



Internal Audit Report

FINAL

Community Services – Community & Culture

Review of Leisure Management System - Torex

July 2011

1 INTRODUCTION

This report has been prepared as a result of the Internal Audit review of Leisure Management System - Torex (TLMS) within the Community & Culture Department as part of the 2011/2012 Internal Audit programme.

As part of the Audit the following sites were visited: Helensburgh Swimming Pool and Rothesay Swimming Pool. Information was also provided from Aqualibrium. The contents of this report therefore draw on the findings obtained from these sites.

2 AUDIT SCOPE AND OBJECTIVES

The main objective of the audit will be to assess whether accounting records maintained agree with information held in the Council's General Ledger. In a previous internal audit report, corrective recommendations were made in respect of stock control problems attributed to Torex, this will be reviewed. The Torex system holds membership details, how this data is used will be reviewed as will the level of security and access.

3 RISK ASSESSMENT

As part of the audit process and in conjunction with our CIPFA Systems Based Audit (SBA), ICQ approach, the risk register was reviewed to identify any areas that needed to be included within the audit. The areas identified were:

SR16 Failure to have a robust internal control process and system

4 CORPORATE GOVERNANCE

There are no Corporate Governance issues to be reported as a result of this audit.

5 MAIN FINDINGS

- 5.1 Internal Audit found TLMS to be an effective system which controls key data that allows the service to monitor its performance in terms of service delivery, customer demands and revenue.
- 5.2 Access to Torex Leisure Management System is controlled and accessed by means of a password.

- 5.3 TLMS can be accessed remotely to resolve any issues that may arise in the facilities with regards to Torex. Support to the Leisure Facility sites is carried out remotely where possible reducing the requirement for travel.
- 5.4 Argyll & Bute Council have a 'licence support' contract for TLMS which funds annual user/system backup and support (in the form of a helpdesk).
- 5.5 There is a business continuity plan that can be activated in the event of a system failure.
- 5.6 No formal training programme for TLMS is in existence, although ongoing support is provided by the Facility Managers, Duty Officers and the System Administrator.
- 5.7 Internal Audit found that some of the information held on Torex Leisure Management System does not agree with information held on the general ledger.

6 RECOMMENDATIONS

6 recommendations were identified as a result of the audit, 6 are medium priority. The recommendations are shown in the action plan attached at Appendix 2 and has been compiled with the co-operation and agreement of the Supervisor/Manager.

Internal Audit considers that, in an effort to improve the quality of information, monitoring and control, the recommendations should be implemented in accordance with the agreed action plan. Management have set achievable implementation dates and will be required to provide reasons to the Audit Committee for failure to implement within the agreed timescale. Where management decides not to implement recommendations it must evaluate and accept the risks associated with that decision.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as fundamental, material or minor. The definitions of each classification are set out below:-

High - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;

Medium - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future.

The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;

Low - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.

7 AUDIT OPINION

Based on the findings we can conclude that the controls and procedures in place to ensure the accuracy of information being input into Torex require to be reviewed.

Recommendations arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale. Recommendations not implemented will require explanation to the Audit Committee. This could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

8 ACKNOWLEDGEMENTS

Thanks are due to the System Administrator and the Community & Culture Staff in each of the locations visited for their co-operation and assistance during the Audit and the preparation of the report and action plan. Thanks are also due to Cash Receipting staff for their co-operation and assistance.

Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the objectives in section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.

This report is private and confidential for the Council's information only and is solely for use in the provision of an internal audit service to the Council. In any circumstances where anyone other than the Council accesses this report it is on the strict understanding that the Council will accept no liability for any act or omission by any party in consequence of their consideration of this report or any part thereof. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

APPENDIX 2 ACTION PLAN

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	Internal Audit found that some of the information held on Torex Leisure Management System (TLMS) does not agree with information held on the general ledger. Internal Audit was provided with Cash Statement Reports from the TLMS System and provided with copies of Civica E>Returns completed on a daily basis by the various sites visited. Internal Audit found that information from the TLMS Cash Statement Reports was often changed when completing the Civica E>Returns and as a result the information held on the general ledger differed from that held on TLMS.	Medium	Management should investigate the reasons why information from TLMS cash statement reports are being changed and take remedial action in order that the information on TLMS agrees with the information being submitted on the e>Returns and consequently the general ledger.	Head of Community & Culture	31 st December 2011
2	Internal Audit on enquiry was advised that TLMS does not interface with cash receipting.		Consideration should be given to exploring the possibility of interfacing		

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	As a result of this Cash Statement Reports require to be run from TLMS and the information manually transferred and keyed into the on-line e-return system.	Medium	TLMS with cash receipting/e-return system. This will be of benefit to leisure services in terms of streamlining processes, eliminating duplication of work and will avoid any time delays in information hitting the ledger, thus will assist with budget monitoring and planning.	Head of Customer and Support Services	31st December 2011 (Dependent on software upgrade)
3	Internal Audit found that on a number of occasions in one facility the e-returns were not being completed or submitted in a timely manner. On one occasion the information from the Cash Statement Report dated 24 th November 2010 was not submitted on the E-Return until the 14 th of December.	Medium	E>Returns must be submitted on the next working day, this will ensure that up to date information is recorded on the General Ledger in a timely manner to assist accurate budget monitoring.	Head of Community & Culture	31st December 2011
4	Internal Audit found that on a number of occasions the cash difference account code '62710' was being used to record cash differences in the facilities. In one facility, during	Medium	Management should undertake a review of the facilities to identify the reasons for cash differences with remedial action being taken to avoid errors and	Head of Community & Culture	31st March 2011

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	the month of May there were 12 recorded cash difference on the ledger. Most of these cash differences were of small value (under £5); however three higher value cash differences were recorded: £88.60, £12 and £10.05.		improve performance in the future.		
5	Internal Audit found that income from the Victoria Halls Campbeltown was being recorded on the E>Returns for Aqualibrium	Medium	Income from the Victoria Halls – Campbeltown should be recognised on a separate e-return.	Head of Community & Culture	31st March 2012
6	Internal Audit originally randomly selected samples of completed e-returns from the financial year 2010/2011. Cash Receipting staff were unable to produce copies of electronic e-returns prior to April 2011. Civica advised that the system only holds information for 1 year.	Medium	A suitable alternate archive facility should be investigated for the cash receipting e-return system that allows a full audit trail.	Head of Customer and Support Services	31st December 2011