

AUDIT REPORT 24'024**KEITH SPORTS AND COMMUNITY CENTRE****Executive Summary**

The annual Internal Audit Plan for 2023/24 provided for an audit of the arrangements for the accounting of income and expenditure at Keith Sports and Community Centre. In addition, the review also included a check of whether the procedures followed in processing debit and credit card transactions comply with the Payment Card Industry Data Security Standard.

The Keith Sports and Community Centre provides a range of services that include a swimming pool, gym, indoor and outdoor sports facilities. In addition, the Centre undertakes the administrative overview and management responsibility for the other Council operated sporting facilities. The audit also reviewed the income collection and monitoring arrangements of the 'FitLife?' membership scheme.

In 2023/24, Keith Sports and Community Centre's operating costs were approximately £472,000. The income collected at the Centre was approximately £412,000. Council income received from the FitLife? membership scheme was £1.45 million. The audit involved a review of systems to evaluate the effectiveness of internal controls. This involved the sample testing of individual transactions to ensure compliance with Financial Regulations and Procurement Guidelines. In addition, an appraisal of working practices was also undertaken to assess if the Service was maximising the income due to the Council.

The audit was carried out in accordance with Public Sector Internal Audit Standards (PSIAS).

The main findings of the audit were as follows: -

- FitLife? membership is administered through a software application system called Gladstone. However, the Council's Financial Management System (FMS) manages direct debits for membership payments. A reconciliation between both systems noted that more service users were recorded within Gladstone than in FMS. The format of data fields held between Gladstone and FMS is different, but from the audit testing undertaken, service users were identified where access to sporting facilities remained, but without a payment plan.
- It was noted that the FitLife? scheme allows for a family membership category with a set number of adults and under 18 service users. However, once a family membership has been established, there is no alert within the Gladstone System or a manual review currently being undertaken to highlight when an individual becomes 18 with a requirement for a separate membership category.

- The Centre has some sporting clothing and equipment for sale. However, a review of the purchases of these items for resale noted examples where they had not been bought from an approved supplier in accordance with the Council's Procurement Guidelines. The audit review also noted where further improvements are required in the stock management arrangements.

The Internal Audit Section provides Management with an opinion on the internal control environment and also categories risk ratings for recommendations as high, medium or low. The audit recommendations for this review have been classified as follows:

Risk Ratings for Recommendations		
High	Medium	Low
Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Less critically important controls absent, not being operated as designed or could be improved.	Lower level controls absent, not being operated as designed or could be improved.
1	5	2

Recommendations

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.	Low	Lower level controls absent, not being operated as designed or could be improved.	
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: Effective controls operate in the financial management of the Keith Sports and Community Centre and the FitLife? membership scheme.						
5.01	In accordance with Financial Regulations and Petty Cash Guidance, reimbursement of parking fees must be made through an officer's expenses claim and not from the petty cash account.	Low	Yes	Parking fees will no longer be reimbursed through Petty Cash, but will be claimed by officers through a Mileage & Other Expenses Claim Form.	Principal Sport & Leisure Officer	Implemented
5.02	Details of the numbered receipt provided by a security company for cash collections should be recorded within the income records at the Centre.	Medium	Yes	Cash Collection procedures are to be amended to ensure that security company receipt numbers are recorded on corresponding	Principal Sport & Leisure Officer	30/06/2024

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.	Low	Lower level controls absent, not being operated as designed or could be improved.	
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
				income records.		
5.03	Officers must use their individual login credentials when using the Gladstone system.	Medium	Yes	All staff are to be reminded of the requirement to use their individual allocated log in credentials when using the Gladstone System.	Principal Sport & Leisure Officer	30/06/2024
5.04	A reconciliation between the Gladstone system and FMS should be undertaken to identify service users with no agreed payment plans. New payment plans should then be agreed for the service users identified, or membership should be cancelled.	High	Yes	A reconciliation exercise between the Gladstone System and FMS is currently underway to identify all active FitLife? members with no payment plan.	Principal Sport & Leisure Officer	31/07/2024

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.	Low	Lower level controls absent, not being operated as designed or could be improved.	
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
				Membership status will then be agreed with service users, and if required, any outstanding membership fees will be recovered.		
5.05	Failure in direct debit payments should result in the immediate suspension of a service users FitLife? membership.	Medium	Yes	A service user's Fitlife? membership will be suspended on notification of a stopped or failed direct debit from the Payments Service. A review is also planned of whether further use could be	Principal Sport & Leisure Officer / Sport & Culture Service Manager	30/09/2024

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.	Low	Lower level controls absent, not being operated as designed or could be improved.	
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
				made of the Gladstone System to allow for the management of direct debit membership payments.		
5.06	Regular reviews should be undertaken of FitLife? Service users to ensure they remain within the correct category of membership.	Medium	Yes	A system was in place to identify and amend family membership when a person turns 18, but unfortunately, it lapsed due to staff capacity issues. These monthly procedures will be reinstated.	Principal Sport & Leisure Officer / Sport & Culture Service Manager	30/06/2024
5.07	A review should be undertaken to assess the need to maintain a Repairs	Low	Yes	Repairs and Works Log recording	Principal Sport & Leisure Officer	30/06/2024

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.	Low	Lower level controls absent, not being operated as designed or could be improved.	
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
	and Works Log. If required, processing of minor work orders should be in accordance with agreed Centre procedures.			procedures at the Centre are to be maintained in accordance with agreed procedures used at other leisure facilities.		
5.08	Sporting equipment and clothing bought for re-sale should be purchased in accordance with Procurement Guidelines. In addition, appropriate stock control records should be maintained of sporting clothing and equipment held for resale.	Medium	Yes	A review of the procurement of sporting equipment will be carried out to ensure that future arrangements comply with Procurement Guidelines. Stock control procedure to be introduced	Principal Sport & Leisure Officer	31/08/2024

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.	Low	Lower level controls absent, not being operated as designed or could be improved.	
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
				across all facilities.		