

# Causeway Coast and Glens Borough Council

## **INTERNAL AUDIT REPORT (April - June 2015)**

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## 1. INTRODUCTION

As part of the Internal Audit programme for 2015/16, an assessment of Causeway Coast and Glens Borough Council's systems of internal control in relation to the undernoted Recreation and Leisure Centres has been carried out.

## 2. COLERAINE LEISURE CENTRE AUDIT

The purpose of the audit review was to identify and assess the systems and procedures employed in the Centre.

Audit Report Title	Recommendations	Responsible Department	Management Responses
CLC	<p><b><u>Invoicing Facility</u></b></p> <p>1. Management should consider removing the invoicing facility and obtain all payments in advance.</p>	Leisure & Development	<p>Coleraine Leisure Centre not only administers the booking and payments for hire within the facility, but also, the 3G and Astroturf pitches, all football pitches, Andersons Park and the Water sports Centre. Removal of the current invoicing facility would be a major shift from what is currently common practice. For example last year the Centre and associated facilities, invoiced a total of 135,000, there are also approximately 120 groups who avail of the invoicing service. The majority of invoices are sent to Clubs and Schools, as it is not always practical for them to pay in advance. As there are so many groups involved, management would predict this to be an unpopular shift, and may not be received well in some quarters. Management would suggest that this recommendation would need to be introduced uniformly across the new CC&amp;G Council, before attempting to implement in one Site.</p>

<p><b>CLC</b></p>	<p><b><u>Block Bookings</u></b></p> <p>2. The centre should review all block booking application forms to incorporate the conditions of hire onto the one document to replace separate forms requiring completion and signature.</p> <p>3. Management at the centre should consider a policy for block bookings to enable fairness with the possibility of obtaining a non-refundable payable deposit.</p>	<p>Leisure &amp; Development</p>	<p>Management are currently reviewing its block booking application forms with a view to implementing fully the Audit recommendations.</p> <p>Management recognise the fact that no Policy exists in relation to Block Bookings. Some of the block bookings with the Centre are as old as the Centre itself. In terms of numbers the Centre allocates block bookings to 96 groups, with a further 20 to outside facilities. Similar to the removal of the invoicing facility, Management would suggest that this is also assessed across CC&amp;G and recommendations implemented uniformly across the Borough.</p>
<p><b>CLC</b></p>	<p><b><u>Playing Pitches</u></b></p> <p>4. The centre should review the current system for administering booking of playing pitches to reduce the amount of paperwork and duplication.</p>		<p>The Centre is currently reviewing the procedure in place for administering playing pitch bookings. The existing procedure has remained the same despite the introduction of the Legend System. The key objective of the new procedure will be to include as much information as possible, when the booking is placed on the system, and to use the reports generated within Legend to replace a lot of the Paperwork and duplication which currently exists. The 'goal' will be to maximise the capabilities of the Legend System within the procedure.</p>

<p><b>CLC</b></p>	<p><b><u>Hairdryer Income</u></b></p> <p>5. Income should be collected on at least a monthly basis to reduce the element of risk in retaining high amounts of cash in the machines.</p>	<p>Leisure &amp; Development</p>	<p>Income from the hairdryers will now be collected on a monthly basis. A reminder has been set up on Duty Supervisors Outlook Calendar to ensure this is actioned.</p>
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**Conclusion**

The centre has made great progress which is a testimony of a highly effective and motivated team. Based on the work carried out, I would conclude that the controls in place within Coleraine Leisure Centre provide a **satisfactory** level of assurance. There are minor issues/improvement areas that need to be addressed.

**3. JOEY DUNLOP LEISURE CENTRE AUDIT**

The purpose of the audit review was to identify and assess the systems and procedures employed in the Centre.

