

Causeway Coast and Glens Borough Council

Internal Audit Report *Holiday & Leisure Parks – Pitch Fees, Pitch Sales & Caravan Sales Income*

February 2022



INTERNAL AUDIT REPORT

Holiday and Leisure Parks – Pitch Fees, Pitch Sales & Caravan Sales Income

Executive Summary

This internal audit was completed in accordance with the approved annual Internal Audit Plan for 2021/22. This report summarises the findings arising from a review holiday & leisure park (HALP) income.

A number of areas have been highlighted in this report where controls could be enhanced. The following table summarises the total number of findings and recommendations from our audit (all recommendations have been accepted by management):

Risk	Number of recommendations & Priority rating		
	1	2	3
Caravan pitches may not be consistently and fairly allocated leading to an increased risk to Council's reputation	-	2	1
Income from caravan pitches, and sale of holiday homes, may not be appropriately managed leading to an increased risk of loss of income to Council	-	1	1
Holiday and leisure park infrastructure may not be properly maintained and repaired leading to a risk of poor-quality infrastructure, increased health & safety risks and a risk to Council's reputation	-	1	1
Total recommendations made	0	4	3

Based on our audit testing we are able to provide the following overall level of assurance:

Satisfactory

Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

The weaknesses identified during the course of our audit have been brought to the attention of Management. The weaknesses outlined are those which have come to our attention during normal audit work and are not necessarily all the weaknesses, which may exist.

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Distribution:	Audit Committee Chief Executive Director of Leisure & Development Audit Risk and Governance Officer
	February 2022

All matters contained in this report came to our attention while conducting normal internal audit work. Whilst we are able to provide an overall level of assurance based on our audit work, unlike a special investigation, this work will not necessarily reveal every issue that may exist in the Council's internal control system.

1 Objective

The areas for inclusion in the scope of the audit were determined through discussion with management. The scope of this audit is to review the arrangements in place within the Council in relation to risk management, focusing on the main risks associated with:

- Adequate procedures and guidance in place for allocation of caravan pitches and collection of pitch income and (any) sale of holiday homes.
- Maintenance and upkeep of Council's holiday & leisure sites

The audit objective was primarily to ensure that:

- Caravan pitches are consistently and fairly allocated and all associated income, including from sale of holiday homes, is appropriately collected
- Holiday & leisure park infrastructure is maintained to an appropriate standard

2 Background

Causeway Coast and Glens Council operate 6 holiday and leisure sites (a combination of static holiday home parks and touring parks) across the borough:

- Benone Holiday & Leisure Park
- Carrick Dhu Holiday Park
- Cushendall Holiday Park
- Cushendun Holiday Park
- Drumaheglis Holiday Park (and Marina)
- Juniper Hill Holiday Park

Council leases the pitches at static caravan sites and charge an annual site fee. There are over 950 such static pitches managed by Council. Every occupant on a static pitch has a Licence Agreement (LA) with Council. The term of each LA is linked to the age of the caravan on the pitch which is defined in 5 different categories. Every LA must be reviewed and re-issued by Council officers on an annual basis, and every occupant must be informed of the annual pitch fees due to Council. All payments for pitch fees can be collected in a variety of ways (by card over the telephone; setting up a direct debit; bank transfer; cheque etc.). In addition to annual pitch fees Council officers manage the invoicing and collection of income relating to the recharging of other related expenditure for example electricity.

There is a huge demand for Council's static pitches. Occasionally a pitch becomes vacant, and Council advertises the pitch on its website and at the respective Holiday and Leisure Park. In March 2018 Council's Leisure & Development Committee approved an updated process for the allocation of such vacant pitches. The allocation of a vacant pitch also generates income for Council.

Council do not currently own the holiday homes on their Holiday & Leisure Parks. They are owned by the person who leases the pitch. Occasionally, if it is felt to be

economically viable, Council will buy a holiday home from a customer who wants to leave the site. Council will then advertise and sell the caravan.

