



## **INTERNAL AUDIT REPORT – ARTS & CULTURAL CENTRES**

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**Distribution:** Audit Committee  
Chief Executive  
Director of Corporate Services  
Director of Leisure & Development  
Head of Community & Culture  
Cultural Services Manager

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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.

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## Executive Summary

This internal audit was completed in accordance with the approved annual Internal Audit Plan for 2018/19. This report summarises the findings arising from a review of Arts & Cultural Centres which was allocated 8 days.

Through the audit I found the following examples of good practice:

- There are clear governance arrangements, a business plan and a marketing strategy in place for the centres
- Performance targets have been set for the centres and are monitored regularly.
- Realistic annual and monthly budgets are developed and monitored regularly
- Financial performance is monitored of individual events, shows or activities run or put on by the centres
- There is a clear process for booking performances, acts and events and relevant insurances and vetting are provided.
- There is adequate completion of daily/ weekly cash sales sheets and monies are held securely in a safe until lodgements are made.
- There is an adequate number of staff within the centres and staff receive relevant training and development.

Two areas (Priority 2) where controls could be enhanced was noted during this review.

The following table summarises the total number of recommendations from our audit (all recommendations being accepted by management):

| Risk                              | Number of recommendations & Priority rating |          |   |
|-----------------------------------|---|----------|---|
|                                   | 1   | 2        | 3 |
| Control of Assets                 | -   | 1        | - |
| Income and Cash                   | -   | 1        | - |
| <b>Total recommendations made</b> | -   | <b>2</b> | - |

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

|                     |   |
|---------------------|---|
| <b>Satisfactory</b> | 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. |
|---------------------|---|

## 1. Objectives

The specific audit objectives in the areas examined during this review are as follows:

- Arts and Cultural Centres have processes in place to ensure that they provide value (both financial and non-financial) to the Council and community
- To ensure that there is adequate arrangements in place within the Arts and Cultural Centres in relation to booking and procurement of acts and events, and control of assets.
- To ensure there is sufficient controls in place in relation to the receipt of income within Arts & Cultural Centres.
- To ensure there is adequate staffing arrangements and resources in place within the Arts and Cultural Centres.

## 2. Background

Cultural Services has been established in order to enhance the well-being of citizens, communities and visitors by providing participation in, access to and an understanding of Culture, Arts and Heritage. This includes the provision of facilities in terms of both Arts Centres & local Museums, as well as a range of community based services and resources to both promote the cultural profile and build upon the culture, arts and heritage infrastructure of the area.

Causeway Coast and Glens Borough Council recognises the enormous cultural, artistic and heritage assets within its geographical area and has developed a five year Integrated Culture, Arts and Heritage Strategy to cover the period 2016-21. The strategy builds on the achievements of the four legacy council's arts and museums services and was adopted by Council in May 2016.

Council has 2 main Arts & Cultural Centres which are Flowerfield Arts Centre and Roe Valley Arts & Cultural Centre. In addition to the venues listed above, a range of other venues are used to host events. Theatre, dance, film, exhibitions, workshops and more take place in local venues such as Portnagree House and Sheskburn House in Ballycastle, Ballymoney Town Hall as well as in community centres, shopfronts and even the great outdoors.

## 3. Risks

The risks identified relating to the Arts & Cultural Centres and agreed with management are as follows:

- Performance of the centres
- Booking of acts and events and control of assets
- Income and cash
- Staffing arrangements and resources

## 4. Audit Approach

The 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                               |
|---|
| Cultural Services Manager               |
| Cultural Facilities Development Manager |

## 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 – Performance of the Centres

Audit has no findings or recommendations to make in relation to this risk area.

### 5.2 Risk 2 – Booking of Acts and Events and Control of Assets

| Control of Assets  |
|--|
| <b>a) Observation-</b><br>It was noted during the audit that Flowerfield and Roe Valley Art Centre has asset registers in place, however, they need to be updated. |
| <b>b) Implication-</b><br>Potential misappropriation of assets.  |
| <b>c) Priority Rating- 2</b>   |
| <b>d) Recommendation 1-</b><br>Council should update their fixed asset register for each centre with clear guidelines on usage.                                    |
| <b>e) Management Response-</b> Current Asset Registers will be created for Flowerfield and Roe Valley Arts Centre.   |

**Responsible Officer & Implementation Date-** Cultural Facilities Development Manager, September 2019

### 5.3 Risk 3 – Income and Cash

| Income and Cash                |   |
|--------------------------------|---|
| <b>a) Observation-</b>         | It was noted during the audit that Flowerfield and Roe Valley Art Centres do not have in place any cash handling procedures.  |
| <b>b) Implication-</b>         | Insufficient controls in place in relation to the receipt of income leading to an increased risk of loss of income to the Council due to misappropriation or errors.  |
| <b>c) Priority Rating-</b>     | 2   |
| <b>d) Recommendation 1-</b>    | Council should develop income and cash handling procedures for both centres.  |
| <b>e) Management Response-</b> | Each venue maintains cash handling procedures and relevant staff are trained accordingly, however these procedures are not written down in definitive procedural document.<br><b>Responsible Officer &amp; Implementation Date-</b> Cultural Facilities Development Manager, September 2019 |

### 5.4 Risk 4 – Staffing Arrangements and Resources

Audit has no findings or recommendations to make in relation to this risk area.

