



INTERNAL AUDIT

FINAL REPORT

Title: Review of Leisure Centre Income

Report Distribution

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EXECUTIVE SUMMARY

Introduction

An audit of Leisure Centre Income was undertaken as part of the approved internal audit periodic plan for 2009/10.

The Borough's five leisure centres are audited in rotation. This year's audit focussed on Arnold Leisure Centre. Budgeted income in 2009/10 for Arnold Leisure Centre is £353,000 out of a total of £2.7 million for all five leisure centres.

Our previous audit report on leisure centre income, report IAR0809-07, issued in October 2008, provided substantial assurance with respect to the adequacy and effectiveness of controls and contained 10 recommendations. At this current review, we found that nine of these recommendations have now been satisfactorily implemented. The department decided not to implement the tenth recommendation, to introduce a register recording payments received in the post, following monitoring which identified that that only about 9 cheques a month were received by post.

Principal Findings

	High	Medium	Low	VFM
Number of recommendations	0	0	4	1

The detailed findings and associated recommendations are provided in the second part of this report. Because of the low risk attached to the findings there is nothing to bring to attention in this section of the report

Assurance Statement

Internal Audit can provide **substantial assurance** with respect to the adequacy and effectiveness of controls deployed to mitigate the risks associated with the areas reviewed.

INTRODUCTION

Objective & Scope

The objective of our audit was to evaluate the auditable area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. The control system is put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively.

The key risks associated with the system objectives are:

- Customers may be charged incorrectly, which could result in the loss of income to the authority.
- Income due to the authority may not be collected fully or efficiently.
- Loss of income due to fraud, theft and error.
- Uncontrolled access to IT systems could result in data being amended without authorisation.

The control areas included within the scope of the review were:

- Income - receipt, recording, banking and accounting;
- Security of money held prior to banking;
- Debtors;
- Financial Regulations and procedures;
- Access to IT systems.

The scope of the audit did not include actively seeking to detect fraud.

This audit report is presented on an exception basis. The detailed findings include only those areas where controls should be enhanced to improve their effectiveness and mitigate the risks that affect the Authority's objectives for the system reviewed. Controls and risks identified in the scope that are not mentioned in the detailed findings were considered to be adequate and operating effectively.

Acknowledgement

A number of staff gave their time and co-operation during the course of this review. We would like to record our thanks and appreciation to all the individuals concerned.

DETAILED FINDINGS

Observation	Risks	Recommendation	Management's Response
<p>Recommendation 1 - Raising Invoices</p> <p>Level of Risk - Value for Money (Efficiency)</p>			
Invoices cannot be created at the Leisure Centres. So if customers are to be invoiced, Leisure Centre staff send a sundry debtor form to the Finance Department, for an invoice to be raised. Details are also emailed to the Finance Department.	Duplication of effort in sending both sundry debtor forms and emails with the same information.	<ul style="list-style-type: none"> (i) Information to raise an invoice should be sent to the Finance Department once only, on a sundry debtor form. (ii) Sundry debtor forms could be emailed to the Finance Department instead of posted. (iii) As an alternative to the above, the department could consider whether invoices should be raised at the Leisure Centres. <p>Action: Jayne Cox, Leisure Facilities Officer</p>	<p>Management Comment: This has been discussed previously. Currently RHLC do their own invoicing and Leisure have been requested that this be rolled out to all sites, Rushcliffe BC have informed us this could take 12-18 months due to access issues. The forms are sent to leisure Admin for processing and leisure finance for budgeting purposes. This could be done by emailing one form to both.</p> <p>Planned Corrective Action: Forms to be circulate electronically to all sites. Old blank forms to be destroyed and new form to be used and emailed to Leisure and Finance until debtor system is rolled out.</p> <p>Timescale: April 2010 for new forms</p>