<p><b>Audit Report Title</b></p>	<p><b>Recommendations</b></p>	<p><b>Responsible Department</b></p>	<p><b>Management Responses</b></p>
<p><b>JDLC</b></p>	<p><b><u>Cash Reconciliations</u></b></p> <p>1. Cash handling procedures should be followed on all occasions with particular reference to countersigning the cash reconciliation sheets, refunds and variances</p>	<p>Leisure &amp; Development</p>	<p>This occurred in the absence of the Business support Manager and there was stand in cover Action: management memo to remind duty officers and receptionists to follow agreed cash handling procedures and have two signatures on all reconciliation sheets.</p>

<p><b>JDLC</b></p>	<p><b><u>Lodgements/Banking</u></b></p> <p>2. The centre should ensure that where possible, lodgements are carried out more frequently to avoid the insurance limit of £8000 being exceeded.</p> <p><b><u>Invoiced Customers</u></b></p> <p>3. The centre should use the procedures for invoicing and debt management followed by Causeway Coast and Glens (Coleraine office), once they have been updated to reflect recent changes as a result of the merger.</p>	<p>Leisure &amp; Development</p>	<p>This occasion has been confirmed as summer scheme enrolment which would account for the large cash collection. To review with CFO an additional cash collection or post office lodgement to keep below safe £8k limit</p> <p>This will be part of the Harmonization of Services within L&amp;D. Copy of procedures used in the Coleraine office of CCGBC obtained for information and action?</p>
<p><b>JDLC</b></p>	<p><b><u>Block Bookings</u></b></p> <p>4. The centre should review all block booking application forms to incorporate the conditions of hire onto the one document to replace separate forms requiring completion and signature.</p> <p><b><u>Vat Exempt Bookings</u></b></p> <p>5. The centre should use a vat exempt form to ensure that invoices are issued in accordance with the procedures laid down by HM Customs and Excise.</p>		<p>This will be part of the Harmonization of Services within L&amp;D.</p> <p>This will be part of the Harmonization of Services within L&amp;D. Copy of vat exempt form used in the Coleraine office of CCGBC obtained for information and action?</p>

**Conclusion**

Based on the work carried out, I would conclude that the controls in place within Joey Dunlop Leisure Centre provide a **satisfactory** level of assurance.

**4. SHESKBURN RECREATION CENTRE AND QUAY ROAD SPORTS COMPLEX**

The purpose of the audit review was to identify and assess the systems and procedures employed in relation to Sheskburn Recreation Centre and Quay Road Sports Complex.

Audit Report Title	Recommendations	Responsible Department	Management Responses
<p><b>Sheskburn Recreation Centre &amp; Quay Road Complex</b></p>	<p><b><u>Invoiced Customers</u></b></p> <p>1. The centre should use the procedures for invoicing and debt management followed by Causeway Coast and Glens (Coleraine office), once they have been updated to reflect recent changes as a result of the merger.</p> <p><b><u>General</u></b></p> <p>2. Management should consider implementing a computerised front of house leisure management system to help streamline administration and reduce the use of manual pre-numbered receipts.</p>	<p>Leisure &amp; Development</p>	<p>All invoices and debt management systems are managed centrally within Councils Finance Department</p> <p>I would be happy to discuss this matter with our new head of department. HWS may consider changing all front of house systems to ensure all data and reports are harmonised to capture similar data</p>

**Conclusion**

As a result of this audit, it is Internal Audit’s opinion that the systems and controls in place over Sheskburn Recreation Centre and Quay Road Sports Complex provide a **full** level of assurance.

**5. ROE VALLEY LEISURE CENTRE AUDIT**

The purpose of the audit review was to identify and assess the systems and procedures employed in the Centre.

Audit Report Title	Recommendations	Responsible Department	Management Responses
RVLC	<p><b>Cash Reconciliations</b></p> <p>1. The centre’s cash handling procedures should be followed on all occasions with particular reference to refunds.</p> <p><b>Invoiced Customers</b></p> <p>2. The centre should use the procedures for invoicing and debt management previously followed by Causeway Coast and Glens (Coleraine office), once they have been updated to reflect recent changes as a result of the merger.</p>	Leisure & Development	<p>Janet (reception coordinator) is to review/ audit the cash handling procedure and bring recommended updates to the management team by 31/08/15. At time of reporting I am waiting on update cash handling procedure.</p> <p>Alistair (admin officer) has advised that since moving to legend we no longer issue invoices directly from the system. Invoices are issued manually, based on outstanding amounts on certain types of account within the system. The “debtors” is also then manually managed albeit this is only a record of monies owed. The income is attributed to relevant cost centres when received. This will change in due course either as a result of developments within legend or from procedures passed down from Coleraine.</p>



