



Committee and Date

Audit Committee

20 September 2011

10.00 am

Item No

4

Public

An update on progress in implementing new financial management procedures and controls at the Council's Leisure Facilities.

Responsible Officer Peter Davis

e-mail: peter.davis@shropshire.gov.uk

Tel: 01743 256289

Fax: 01691 671007

01691 677245

1. Summary

This report describes the progress being made in response to audits carried out of three leisure facilities. The audits highlighted a wide range of concerns. In response new comprehensive 'Leisure Facilities Financial Procedures and Guidelines' have been completed and rolled out at all leisure centres. Work is underway to fully implement them and this is supported by a programme of training. The guidelines will be kept under regular review.

2. Recommendations

The Audit Committee are asked to note the positive progress being made by leisure and finance staff in response to the audits previously carried out at three leisure centres, with or without comment.

REPORT

3. Risk Assessment and Opportunities Appraisal

The main risk to the Council of not fully actioning the recommendations included within the audits is financial. An absence of proper procedures also raises questions of accountability and transparency and leaves the business open to accusations of poor financial and asset management at best, and dishonesty at worst.

4. Financial Implications

The cost for developing and implementing the Financial Procedures and Guidelines has been met from approved budgets.

5. Background

5.1 In 2010 the Audit Service undertook Audits at The Quarry Swimming and Fitness Centre, The Shrewsbury Sports Village and Meole Brace Golf Club. A summary of recommendations and the actions required is shown below.

Facility	Recommendations					Assurance Level
	Fundamental	Significant	Requires Attention	Best Practice	Total	
Quarry Swimming & Fitness Centre	0	34	32	1	67	Unsatisfactory
Sports Village	0	44	34	2	80	Unsatisfactory
Meole Brace Golf Club	0	12	17	2	31	Limited

5.2 Since there were a number of common themes to the individual recommendations they were summarised by Audit Services into groups. Groups were then ordered into priorities, with the overarching priority being the introduction of new Written Procedures, which could be rolled out across all leisure establishments. Previously there were no complete written financial procedures in place in any facility within Leisure.

5.3 In response to the audit recommendations a working group was established including Leisure Area Managers, Senior Duty Officers and Administrative Staff from all areas in the County together with finance officer support. The priority of the group was to produce financial procedures and guidelines which would address the recommendations made by audit, and implemented in all leisure facilities in the County.

5.3 The group finalised the 'Leisure Facilities Financial Procedures and Guidelines', which were officially implemented in all Shropshire Council Leisure Facilities from 1st June 2011. The document includes guidelines on:

- Budget Monitoring
- Bank Accounts
- Financial Records
- Data Security
- Purchasing
- VAT
- Income and Banking,
- Asset Management
- Payroll Procedures
- Insurance
- Memberships
- Bookings and Cancellations

5.4 Also included are a number of generic forms and templates which can be used at all leisure facilities.

- 5.5 Whilst producing the guidelines, the working group looked at each area of the business that needed to be included, and as the group worked through each of these sections, best practice was discussed and in a number of occasions was rolled out to centres with immediate effect. This enabled the group to work through the new procedures in practice ensuring that they were fit for purpose. An example of this was a new banking procedure in which cash from the cash registers was only counted and handled once as opposed to a number of times by different members of staff involved in the cashing up process.
- 5.6 The Financial Procedures and Guidelines were written to cover as many situations and local issues as possible. However, some local differences still exist because different areas of the County use different software applications. The introduction of a countywide leisure software system was planned but lack of capital funds and the proposed outsourcing of several leisure centres has put this project on hold.
- 5.7 Leisure Area Managers included the new guidelines as an agenda item at Team Meetings to ensure that all staff were aware of the introduction of the new procedures. The guidelines document includes an appendix at the end of the document, which all staff were required to sign to confirm that they had read and understood each section of the document and would be complying with them.
- 5.8 The new procedures were designed to address all recommendations included in the audit reports and training sessions for staff have been arranged for staff by the Leisure Area Managers; assistance from finance has been made available for all of these sessions.
- 5.9 Although the official implementation of the new financial procedures was 1st June 2011, there will be a transitional period for them to become fully implemented at all sites. Some Joint Use Facilities that have recently been taken over by the Leisure Service have very little in place in terms of set processes and are requiring a large amount of input from management and other members of support staff. Although this creates issues with volumes of work for some members of staff, it is having a positive effect on the service giving staff experience of different leisure sites.
- 5.10 Monitoring of progress at all sites is taking place. The rolling out of the procedures for some areas such as the receipt of all income in advance was unable to begin from 1st June, as centres are working with clubs to move them from a payment in arrears to a payment in advance system. Many of these clubs do not have the funding available as they rely on weekly subscriptions from their members. Leisure intends to have all clubs on a payment in advance system before the end of this financial year. Exceptions to this will only be with written approval from Leisure Area Managers as is detailed in the new Financial Procedures and Guidelines.

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5.11 Going forward the procedures will be reviewed on an annual basis collectively by the Leisure Area Managers and alterations and updates made as necessary.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

The Quarry Swimming and Fitness Centre, The Shrewsbury Sports Village and Meole Brace Golf Club, Internal Audit Reports 2010

'Leisure Facilities Financial Procedures and Guidelines', 2011

Cabinet Member (Portfolio Holder)

Keith Barrow, Leader of the Council and Brian Williams, Chairman of the Audit Committee

Local Member

All

Appendices

None