The scope of this audit was to look at the process for allocation of pitches, the recording of income relating to this process, the income from annual static pitch fees and any caravan sales managed by Council. (This audit did not cover other income such as the recharging of expenditure, or installation fees etc. at Holiday and Leisure Parks to occupants). The assignment also involved a high-level review of the maintenance of Holiday and Leisure Parks infrastructure.

3 Risks

The risks identified by Internal Audit relating to risk management and agreed with management are as follows:

1. Caravan pitches may not be consistently and fairly allocated leading to an increased risk to Council's reputation
2. Income from caravan pitches fees, allocation of pitches, and sale of holiday homes, may not be appropriately managed leading to an increased risk of loss of income to Council
3. Holiday and leisure park infrastructure may not be properly maintained and repaired leading to a risk of poor-quality infrastructure, increased health & safety risks and a risk to Council's reputation

4 Audit Approach

Our audit fieldwork comprised:

- Documenting the systems via discussions with key staff
- Consideration of the key risks within each audit area
- Examining relevant documentation
- Carrying out a preliminary evaluation of the arrangements and controls in operation generally within the Council
- Testing the key arrangements and controls
- Testing the completeness and accuracy of records.

The table below shows the staff consulted with and we would like to thank them for their assistance and co-operation.

Job title
Director of Corporate Services
Director of Leisure and Development
Holiday and Leisure Parks General Manager
Business Support & Administration Assistant (Leisure & Development)
Senior Finance Officer (Accounts Receivable)

5 Findings and Recommendations

This section of the report sets out our findings in relation to control issues identified and recommendations. A summary of all the key controls that we considered is included in Appendix II to this report.

5.1 Risk 1 – Allocation of Caravan Pitches

ISSUE 1 – Policies & Procedures Governing Pitch Allocation

a) Observation-

A report to the Leisure & Development Committee in March 2018 stated that “in December 2015, Council agreed to the commercial management of its 6 Holiday and Leisure Parks. The report (in March 2018) proposed a high-level approval for a process for officers to secure tenants on vacant pitches. “When a static pitch becomes vacant it will be offered to the public via the Council’s website. Expressions of Interest from interested customers will be processed and they will be invited to submit a bid to install a new static unit on that pitch for a period of up to 12 years on a single Licence Agreement, and by renewal of that Licence thereafter.” This was approved by the Committee and Council.

There are a variety of documents laying out the process of allocating pitches and a selection of template forms to support the process however there is no one simple to follow documented procedure covering all aspects of the process involved, setting out the roles and responsibilities of the various Council officials involved and the controls in place.

b) Implication-

In the absence of a single document recording the process of pitch allocation there is a risk that if there are changes in regular staffing or unexpected absences of key staff e.g. due to illness, self-isolation etc. that staff stepping into the relevant roles may not follow the process in line with what has been approved by Council. In addition the absence of a documented procedure removes the opportunity to identify any improvements to the process which may be identified during any periodic review of the procedure.

c) Priority Rating- 3

d) Recommendation-

The procedure for pitch allocation and all associated templates used should be noted in a single simple document, which should be reviewed and updated periodically. All controls in place such as date stamping of bids when received, keeping bids sealed until the evaluation panel meets, managing conflict of interests (see Issue 4), recording evaluation of bids (see Issues 2 & 3) etc. must be included in the documented procedure.

e) Management Response-

The Holiday and Leisure Park Service will develop a clear and concise recorded procedure that will cover all aspects of the process in the allocation of caravan

<p>pitches (including the development of new pitches and the vacancy of existing pitches). Administrative controls will be included with supplementary documentation that will include the necessary paperwork for accurate and discoverable evaluations.</p>
<p>f) Responsible Officer & Implementation Date- Holiday and Leisure Park Manager with direction from Head of Service May 2022</p>

