

Internal Audit Monitoring Report

Audit	Report status	Assurance
Leisure @	Final	Satisfactory

Overview and Key Findings

This is the first business systems audit of Leisure@ since it re-opened in August 2008 following the floods. Since that date there have been reviews of key areas such as health and safety in 2009 and wages in 2010.

At the start of the audit there was a possibility that part of the service covering memberships and direct debits would be outsourced to a company called MCA. This formed part of the original audit scope. However, during the course of the audit the decision was made not to pursue this option any further.

The audit scope covered financial management reporting, income generation strategies, systems administration, debt management procedure, physical building control, risk assessments, customer service, admin, direct debits and memberships.

The main business system continues to be XN Leisure which handles all booking, ticketing and cash receipting activity as well as providing detailed management reports. Cheltenham Borough Council went live with a new integrated HR and finance system called Agresso Business world (ABW) in April 2012 as part of the implementation of the Go Shared Service (GOSS). This resulted in some initial problems in respect of financial reconciliations and reporting which are now being resolved so that up to date management information can be produced against income targets and to track salary costs in particular. Going forward, the requirement for specialist financial expertise and support as part of a proposed independent Trust needs to be carefully considered in respect of the management structure and administration functions.

The audit has highlighted several XN system administration and system based control procedures which need tightening up, including; membership income collected via BACS direct debit, XN data integrity checks and removing inactive users.

During the course of the audit there were several IT and power related issues, including a serious virus which effected large parts of the network for several days. This downtime impacted heavily on Leisure@ as they were unable to take card payments or carry out other day to day duties such as cashing up. These issues highlighted a need for a full business continuity document

covering procedures to be followed when there is a loss of power, IT or other key elements of their service.

Income generation is a priority for Leisure@ both now and in the future, alongside maintaining accessibility to services and meeting the needs of the community. The leisure market in Cheltenham is highly competitive and Leisure @ has greatly increased its promotional activity, targeting contract memberships in particular. Although promotional activity is reported on there is work to do to improve the administration of these schemes on XN and develop management information about the costs and outcomes of each promotion. We understand the imminent upgrade of XN to the new version "Dimensions" will offer better functionality and control in this area. We also noted that control over concessionary memberships could be improved. Although the current financial value of discounts is not significant now, this could increase significantly given the potential to greatly increase student membership through closer partnership working with local HE providers.

As part of its marketing activity Leisure@ makes extensive use of digital and social media with its dedicated website, Facebook and Twitter. These are frequently used to advertising services and inform customers about new offers and activities. However, there is a need to implement the recently purchased on-line booking facility, Horizons, as soon as possible both to increase booking activity. This should also reduce reliance on customer services resources to manage routine bookings activity thereby freeing up resources to focus on sales and marketing.

Our report also discusses particular risks associated with physical access to and security of the main Leisure@ building and makes recommendations about reviewing these risks and introducing enhanced customer information for users of the specialist fitness equipment in the gym in line with insurance requirements.

Management Response to Findings and Recommendations

We welcome the satisfactory assurance level and highlight the actions in the action plan document. Financial support will be critical as the service transitions to a new management arrangement in 2013/14 as a result of the commissioning process.