

**Internal Audit Report
Executive Summary****CONFIDENTIAL**

To: Head of Leisure
Subject: Management of Leisure Services Contracts 2004/05
Report reference: GBC 39
Date: September 2005

1 Introduction

- 1.1 The attached report sets out the findings and recommendations from a recent review of the contracting arrangements in the Leisure Services Department.
- 1.2 The approximate value of Leisure Services contracts let in 2004/05 is £1.3 million.

2 Objectives and scope of the audit**2.1 Objectives:**

- to document the systems and evaluate the controls in operation to ascertain their adequacy and effectiveness;
- to assess the degree of compliance with documented procedures by testing a sample of transactions.

2.2 Scope:

The following control objectives were examined to ensure that:-

- 1) All contracts comply with the procedures set out in 'Financial Regulations' and the 'Code of Practice for Tenders and Contracts'
- 2) Clients receive regular financial reports to allow them to manage their projects.
- 3) Payments against contracts are authorised and based on work completed.

3 Main Findings

- 3.1 We examined a sample of eight contracts and the main findings are set out below.
- 3.2 Although most of the contracts examined generally complied with 'Financial Regulations' and the 'Code of Practice for Tenders and Contracts', two contracts caused concern, the reasons for which are outlined below:-
- A formal contract was still being negotiated with the company who operate the *Gym Membership* Scheme, even though the previous contract expired in 2003 and the company handles, on average, over £50,000 of income per month on behalf of the Authority and.
 - There is no contract in place for *Brewery Supplies*.
- 3.3 Full details of all weaknesses identified are set out in the main report attached to this summary.

4 Audit opinion

- 4.1 Overall, the arrangements for financial management of contracts are generally satisfactory, however, we are concerned that there were no contracts in place for *Gym Membership* or *Brewery Supplies* at the time of audit. Where we have identified control weaknesses, we have made recommendations to bring the financial controls up to the standards required by Financial Regulations.

**Audit conducted by:
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