ISSUE 2 – Bid for Pitch Form

<p>a) Observation- Council has a standard form which must be used by those seeking to make a bid on any available free pitch. The form states that council reserves the right not to accept the highest or any bid. However in the absence of documented procedures (see issue 1) there is no written explanation as to the circumstances under which this situation may arise and how it would be handled. Audit was advised of an example as being where the same person applies for more than 1 pitch.</p>
<p>b) Implication- In the absence of a written explanation behind Council's right not to accept the highest bid, there is a risk of an inconsistent approach or a challenge to the transparency around the use of this right if it is applied.</p>
<p>c) Priority Rating- 3</p>
<p>d) Recommendation- Council officers should document the circumstances under which the highest bid may not be accepted and include this in the documented procedures recommended by audit in Issue 1. They should also make it clear on the bid form what will happen should a person bid for more than 1 pitch and/or consider contacting the individual. They should continue to ensure the reasons for not accepting any highest bid is fully documented during the evaluation of bids.</p>
<p>e) Management Response- The Holiday and Leisure Park Service will develop a clear and concise recorded procedure that will cover all aspects of the process in the allocation of caravan pitches (including the development of new pitches and the vacancy of existing pitches). Administrative controls will be included with supplementary documentation that will include the necessary paperwork for accurate and discoverable evaluations. Clarification on the procedures whereby a single applicant applies for more than one pitch will be issued. Clarifications will also be provided on when the Council reserves the right not to accept the highest offer. This will include the defined approach for when a single individual is the highest bidder for more than one pitch.</p>
<p>f) Responsible Officer & Implementation Date- Holiday and Leisure Park Manager with direction from Head of Service May 2022</p>

ISSUE 3 – Recording Evaluation of Applications for Vacant Pitches

a) Observation-

Audit sampled 5 vacant pitch allocations. This equated to 53% of the value of income from pitch allocation for the period April 2020 - June 2021. Testing revealed a standard form for applications for a vacant pitch is routinely used and the evaluation performed by Council officers is recorded on a standard evaluation form. During testing audit noted that for one of the vacant pitches, in the sample selected, there was one bid which had not been submitted using the standard application form. This bid had been submitted via a handwritten note. Audit was advised that this application was not considered during the evaluation. However this is not clear from the details recorded on the evaluation form. All bids in this sample (except the successful application) were noted as “Not Accepted” on the evaluation form.

b) Implication-

Any lack of clarity and/or detail in the recording of the evaluation of applications for vacant pitches increases the risk of inadequate supporting trail of the decision-making process should any unsuccessful applicant seek clarification around, or challenge, the process.

c) Priority Rating-

2

d) Recommendation-

The evaluation form should be updated to include a column which records if a bid was submitted on the appropriate application/bid form, properly completed, signed and dated prior to the deadline, therefore making it valid and eligible for consideration. (The updated form should be included as part of the documented procedures recommended under issue 1).

Valid applications received on the appropriate application form, but which, after evaluation are not successful, should be clearly recorded as “Unsuccessful”.

Any ineligible bids (e.g. not on the standard Council form, not fully completed, not received in a timely manner) should be identified and recorded as “Not Eligible” on the Council evaluation form.

If a bid is “Not Eligible” the reason for this should be clearly recorded on the evaluation form.

e) Management Response-

Guidance notes will be issued in advance of applicants completing bid form detailing the process and application documentation. On completion of the evaluation a brief summary report will be compiled detailing the process including advertisement, closing dates, assessment date, panel members and outcome. Unsuccessful and Not Eligible applications will be noted and the reason clearly recorded.

f) Responsible Officer & Implementation Date-

Holiday and Leisure Park Manager with direction from Head of Service
8 April 2022

ISSUE 4 – Governance Around Evaluation of Applications for Vacant Pitch

a) Observation-

Council's (undocumented) procedure is that the process of evaluating applications for vacant pitches must be undertaken by 3 persons. No conflict-of-interest declarations are completed by the Council officers who undertake the evaluation. During the testing of the 5 vacant pitch allocations, audit found that 1 of the evaluations had not been signed by 3 persons.

