



Committee and Date
Audit Committee
14th February 2023

Item

Public

Much Wenlock Leisure Centre Audit Report

**Responsible
Officer**

Clare Featherstone

e-mail: Clare.featherstone@Shropshire.gov.uk Tel: 01743 255067

1. Synopsis

This reports highlights progress made in the management and financial procedures at Much Wenlock Leisure Centre following an unsatisfactory audit report.

2. Executive Summary

- 2.1 Much Wenlock Leisure Centre opened in 2010 and is managed by Shropshire Council on behalf of William Brookes School. Following the Draft Internal Audit Report on Much Wenlock Leisure Centre, 2022/23 Audit Committee members requested an update from lead officers in relation to Much Wenlock Leisure Centre.
- 2.2 An initial Audit report was received in 2019/20, just before the pandemic lockdowns and when the Much Wenlock Duty Manager was on long term sickness. The current report was completed following inspection in June/ July 2022, whilst the Leisure Facilities Team Leader was on maternity leave. The staffing issues and impact of lockdowns have delayed completion of the recommendations; however, this is now being addressed.
- 2.3 The report summarised that the control environment was unsatisfactory. The following table summarises the number of recommendations made in each category:

Total	Fundamental	Significant	Requires Attention	Best Practice
43	0	21	22	0

- 2.4 Considerable work has been undertaken to address the issues highlighted within the report.
- 2.5 To date 25 out of the 43 recommendations have been totally addressed with actions in progress on the remaining 18.
- 2.6 The following progress has been made:
- Staff training has been implemented and a new recording process has been introduced (2,10,35)
 - Financial procedures have been addressed with better budget and payment monitoring, amended booking forms, recording of quotes and ERP payment procedures (5,9,13,15,17,19,20,21,22,30,39)

- The Imprest account is in the process of being shut down (23,24)
 - New stock taking procedures are in place (40)
 - Cashing up process confirmed with relevant staff. This will be simplified once we go cashless (8)
 - Any clubs using the facility are checked to ensure they have Public Liability insurance (14)
 - Staff management procedures and guidance has been improved, with correct recording of hours and checks on timesheets (25,26,27,28,29,31)
 - DBS Register is in place and personal data securely stored (34,38)
 - A key register and alarm code process has been introduced (42,43)
- 2.7 There has been a focus on the significant recommendations in the report and with staff sickness and maternity leave, there are some outstanding actions:
- The documentation and evidence recording needs improving (3,6,7,4,11,16,40,41). Delays to this are due to staff shortages.
 - Guidance is being sought on the segregation of duties due to low staffing numbers, and review of historic casual staff data (12,30,32)
 - The Establishment List needs further review and amendments (32,33) and will be reviewed routinely as part of the agreed checklist for managers
 - Formal contracts need to be reviewed to ensure the procurement process is followed (18)
 - The Service Level Agreement with the school needs confirming with the new School Business Manager (37)
 - A risk management appraisal needs to be completed for how personal data is held (36)
- 2.8 These should be completed by the end of June 2023.
- 2.9 The learning from the Much Wenlock Leisure Centre Audit Report will be adopted to improve systems and procedures in the other Shropshire Council managed Leisure Centres at Church Stretton and Bishop's Castle, led by the Leisure Facilities Team Leader.

3. Recommendations

- 3.1 That the Audit Committee considers and notes the contents of the report.
- 3.2 That Committee members note the progress made addressing the recommendations from the audit report that have been addressed.
- 3.3 That Committee members note the commitment to completing the outstanding actions.

REPORT

4. Risk Assessment and Opportunities Appraisal

Risk	Likelihood	Mitigation
Lack of adherence to HR procedures could result in incorrect payments to staff, delayed payments or other disputes.	Low	New procedures have either been introduced or are in progress to ensure staff management and payments are in line with Council procedures. Staff training is in process to ensure these are understood. Enhanced guidance is being provided for centre managers to improve consistency across the service.
Lack of adherence to contract rule or procurement guidelines may result in excessive costs being incurred which could also lead to poor value for money and additional strain on the budget.	Low	The implementation of new and updated agreements and working practices is addressing this.
Lack of adherence to financial rules could result in late payments to suppliers or mistakes in payments made. VAT payments may not be reclaimed if coded incorrectly.	Low	Financial procedures improvements and guidance mitigating this risk.
Breach of data protection regulations.	Low	Risk assessment will be completed. Records now secured correctly.
Poor security procedures result in losses to the authority	Low	New key register and alarm system controls in place. Asset tracking through inventory procedures.

5. Financial Implications

- 5.1. There are no financial implications as all actions to address the audit recommendations are being delivered by existing staff.

6. Climate Change Appraisal

- 6.1 This report does not directly make decisions on energy and fuel consumption, renewable energy generation, carbon offsetting or mitigation or climate change adaption. Therefore, there is no effect.