<p><b>RVLC</b></p>	<p><b>Vat Exempt Bookings</b></p> <p>3. The centre should use a vat exempt form to ensure that invoices are issued in accordance with the procedures laid down by HM Customs and Excise.</p> <p><b>Playing Pitches</b></p> <p>4. For operational purposes a licence should be obtained to link the legend system at the Centre to Scroggy Road Complex.</p> <p>5. The booking application form should be fully completed with the relevant receipt attached on all occasions.</p> <p>6. The draft booking policy &amp; procedures for outdoor facilities should be used as a template to create a final policy for approval by the Causeway Coast &amp; Glens.</p> <p><b>Vending Income</b></p> <p>7. The income vending record should be signed by 2 members of staff on all occasions to avoid allocations of malpractice as per cash handling procedures.</p>		<p>As per recommendation this is to be adopted in RVLC – admin officer informed to implement.</p> <p>To be purchased asap when finance is available – probably April 2016</p> <p>To be implemented and requirement to be communicated to reception staff.</p> <p>As above</p> <p>Duty Mangers to re- communicate to all staff importance of adhering to this action &amp; carry out spot checks it is being adhered to.</p>
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<p><b>RVLC</b></p>	<p><b>Lifestyle Fitness Suite Direct Debit Payments</b></p> <p>8. Once the current profit sharing contract with Harland’s Group ends, management should consider obtaining its own service user number which would enable the centre to collect its own membership direct debits. The removal of the complicated ‘profit sharing contract’ and the collections administered through the front of house legend system should contribute to an increased income for the Council.</p> <p><b>Additional Information</b></p> <p>9. The centre should put in place an adequate stock record system for the purchase and sales of swim items and consider increasing the security of the stock on display in the foyer to reduce the risk of theft.</p> <p>10. The centre should consider implementing an ICT backup system to reduce the risk of data loss from the web based legend booking system at times of power failures.</p>		<p>Contract does not expire to 2018. A business case will be developed looking at options i.e. partnership or in house operation only in 2017.</p> <p>Steven (Duty Manager) to review and report back recommended proposals by 8/09/15. Not yet done – management meeting arranged for next week – will be discussed then.</p> <p>Manual records are currently held at times of power failures; ICT have advised that in the coming months, 4g coverage together with dongles in situ should assist in this matter</p>
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**Conclusion**

Based on the work carried out, I would conclude that the controls in place within Roe Valley Leisure Centre provide a **satisfactory** level of assurance.

## **6. OVERALL AUDIT RECOMENDATION**

Once the Head of Leisure Services has settled into their role, recommendations for all legacy leisure and recreation centres should be addressed together such as streamlining computer systems, forms, bookings, invoicing, gym membership, general systems and procedures.

## APPENDIX 1: ASSURANCE LEVELS

Category	Definition
<b>No Assurance 'Dark Red'</b>	There are fundamental weaknesses in the control environment which jeopardise the achievement of system objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.
<b>Limited Assurance 'Red'</b>	There are a number of significant control weaknesses and/or a lack of compliance which could put the achievement of system objectives at risk and result in error, fraud, loss or reputational damage.
<b>Satisfactory Assurance 'Amber'</b>	An adequate control framework is in place but there are weaknesses and/or a lack of compliance which may put some system objectives at risk.
<b>Full Assurance 'Green'</b>	There is a sound control environment with risks to system objectives being reasonably managed. Any deficiencies identified are not cause for major concern.

## Recommendation Categorisations

Priority	Definition	Timeframe for taking action
<b>Red – 1</b>	A serious issue for the attention of senior management and reporting to the appropriate Committee Chairman. Action should be initiated immediately to manage risk to an acceptable level	Less than 1 month or more urgently as appropriate
<b>Amber - 2</b>	A key issue where management action is required to manage exposure to significant risks, action should be initiated quickly to mitigate the risk.	Less than 3 months
<b>Green - 3</b>	An issue where action is desirable and should help to strengthen the overall control environment and mitigate risk.	Less than 6 months

**Note: These 'overall assurance level' and 'recommendation risk ratings' will be based upon auditor judgement at the conclusion of auditor fieldwork. They can be adjusted downwards where clear additional audit evidence is provided by management of controls operating up until the point of issuing the draft report.**