Audit also observed that a single evaluation form may include the evaluation of applications relating to more than one vacant pitch.

b) Implication-

In the absence of a signed declaration relating to conflict of interest by the persons undertaking the evaluation, and in the absence of evidence of evaluation by 3 officers, there is an increased risk of a perception of poor governance and perceived lack of transparency around the evaluation of the applications for vacant pitches. By not recording the evaluation of each pitch on a separate form the audit trail is not clear.

c) Priority Rating-

2

d) Recommendation-

A separate evaluation form should be used for each vacant pitch; and this should be signed and dated by the 3 persons involved in the evaluation. The evaluation form should note that by signing the form the evaluators are verifying that they have no conflict of interest with any of the applicants. If an officer does know any of the applicants or feel there is any potential conflict that officer should be replaced, on the evaluation panel, and all this detail should be recorded on the evaluation form and documented procedures.

e) Management Response-

A separate evaluation form will be used for each vacant pitch and the summary report form will detail that it has been signed by the evaluators. The evaluation form will include a section advice on the need to declare conflict of interest.

f) Responsible Officer & Implementation Date-

Holiday and Leisure Park Manager with direction from Head of Service
7 March 2022

5.2 Risk 2 – Management of Income from Pitch Fees, Pitch & Caravan Sales

ISSUE 5 – Policies & Procedures Governing Holiday & Leisure Park Income

a) Observation-

As mentioned in Issue 1 the current procedure for allocating pitches was approved by the Leisure & Development Committee in March 2018 and there are a variety of documents laying out the process of allocating pitches and a selection of template forms. However there is no one simple to follow documented procedure

<p>covering all aspects of the process involved and identifying roles and responsibilities.</p> <p>There are also a number of documents including a description of the process for invoicing of annual pitch fees and templates supporting static home purchase/sale etc.</p> <p>Audit observed that the procedures are well understood by the General Manager of Holiday & Leisure Parks and the Leisure & Development business support staff member and are operating well (with the exception of matters included in this report). Audit noted during testing that the current documents containing details of procedures to be followed do not contain guidance on the various VAT rates applicable to Holiday & Leisure Park income. However testing revealed that the VAT rates in the samples selected were appropriately charged, captured and reported to HMRC.</p>
<p>b) Implication-</p> <p>In the absence of a single document recording the process governing all procedures linked to managing Holiday & Leisure Park income (Pitch fees, income from pitch allocation, static caravan purchase/sales) there is a risk that if there are changes in regular staffing or unexpected absences of key staff e.g. due to illness, self-isolation etc. that staff stepping into the relevant roles may find it difficult and take longer to understand the procedures in operation. This is particularly important when there is a heavy reliance on one member of Leisure & Development Business Support staff. In addition the absence of a documented procedure removes the opportunity to identify any improvements to the process which may be identified during any periodic review of the procedure.</p>
<p>c) Priority Rating- 3</p>
<p>d) Recommendation-</p> <p>A documented procedure for allocation of pitches is recommended in Issue 1. In addition the procedures for managing pitch fee income and caravan sales, including reference to applicable VAT rates, all associated templates and roles and responsibilities should be noted in a single simple document, which should be reviewed and updated periodically.</p>
<p>e) Management Response-</p> <p>The Holiday and Leisure Park Service will develop a clear and concise recorded procedure that will cover all aspects of the process in the allocation of caravan pitches (including the development of new pitches and the vacancy of existing pitches). Administrative controls will be included with supplementary documentation that will include the necessary paperwork for accurate and discoverable evaluations. In addition the documentation will include a procedural formula which advises on the factors used to determine a sale price. These will include but are not exclusive to the current book price based on market values and based on the condition and specification of caravan, the location position within the site and a banding of front row only pitches, the location of the site and 6-monthly valuations within a 10 mile radius, where applicable – analysis of current market positions.</p>
<p>f) Responsible Officer & Implementation Date-</p>