7. Background

- 7.1 More detail about the progress made against the Audit recommendations can be seen below.
- 7.2 Staff training:

- New approach to training and record keeping have been introduced (2)
- PCI Compliance training has been completed by all relevant staff (10)
- Leap into Learning mandatory training completed as required (35)

7.3 Financial arrangements:

- Monthly reviews of direct debit payments have been introduced and documented, with any issues followed up (5)
- Staff have unique log-ins and use these when operating tills (9)
- New booking forms have been introduced that highlight that the correct pricing applies (13)
- Few large purchases / contacts are made, and when they are these are dealt with by the Leisure Services Manager and purchasing record is now updated for small value purchase items to include information as to why a supplier was selected (17)
- ERP process for payments adopted (19,20)
- Staff have been reminded that all orders are to be raised on ERP (15)
- Duty manager is closely monitoring purchasing record to ensure orders are being processed in a timely manner. This has been added to the management checklist (22)
- Any suppliers invoicing direct are contacted and asked to email Proactis (21)
- Duty manager now reviews purchase record on a weekly basis to ensure payments are being receipted in a timely manner (30)
- Quarterly Budget Monitoring in place (39)
- New stock taking procedures introduced (40)
- The imprest account is in the process of being closed down (23,24)
- All staff responsible for completing end of day cashing up procedures are fully aware of all information required (8)

7.4 Insurance:

- Duty Manager now ensures all clubs have correct and up to date public liability insurance in place and that the centre hold a copy of this certificate. A section for this has been added to the booking form (14)

7.5 Staff management and payroll:

- Establishment list is reviewed on a quarterly basis and any employees no longer working are to be removed. This has been added to the management checklist (26)
- New rota system is in place, with Duty Manager / Duty Officers updating rotas as and when changes are required, to provide an accurate record of hours worked (27)
- Documented payroll procedures have been created as part of the new establishment procedures, which include completion of time sheets and recording different job roles (25)
- Guidance on timesheets and how posts are recorded completed (28,29)
- Duty manager now ensures that deduction of breaks is made after the relevant times worked (31)
- All employee records have been transferred to upstairs office with code lock on door to restrict access and stored in lockable filing cabinet (34)
- DBS Register in place for all staff (38)

7.6 Security:

- Key register has been introduced for 4 sets of centre keys (42)
- Duty manager ensures alarm code is change when any member of staff leaves who knows the code (43)

7.7 Remaining issues

7.8 Due to a key member of staff being on maternity leave, there are a few recommendations that have not entirely been addressed:

7.9 Financial arrangements:

- Some financial procedures are still being reviewed- tills and invoicing (3,6,7)
- Fees and charges have been reviewed but there still needs more clarity for the public that the prices include VAT (4)
- The procedure for Manual Till operation has been reviewed and the issue with Z reading has been clarified. The documentation is in the process of being updated and added to the Procedures file (6,7)
- The Duty Manager has investigated whether Gladstone can be configured to confirm the end of the Z reading to ensure that all portions are included in the record such as refunds, no sales and voids. Software limitations mean that this cannot be done currently (7)
- Segregation of duties can be an issue due to low staffing numbers. This is being reviewed with Finance (12)
- Written guidance on VAT coding has been reviewed but is still to be added to the procedure's documentation (11,16)
- Inventory procedure to be added to procedure document (40,41)

7.10 Staff management and procedures

- HR have been contacted to confirm how far back casual staff records should be reviewed, to allow a recalculation of casual staff leave and holiday pay entitlement to be carried out (1)
- The procedure for additional casual hours payments needs clarifying and the Establishment list needs checking (32,33)

7.11 Contracts and Procurement:

- Formal contracts still need to be reviewed to address procurement requirements (18)
- The Service Level Agreement with Much Wenlock School has been drafted but needs to be reviewed with new Business Manager at the school (37)

7.12 Risk Management:

- A risk assessment to be completed for all personal data held and appropriate action taken to ensure confidentiality (36)

8. Additional Information

8.1 Staffing

- 8.2 The new post of Leisure Facilities Team Leader was created and appointed into in January 2020. The postholder has responsibility for operations across the 3 directly operated leisure facilities but has only recently returned from maternity leave.
- 8.3 The appointment of a new Infrastructure, Contracts and Compliance Manager in November 2021, as line manager for Leisure Services, has provided the additional staff resources required to deliver the successful outcomes linked to this report and moving forward.

9. Conclusions

- 9.1. Progress has been made on the Audit Report recommendations for the management of the Much Wenlock Leisure Centre. These will continue at pace now the Leisure Facilities Team Leader is back from maternity leave, and all recommendations are expected to be completed by end June 2023.
- 9.2. We would like to thank the Audit Team for their help and support through this process, working with us collaboratively to find solutions. The recommendations from the Audit Report have enabled a review of processes and procedures which will be rolled out to other Shropshire Council managed Leisure Centres going forward.

<p>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</p>
<p>Draft Internal Audit Report- Much Wenlock Leisure Centre 2022/23</p>
<p>Cabinet Member (Portfolio Holder)</p> <p>Cllr Rob Gittens</p>
<p>Local Member</p> <p>Cllr Dan Thomas</p>
<p>Appendices</p> <p>Appendix 1- Action plan for Much Wenlock Leisure Centre</p>