## **6. 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.

## 7. Appendix II: Summary of Key Controls Reviewed

| Risk   | Control issues  |
|--|---|
| <ul style="list-style-type: none"> <li>Arts and Cultural Centres may not have processes in place to ensure that they provide value (both financial and non-financial) to the Council and community</li> </ul>  | <ul style="list-style-type: none"> <li>There are clear governance arrangements for the centres</li> <li>There is a business plan for the centres</li> <li>There is a marketing strategy for the centres</li> <li>Services, facilities and events within the centres are widely promoted</li> <li>Performance targets have been set for the centres</li> <li>Performance targets are monitored regularly</li> <li>Performance of the centres is reported to senior management and Council</li> <li>Realistic annual and monthly budgets are developed and monitored regularly</li> <li>Financial performance is monitored of individual events, shows or activities run or put on by the centres</li> <li>The centres promote cultural diversity through its programming</li> <li>Performance and feedback from users is monitored of individual events, shows or activities run or put on</li> <li>User feedback is collected and acted upon</li> <li>Usage of by performers, artists and the local community etc. is monitored and recorded</li> </ul> |
| <ul style="list-style-type: none"> <li>There may be inadequate arrangements in place within the Arts and Cultural Centres in relation to booking and procurement of acts and events, and control of assets leading to under or inappropriate use of the Centre and potential misappropriation of assets</li> </ul> | <ul style="list-style-type: none"> <li>There is a clear process for booking performances, acts and events</li> <li>Relevant insurances and vetting are provided, where appropriate, by those booking the centres</li> <li>There is a fixed asset register for each centre</li> <li>Assets (e.g. stage equipment) are tagged</li> <li>Usage of assets (including rooms) by external organisations or groups is controlled, with clear guidelines on usage</li> </ul>   |

| Risk  | Control issues  |
|---|---|
| <p>There may be insufficient controls in place in relation to the receipt of income leading to an increased risk of loss of income to the Council due to misappropriation or errors</p>   | <ul style="list-style-type: none"> <li>• Income and cash handling procedures are in place to provide guidance to staff collecting payments</li> <li>• Adequate training is provided to staff who handle cash</li> <li>• Only designated staff are allowed to use tills (username and passwords used)</li> <li>• A separate float is held for each till which is counted and verified before each shift</li> <li>• Till reconciliation is performed at the end of each shift</li> <li>• Receipts are produced and issued for every transaction</li> <li>• All till discrepancies are fully investigated and records maintained</li> <li>• Cash received by post is promptly recorded and receipted.</li> <li>• Tills are restricted to one cashier/user or have individual user logins where operated by more than one staff member</li> <li>• End of day till reports are generated and reconciled to cash in till and credit/debit card records</li> <li>• All voids/ cancelled till transactions are supported by appropriate documentation</li> <li>• Separation of duties exists between staff responsible for income collection and staff with responsibility for reconciling income received to the bank.</li> <li>• There is adequate completion of daily/ weekly cash sales sheets</li> <li>• There is adequate Manager/ Supervisor oversight over the reconciliation process and evidence of this</li> <li>• Surprise cash counts are performed periodically</li> <li>• Monies are held securely in a safe which is in an appropriate location</li> <li>• Lodgements are made regularly and promptly</li> <li>• Adequate insurance is in place to cover cash held on the premises until lodged and cash held does not exceed the amount insured</li> </ul> |
| <ul style="list-style-type: none"> <li>• There may be inadequate staffing arrangements and resources in place within the Arts and Cultural Centres resulting in a poor experience by users and unsustainable work pressures on staff</li> </ul> | <ul style="list-style-type: none"> <li>• Number of full-time, part-time and casual staff</li> <li>• Number of staff required for various types of events and hours worked</li> <li>• There is a clear process for determining how many staff are required for each event</li> <li>• Timesheets are kept</li> <li>• Annual leave and TOIL is approved</li> <li>• Amount of annual leave and TOIL recorded</li> <li>• Staff receive relevant training and development</li> </ul>  |