Holiday and Leisure Park Manager with direction from Head of Service
May 2022

ISSUE 6 – Licence Agreements for long-term occupants

a) **Observation-**

Audit was advised that the long-term occupant of every pitch at every Council HALP has a comprehensive Licence Agreement (LA) with Council, which is updated and renewed every year. Audit found that the terms and conditions within the LA are comprehensive and contain clear detail of the rights and obligations of the parties to the agreement. Administration of the LAs and the associated annual pitch fees (and other expenses recharged to occupants) is a heavy administrative burden and is managed using Excel Spreadsheets. This is largely undertaken by a single officer in Leisure & Development supported by a seasonal agency person at peak times (i.e. when LAs are to be reissued and renewed). There are over 950 static pitches managed by Council. This necessitates the manual review of more than 950 LAs every year using details recorded on Excel spreadsheets, which also must be updated manually every year for any change in pitch occupancy (validity of gas certificates; age of caravan etc). Once these updates occur the manual generation of (over 950) updated LAs (using Microsoft word) takes place. These are individually printed and posted to occupants. This is followed by the generation of invoices by Council's Finance team, using information provided by one of the business support officers in Leisure & Development on a separate Excel spreadsheet.

Audit testing of a sample of static pitch LAs (for 2021) and the corresponding pitch fee invoices revealed LAs had been issued in February and invoices had been issued shortly after, in early March. Audit noted some examples of late invoices due to minor errors or delays in informing finance of a new pitch owner. Audit also observed 2 credit notes issued because of changes in occupation details not recorded on the spreadsheet sent to Finance. Considering the volume of manual work behind the issuing of LAs and invoices there is a higher risk of minor errors occurring. Ultimately the errors were identified and corrected; however, error correction is an additional time burden for staff. Audit testing of such receipts & income revealed no issues in the recording of this income in Council's financial system. Audit notes there are no significant issues with pitch fee debts. Customers are required to pay in full each year before the start of the season or sign up to direct debit payments. At present there are only 2 customers who owe £335.60 each. They have been given until the end of February to pay, otherwise their licence will not be renewed.

Audit tested a sample of Licence Agreements renewals and found that 5 out of the 25 sampled had not been signed and returned to Council. Audit was advised that getting LA paperwork returned in a timely fashion requires a lot of follow-up and effort from the Council business support officer. In addition the Covid closure of HALPs resulted in the administration of pitch fee refunds. This was an additional administrative activity which impacted on the amount of time available to follow-up outstanding LAs.

Audit notes that Council uses an online booking system, for touring sites. This system contains maps of the leisure park pitches and some information on the

<p>individual static pitches onsite. Audit observed that the static pitch details are not being consistently recorded on this system and are not kept up to date.</p>
<p>b) Implication- The administration of static pitch fees and licence agreements is a largely manual and time-consuming process which increases the risk of errors in managing LAs and invoicing and increases the time required for checking & follow-up. The partial recording of pitch information in an online system, and the parallel use of spreadsheets to record similar pitch information is an inefficient use of an available system and human resources.</p>
<p>c) Priority Rating- 2</p>
<p>d) Recommendation- Council should investigate the costs and benefits of options available for automating the management of Leisure & Holiday Parks income. The introduction of an appropriate information management system which could be managed by the existing Holiday & Leisure Park Manager, the Leisure & Development business support officer with the support of wardens would eliminate the need for the manual updating of spreadsheets and could lead to a reduction in time in managing LAs (& other elements of park management).</p>
<p>e) Management Response- Council will investigate the costs and benefit options of the implementation of a digitised management system for issue and management of licence documentation.</p>
<p>f) Responsible Officer & Implementation Date- Holiday and Leisure Park Manager with direction from Head of Service September 2022</p>

