

AUDIT REPORT 19'008

SWIMMING POOLS – INCOME

EXECUTIVE SUMMARY

The annual Internal Audit plan for 2017/18 provides for a review to be undertaken of swimming pool income. The review was selected given the higher risks associated with income collection and also provided the opportunity to review the operation of the 'Fit Life?' membership scheme.

In terms of scale, in 2017/18 Moray Council swimming pools generated income of just under £1.2 million (£1 million in 2016/17). In the main, this came from the five sites at Buckie, Forres, Keith, Lossiemouth and Speyside. The majority of income by type came from Fit Life membership sales (59%) with other major revenue sources including pool hire, lessons income and swimming pool admissions.

The audit scope was to identify all income streams being generated at the pools and to evaluate the effectiveness of relevant internal controls. Income received included recharges for the provision of services to the Moray Hydrotherapy Pool in Forres and staffing the fitness room as required at the Shand Centre, an NHS facility in Dufftown. Income generated during the financial year 2017/18 was used as the basis for the audit.

The audit found that, overall, considerable effort and attention had gone into the development of an effective control environment. In general, suitable procedures were in place and expected controls were present during audit testing.

The main findings of the audit were:

- The reconciliation of income collected at each location and reported in the council's financial ledger is a matter of routine except in relation to recurring direct debit receipts from individuals who pay membership instalments on a monthly basis. Following set up, these are collected through the income banking team at Council HQ who notify the pools only where a direct debit payment fails, and this allows the pool staff to make the contact with the customer to clarify the situation. There is no formal reconciliation between total membership income received per pool records and that recorded in the ledger, and a means of doing so should be investigated using the membership database held in the pools' income recording system.
- The membership system does not restrict the number of adult members that can be assigned per family memberships, which is advertised as a maximum of two adults per family. This creates the risk that multiple adults, especially those newly turning 18 years old, could be using a single family membership.

Moray Council

Internal Audit Section

Recommendations: Swimming Pools - Income

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: Ensure Fit Life? Membership scheme is being administered in accordance with relevant policies and procedures.						
1.1	Establish a suitable reconciliation process between the Gladstone system and FMS to decrease the risk of members with no direct debit financial record set up. Investigate the possibility of electronic communication between both systems.	Medium	Yes	Agreement in principal, but uncertain of the mechanism for carrying out the works. Will explore different options.	Sports and Leisure Manager	31/12/2018
1.2	Investigate with Gladstone whether a limit to the number of people aged over 18 can be applied to an individual membership in the system.	Medium	Yes	It has been agreed that monthly reports will be run off to check members who	Sports and Leisure Manager	Immediately

Moray Council

Internal Audit Section

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
				have newly turned 18 and to notify them they are no longer eligible to be part of a family membership. The member will then be given the chance to migrate to a single fit life? membership.		

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
1.3	Employees who work at multiple sites should indicate which site their hours relate to on the time sheet, especially if the same FMS cost centre is being used and invoices should only be raised once the actual hours worked have been established.	Medium	Yes	Staff have been requested to put site locations on their time sheets and invoices for staff recharges will be raised once time sheets have been received and confirmed as complete.	Sports and Leisure Manger	Immediate

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
1.4	The management agreement with the Moray Hydrotherapy Pool should be updated to reflect current charging arrangements	Low	Yes	A Management Agreement has been updated and backdated to 1 May 2018. The updated agreement now allows for water management costs and other cost increases.	Sports and Leisure Manager	Immediately

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
1.5	Instruction should be provided in writing to confirm the process for both a no-show from the cash collection company and a theft/raid.	Low	Yes	Policy to be updated to include section on no-show from the cash collection company and thefts/raids.	Sports and Leisure Manager	31/10/18
1.6	Develop a formal agreement with Grampian Health Board that details the rights and responsibilities of each party. Details would include the needs of the service, amounts chargeable and any payment terms. At the same time, the service could review any 'on-costs recharge' to ensure it reflects the effort (time and money) incurred in	Low	Yes	There is uncertainty as to whether staff resources will still be provided to the Shand Centre within the next 6 months. Will action as appropriate by	Sports and Leisure Manager	31/12/18

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
	administering the agreement.			end of the calendar year.		