Observation	Risks	Recommendation	Management's Response
<p>Recommendation 2 - Theatre Hire</p> <p>Level of Risk - Low</p>			
<p>Some organisations hire the theatre, for which they are charged by invoice. The Leisure Centre collects the ticket income on behalf of the organisation. The ticket income is handed over to the organisation before they have paid for the use of the theatre.</p>	<p>Income from theatre hire is put at risk.</p>	<p>The cost of theatre hire could be deducted from the ticket sales income prior to being handed over to the organisation that hired the theatre.</p> <p>Action: Jayne Cox, Leisure Facilities Officer</p>	<p>Management Comment: Recommendation agreed.</p> <p>Planned Corrective Action: ALC to introduce new procedure on a phased approach.</p> <p>Timescale: Start April 2010 with all bookings taken from that date.</p>

Observation	Risks	Recommendation	Management's Response
<p>Recommendation 3 - Security of Membership Forms</p> <p>Level of Risk - Low</p>			
The Leisure Centre's membership forms are kept in boxes on a desk behind the counter.	Loss of personal data. Breach of Data Protection Act.	<p>Membership forms should be kept securely locked away.</p> <p>Action: Jayne Cox, Leisure Facilities Officer</p>	<p>Management Comment: Recommendation agreed.</p> <p>Planned Corrective Action: Managers to ensure that forms are transferred from the office/ reception in tray to a secure location at least once per day.</p> <p>Timescale: April 2010</p>

Observation	Risks	Recommendation	Management's Response
<p>Recommendation 4 - Insured Cash Holdings Level of Risk - Low</p>			
<p>The Leisure Centre manager was uncertain of the value of cash that they were insured to hold in their safe, believing it to be more than the actual insured amount of £5,000.</p>	<p>Loss of income, if cash is stolen and exceeds the amount insured. However, the insured amount of £5,000 is believed to be sufficient.</p>	<p>Leisure Centre managers, and any other relevant staff, should be made aware of the amount of cash holdings for which they are insured.</p> <p>Action: Jayne Cox, Leisure Facilities Officer</p>	<p>Management Comment: Recommendation agreed.</p> <p>Planned Corrective Action: Safe limits confirmed with insurance section and e mailed to managers.</p> <p>Timescale: Implemented (01/02/10)</p>

Observation	Risks	Recommendation	Management's Response
<p>Recommendation 5 - Access to the Flex Income System</p> <p>Level of Risk - Low</p>			
<p>We examined a list of users with access to the Leisure Centre's income system, Flex. One user, PC3, had left an estimated two years ago but his access to the flex system had not yet been removed.</p>	<p>Potential misuse of accounts of ex-staff.</p>	<p>Leavers should have their access to the Flex system removed promptly after leaving.</p> <p>Action: Jayne Cox, Leisure Facilities Officer</p>	<p>Management Comment: There is a system in place to do this. Leavers forms are sent to I.T. who remove them from the system. There may be some that have not been removed from before the new system was put into place.</p> <p>Planned Corrective Action: Managers to check and clear this back log of old leavers.</p> <p>Timescale: May 2010</p>

ANNEX A**Risk & Assurance – Standard Definitions**Audit Recommendations

Audit recommendations are categorised, depending upon the level of associated risk, as follows:

Level	Category	Definition
1	High	Action is essential to manage exposure to fundamental risks.
2	Medium	Action is necessary to manage exposure to significant risks.
3	Low	Action is desirable and should result in enhanced control or better value for money.

Assurance Statement

Each report will provide an opinion on the level of assurance that is provided with respect to the risk arising from the controls reviewed. The categories of assurance are as follows:

Category	Definition
No	The majority of the significant risks relating to the area reviewed are not effectively managed.
Limited	There are one or more significant risks relating to the area reviewed that are not effectively managed.
Substantial	The risks relating to the objectives of the areas reviewed are reasonably managed and are not cause for major concern.

What Happens Now?

The final report is distributed to those involved with discharging the recommended action, the Head of Corporate Services, Audit Commission and, where applicable, the relevant Heads of Service.

A synopsis of the audit report is provided to the authority's Audit Committee. Internal Audit will carry out a follow-up exercise approximately six months after the issue of the final audit report. The on-going progress in implementing each recommendation is reported by Internal Audit to each meeting of the Audit Committee.

Any Questions?

If you have any questions about the audit report or any aspect of the audit process please contact the auditor responsible for the review or Vince Rimmington, Manager of Audit & Risk Services on telephone number 0115 9013850 or via e-mail to vince.rimmington@gedling.gov.uk