5.3 Risk 3 – Holiday & Leisure Park Infrastructure

ISSUE 7 – Feedback from HALP Occupants

- a) Observation-**
Audit enquired about customer feedback on facilities and was advised that customer complaints about facilities would be made verbally, via e-mail or on social media sites. Verbal complaints are not recorded in detail; unless it involves a request for maintenance, although at one of the larger of Council's parks Audit was advised a spreadsheet of the type and number of verbal complaints being made was being retained. The warden at this park has recently started to pull together complaints (received via e-mail or posted online). Audit reviewed the complaint information collated by the warden and noted the detail in some of the complaints about the toilet/shower facilities at the park is concerning and included a small number of requests for refunds due to stays being cut short because of dissatisfaction with facilities.

<p>There is no formal process in place to ensure all sources of feedback; complaints, reviews etc from all HALPs are routinely collated and analysed.</p>
<p>b) Implication- If feedback from HALP users is not formally collated and reported there is a risk that medium-term decision making relating to the upkeep of Council's HALPs does not have all available information to ensure appropriate decision-making regarding re-investment in HALP facilities.</p>
<p>c) Priority Rating- 3</p>
<p>d) Recommendation- A mechanism should be put in place to collect, collate and analyse all complaints/comments/reviews from all sources across all parks. This can be used to identify areas for improvement and help inform priority decision making on infrastructure investment.</p>
<p>e) Management Response- The Holiday and Leisure Park Manager will set up a system for capturing all possible customer information relating to provision of service. This will be reviewed quarterly and used not just for infrastructure improvements but customer service and improving the quality of the visitor experience through staffing direction etc. This will also be reviewed with the Head of Service bi-annually through a report detailing performance of the sites specifically relating to the measurement and action need to improve customer experience.</p>
<p>f) Responsible Officer & Implementation Date- Holiday and Leisure Park Manager with direction from Head of Service End of April 2022</p>

ISSUE 8 – Medium-Term Plan for Management of Holiday & Leisure Parks

a) Observation-

In the 2021/22 Business Plan the strategic aims of Leisure & Development include managing “the Council owned Holiday & Leisure Parks to deliver high quality service and good value for customers whilst maximising return from investment”. One of the operational actions for the year was to develop a 5-year plan for HALPs “following on from the approval of the strategic plan “A Pitch for the Future”. Audit notes that, with just over 1 and a half months of the current year remaining, no report on the progress of the Business Plan for HALPs has been brought to Committee for 2021/22.

“A Pitch for the Future” was developed by Council officers in 2019. This document highlights the strengths and weakness in Council's HALP provision and details of Councils annual turnover and return from managing the HALPs. However it also indicates that the infrastructure across the 6 parks has not been subject to any major investment in recent years, with the income from HALPs helping to support Council's wider budget needs. There is some reference to profitability & loss “some operations have consistently returned an operating surplus whilst other have run at a loss”.

The paper includes an analysis of the 6 parks in terms of facilities and proposed short term and longer-term goals and possible improvements for each HALP. These have not been costed out, however a spreadsheet of potential repairs and upgrades required per park is maintained by the HALP Manager and is used to prioritise available budget. At the time of this report the document had not yet been updated.

Audit reviewed the increase in caravan fees for the last number of years and notes that an inflationary increase is usually approved by Council members in November each year. Audit reviewed the budget for 2021/22 and the actual income & expenditure for the first 9 months of the year 2021/22. The surplus is budgeted to be over £1.3m in 2021/22 but actual income for 2021/22 is almost £600k higher than budgeted so the final surplus may be much higher. The actual net income for HALPs in 19/20 was circa £1.3m and in 20/21 was circa £1.4m. The HALPs section of Council has continuously created a surplus for Council, although not every park is making a profit. There was a significant re-investment of almost £4m in the later stages and in the early years of the Causeway Coast & Glens Borough Council. The Capital re-investment in recent years has been approx. £892K since 2017. The majority of this was £690k spent in 2017, with the following years being much lower. Audit also notes that approval was sought and received in 2021/22 for priority essential maintenance improvements across all 6 HALPS of £300k and for essential capital investment of £244k at 1 HALP.

