <p>Medium risk.</p>	<p><i>Business Support Officer:</i></p> <p>The modules are currently linked, but for operational reasons the flexibility to take a payment, or not, at the point of activation is considered a desirable feature. It is therefore proposed that this need will be addressed by commissioning an additional management report within the system which will allow "non payment" activations to be tracked and checked on a regular basis.</p> <p>October 2011.</p>	<p>Following the meeting with the Flex representative on 15th November we are now utilising a number of reports which allow us to track current members, member history and provide details as to whether a payment was made for each member.</p> <p>Further opportunities to maximise the management information available from the system will be evaluated as and when the system is upgraded</p>

Recommendation in Audit Report (incl. risk rating)	Initial Management Response (incl. target date for implementation)	Current Position / Further Comment
<p>All users of the FLEX system should be reminded of the need to log out of the system when they are not using it as not doing so contravenes the Council's Information Security and Conduct Policy.</p> <p>Low risk.</p>	<p><i>Sports, Parks & Leisure Manager / Centre Managers:</i></p> <p>This was implemented immediately the irregularities were discovered and has since been reinforced. Any member of staff found not complying with this instruction will face further action.</p> <p>Initial response complete – will be subject to regular review.</p>	<p>Sports and Leisure Manager has made random spot checks when on site.</p> <p>This recommendation continues to be complied with and is now embedded in guidance and training for new staff.</p> <p>Review and spot checks will continue to be undertaken</p>
<p>The length of time that CCTV recordings are retained should be reviewed to ensure that it meets the needs of the service.</p> <p>Low risk.</p>	<p><i>Sports, Parks & Leisure Manager / Centre Managers:</i></p> <p>The potential costs for upgrading the hard disc storage capability of the CCTV has been investigated and budget provision is being secured to revise this upwards.</p> <p>December 2011.</p>	<p>All CCTV recording Hard Disc Drives have now been upgraded and capacity increased. This allows better quality images which can be retained for two weeks (previously one week)</p> <p>All sites have been surveyed for coverage and camera quality and a replacement programme for the older cameras is being considered for future action</p>
<p>Consideration should be given to restricting the functions that can be performed on FLEX on the different PCs if this is technically possible.</p> <p>Low risk.</p>	<p><i>Sports, Parks & Leisure Manager / Centre Managers:</i></p> <p>A review of the FLEX functionality available to various staff groupings is to be undertaken and adjustments made to tighten control introduced where necessary.</p> <p>December 2011.</p>	<p>A training session with a Flex representative attended by the Sports & Leisure manager / Centre Managers and Business Support Manager was arranged.</p> <p>Functionality and access levels were discussed and training was given on administering these functions.</p> <p>Following this the Business Support Manager</p>

Recommendation in Audit Report (incl. risk rating)	Initial Management Response (incl. target date for implementation)	Current Position / Further Comment
		<p>conducted a review across all sites.</p> <p>Access levels were generally found to be appropriately managed, but in some cases it was possible to implement changes learned via the training session to further tighten control and safeguard staff and the Council.</p> <p>With this now established further reviews can be conducted at any period of time as required / advised.</p> <p>The PC with Flex access has also been removed from the Admin office at NCLC to remove the opportunity for any unsupervised access to the system.</p>
<p>The family and friends policy should be stopped in all of its forms (including the issuing of memberships and the 'waving through' of people) and this should be communicated to all leisure centre staff.</p> <p>High risk.</p>	<p><i>Head of Cultural Services:</i></p> <p>An immediate cessation was implemented as soon as the problems came to light. A clear policy outlining the procedures to be followed allowing staff use of facilities has since been prepared and approved by Employment Committee; this has been introduced with effect from 1st August 2011. This will be subject to regular review as detailed within the policy.</p> <p>Initial response complete – will be subject to regular review.</p>	<p>Plan to review in summer 2012. Slight amendment required re detail of activities included. (ref detail of rates for hire of Badminton Courts)</p> <p>Random checks suggest that cards are now being swiped for all users including members of staff.</p>

Recommendation in Audit Report (incl. risk rating)	Initial Management Response (incl. target date for implementation)	Current Position / Further Comment
<p>Consideration should be given to limiting the free staff memberships to staff for whom it is deemed necessary for their duties.</p> <p>Low risk.</p>	<p><i>Head of Cultural Services:</i></p> <p>This is detailed within new policy – see above. In summary the policy limits usage to staff employed at a leisure centre or the Spa Centre. In the case of the leisure centres it applies to swimming, gym and fitness classes, but excludes other activities e.g. pitch bookings, swimming lessons and children’s parties. All usage is based on the principle that it will not prevent a paying member of the public participating in the activity. At the Spa Centre it applies to tickets for shows that are not sold out.</p> <p>Complete.</p>	<p>87 members of leisure centre staff (across all sites) have been issued with Get Active cards in accordance with the new policy.</p> <p>This will continue to be monitored as staff turnover leads to the issue of further cards and the expiry of others.</p>
<p>Staff should be reminded of the need to record adequately all relevant details when gym memberships are being activated.</p> <p>Low risk.</p>	<p><i>Centre Managers:</i></p> <p>Revised procedures with respect to all areas of controlled stationary and materials have been introduced at all centres. Membership forms must be completed by all wishing to use the gym, this applies to members of the public and members of staff as per the new policy referred to in 3.19 and 3.20 above.</p> <p>Initial response complete – will be subject to regular review.</p>	<p>Control sheets for issue of cards are in place and being used. Monitoring of the returned sheets has highlighted a need for Centre Managers to reinforce with all staff the need for accurate and neat completion.</p> <p>Procedural issue has been flagged at Castle Farm that was investigated. This was impacting on receipt numbers automatically transferring onto membership details in Flex. Revisions to procedure are in process of being implemented.</p> <p>Recent random check of membership details entered for new members confirms details are being appropriately recorded on Flex.</p>