As noted in Issue 7 above, Audit reviewed the complaint information collated by the warden (at one of the larger parks) and noted the detail in some of the complaints about the toilet/shower facilities at one of Council's largest HALP is concerning and included a small number of requests for refunds due to stays being cut short because of dissatisfaction with facilities. Audit also assessed 43 reviews regarding the same holiday park on a website used for booking. It is reassuring that feedback praised the location and access to the beach, pointed to the parks potential to be an excellent site, and that 23 of the ratings were 4 or 5 out of 5 stars. However there were 20 ratings of 3, 2 or 1 stars and there were 17 references to outdated facilities, with 13 of these relating to unpleasant toilet and washing facilities. Audit notes that the proposed maintenance expenditure for 2022/23 includes a small provision to upgrade the toilets/showers and work has begun on a longer-term development plan for this HALP.

b) Implication-

If a fully costed medium-term investment plan for Council's HALPs is not in place there is a risk that re-investment in the facilities is below the level required to maintain a good quality infrastructure to meet public expectations.

c) Priority Rating-

2

d) Recommendation-

Council needs to have a clear vision of the future management and development of HALPs within Council's ownership. Outdoor leisure has become very popular due to Covid, and the public expect a high standard of facility. Council needs to consider if they will have the resources to invest and maintain such a standard moving forward at each of the holiday and leisure parks they currently manage.

The document “A Pitch for the Future” should be updated and expanded to include costed options for future development and used for decision making purposes. Any short falls in the availability of funds in comparison to the investment required should be clearly documented and understood. Council should decide if the current way of managing the HALPs and the income generated can guarantee that infrastructure development can be undertaken in a timely manner to ensure facilities can be maintained to a high & safe standard. Different models for management of the HALPs should be explored e.g. leasing the parks to private holiday park firms, a hybrid model with Council retaining some parks and leasing others, identification of funds for re-investment etc. and a Business Case with options for the future of HALPs developed.

e) Management Response-

The Council has invested a significant amount of money in the last 5 years in Holiday and Leisure Parks. It should be noted that the Council has recently experienced a financial crisis and as a consequence budgets were severely curtailed. It should also be noted that over £500,000 will have been spent in this current financial year on maintenance and repair projects. The Council is already looking at infrastructure projects and will continue to invest in both maintenance and repair and infrastructure improvements for the future. Analysis will include the viability and cost benefit of Park operations. Council investment in Holiday and Leisure Parks is subject to elected Members approval and regarding major capital, the Council’s Capital Works Process. The Council has agreed a dedicated allocation circa £200,000-£300,000 pa for investment in sites. The five-year plan referred to in the Business Plan 2021/22 will be deferred to the 22/23 financial year and a schedule of initial investment and growth for the future meetings has been timetabled by the Head of Service for March and April 2022. Progress on the 5-year plan development will be provided as part of scheduled updates on the Annual Business Plan at Leisure and Development Committee meetings.

f) Responsible Officer & Implementation Date-

Director of Leisure and Development
Head of Service – Tourism and Recreation – 2022/23 Quarter 4

Appendix I: Definition of Assurance Ratings and Hierarchy of Findings

Satisfactory Assurance

Evaluation opinion: Overall there is a satisfactory system of governance, risk management and control. While there may be some residual risk identified this should not significantly impact on the achievement of system objectives.

Limited Assurance

Evaluation opinion: There are significant weaknesses within the governance, risk management and control framework which, if not addressed, could lead to the system objectives not being achieved.

Unacceptable Assurance

Evaluation opinion: The system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives.

Hierarchy of Findings

This audit report records only the main findings. As a guide to management and to reflect current thinking on risk management we have categorised our recommendations according to the perceived level of risk. The categories are as follows:

Priority 1: Failure to implement the recommendation is likely to result in a major failure of a key organisational objective, significant damage to the reputation of the organisation or the misuse of public funds.

Priority 2: Failure to implement the recommendation could result in the failure of an important organisational objective or could have some impact on a key organisational objective.

Priority 3: Failure to implement the recommendation could lead to an increased risk exposure.

Appendix II: Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below:

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future Periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control, and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

Appendix III: Summary of Key Controls Reviewed

Budgetary Control

Risk	Key Controls
<p>Caravan pitches may not be consistently and fairly allocated leading to an increased risk to Council's reputation</p>	<ul style="list-style-type: none"> • There are documented policies and procedures governing the allocation of caravan pitches and sale of holiday homes (static caravans) • These documented policies and procedures are available to the staff involved in the allocation of pitches and sale of holiday homes • These documented policies and procedures are applied across all Council holiday sites • There are clear criteria for applicants for pitches to meet • Applicants complete a standard application form, which includes all details of criteria • Applications are assessed by more than 1 person • Applicants are provided with a standard letter advising them of the reason why their application is unsuccessful • Waiting lists are in place for oversubscribed sites
<p>Income from caravan pitches fees, allocation of pitches, and sale of holiday homes, may not be appropriately managed leading to an increased risk of loss of income to Council</p>	<ul style="list-style-type: none"> • The occupier of each pitch has a written agreement with the Council (site) outlining: <ul style="list-style-type: none"> ○ the duration of the agreement ○ pitch fees (what is included and any additional fees) and their review procedure ○ park rules ○ rules for termination of the agreement ○ procedures for resolving disputes ○ the rights and obligations of the parties • There are documented policies and procedures in place for all staff involved in the collection and recording of pitch fees • These documented policies and procedures are applied across all Council holiday sites • There are facilities to pay fees online; and over the phone to minimise cash receipts. • Invoices for fees are raised promptly • Invoices are raised centrally by Finance; no staff at holiday parks can issue invoices • Details for invoicing are issued by the relevant staff at holiday parks via e-mail to the finance accounts receivable e-mail • All appropriate details are provided by holiday parks <ul style="list-style-type: none"> ○ Date ○ Name ○ Address ○ Description ○ Net Amount ○ Vat ○ Gross amount ○ Coding

Risk	Key Controls
<p>Holiday and leisure park infrastructure may not be properly maintained and repaired leading to a risk of poor-quality infrastructure, increased health & safety risks and a risk to Council's reputation</p>	<ul style="list-style-type: none"> • Customers should be advised to send payments directly to Finance • Finance will advise holiday parks regularly of payments received • If a holiday park receives payment for invoices directly these are clearly identified as debtor payments on the receipt's sheets, and not just included in the takings for the location, in the information submitted to Finance. • An appropriate assessment of the advantage to Council for purchasing any holiday homes for re-sale is documented and approved at an appropriate level • The availability of holiday homes which Council has acquired is advertised • Income for sale of holiday homes is properly recorded in Council's financial records <ul style="list-style-type: none"> • A medium-term re-investment plan is in place which considers the age, upkeep and replacement cost of Council's various holiday and leisure park infrastructure • The budget available for the upkeep of holiday and leisure park infrastructure reflects the need identified in the medium-term re-investment plan • The results of risk assessments and facility condition surveys have fed into a maintenance schedule for each holiday and leisure park • Risk assessments includes <ul style="list-style-type: none"> ○ Covid-19 risk ○ Fire risk ○ Carbon-monoxide risks ○ Electrical risks ○ Gas risks ○ Pedestrian safety ○ Traffic routes ○ Legionella ○ Play areas ○ Grounds maintenance • Ad-hoc repairs are identified through regular facility checks and prioritised and repaired in a timely manner