

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Item 3(e)

15th January 2020

Title of the Audit: Corporate Review – School Lets

1. Introduction

1.1 As part of the 2019/20 Internal Audit plan we have carried out a review of the arrangements in place for the administration of school lets.

1.2 Since 2007 Glasgow Life has been responsible for the administration of the letting of the school estate on behalf of Education Services. All operational activity associated with school lets is undertaken by the Community Letting section of Glasgow Life. Responsibility for the management of budgeted income and expenditure for school letting is retained by Education Services. Property and Land Services (PALS) provides janitorial cover for school lets (where applicable) in the Education schools estate and AMEY provide the cover for Public Private Partnership (PPP) schools. For the financial year 2018/19 approximately £1.3m (excluding VAT) was received in income by the Council in respect of school letting. Financial Services Customer and Business Services (CBS) also have a role in the process in the form of managerial guidance.

1.3 The purpose of the audit was to gain assurance that there are appropriate arrangements for the management of school lets, including the calculation of charges, maximisation and receipt of income, and policies on the application of discounts. The scope of the audit included:

- Ensuring there are documented procedures and the roles and responsibilities of all key parties involved in the school lets process are clear and understood.
- Criteria for school let users and any checks or vetting carried out prior to accepting bookings.
- Reviewing the process for recording bookings and ensuring all required information is obtained from new letting clients.
- Reviewing the billing and payment arrangements.
- Reviewing the monitoring processes in place to ensure that payments are received for all bookings.
- Ensuring that there is a documented charging policy in place which is clear and transparent, publically available and is applied correctly by the Community Letting Section.
- Reviewing the criteria and authorisation arrangements for discounts.
- Reviewing the processes for monitoring and pursuing debts in relation to school lets income.

2. Audit Opinion

2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements with four recommendations for management to address.

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3. Main Findings

3.1 We are pleased to report that a number of key controls are in place and generally operating effectively, including the application process and conditions of let. The Community Letting team's documented procedures covered the process and were accessible to relevant staff. The booking system is kept up-to-date, with controls to prevent the risk of double-booking. Various payment methods are available to customers, and reconciliations take place between the booking system and payments received, and unpaid balances are pursued. Through sample testing we confirmed that prices and discounts are applied correctly in line with current policies.

3.2 We confirmed that there are adequate arrangements for reviewing and processing applications received. We noted that applicants' declarations on statements are accepted without further proof being requested e.g. PVG, personal liability insurance etc., with the onus on the applicant to sign and declare that the application is true and correct.

3.3 However, our audit testing found that there are some areas where improvements could be made. We observed that there are various services involved in the governance and administration of school lets, including the recent inclusion of PALS in respect of janitorial services. However, we identified that there is currently a lack of clarity between the different services as to what each of their roles and responsibilities are.

3.4 The Community Letting Officer is responsible for generating invoices for school lets. However, we identified that there are currently no arrangements in place for another member of the team to monitor and generate invoices for payment should the

responsible officer be on leave or unavailable. This increases the risk that the invoices may not be generated and issued to customers in a timely manner.

3.5 There is a cancellation policy in place for school lets. Failure to comply with these conditions will result in the customer being liable for the full cost of the let. We are aware that the Community Letting Officer monitors cancellations made by let holders to identify repeat cancellations. However, there is no policy in place outlining the number of cancelled lets that would result in the let holder being refused future bookings. This increases the risk of inconsistencies between clients who repeatedly cancel their bookings. In addition, this may have an adverse effect on income generation from another customer wishing to let the same establishment.

3.6 A policy is in place relating to let holders with outstanding debts. This fully outlines the process that should be followed when an outstanding debt is identified on a customer's account. However, through sample testing we identified that this policy was not being administered consistently between let holders. Four out of the ten selected for testing had outstanding balances; all four were permitted to continue with lets despite the balances on their accounts. One customer, then failed to pay the outstanding balance, which has resulted in a debt of approximately £11k still owed to the Council.

3.7 An action plan is provided at section four outlining our observations, risks and recommendations. We have made four recommendations. The priority of each recommendation is:

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Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	3
Low	Lower level controls absent, not being operated as designed or could be improved.	1
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.8 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.9 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.10 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Roles and responsibilities of all parties involved are documented and understood.				
1	<p>We observed that there are various services involved in the governance and administration of school lets, including the recent inclusion of PALS in respect of janitorial services for primary schools.</p> <p>However, we identified that there is currently a lack of clarity between the different services as to what each of their roles and responsibilities are. Issues found were:</p> <ul style="list-style-type: none"> • Education Services' Management Circular in respect of school letting is dated February 2012 and no longer reflects current practices. • The Community Letting Section function appears to be under resourced based on the volume of applications that are received. • There is currently no formal process in place within PALS covering janitorial services. We were advised of issues relating to lets that require the attendance of janitors, these included non-attendance, allowing a let holder to use a facility without approval from Community Letting section and not allowing let holders to enter premises, even though their let has been confirmed. We were advised that at 	All parties involved in the School Lets function must review the entire process to determine if changes are required to the current arrangements.	Medium	<p>Response: DRS - accepted. CBS - CBS are in dialogue with Glasgow Life to review this position. ES - agreed. There is currently an ongoing programme to review and update Management Circulars. It is acknowledged that the relevant Management Circular required updating and was removed from the webpages some time ago. Roles and responsibilities will be incorporated in the document. GL – accepted.</p> <p>Officer Responsible for Implementation: DRS - Senior Operations Manager, Catering & Facilities Management CBS - Head of Finance and Employee Services ES - Service Development Manager GL - Director of Finance and Corporate Services</p> <p>Timescale for Implementation: DRS – 31 March 2020 CBS – 31 March 2020, per GL date ES – 31 January 2020 GL – 31 March 2020</p>

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Roles and responsibilities of all parties involved are documented and understood.				
	<p>present there are no arrangements between the Community Letting section and PALS to take remedial action when situations of this nature arise.</p> <p>Failure to address the lack of clarity between the services, increases the risk of inconsistent practices and may result in adverse criticism of the school letting facility.</p>			

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Billing processes are in place to ensure that clients are charged in line with charging policy & monitoring arrangements are in place to ensure payment is received for bookings.				
2	<p>The Community Letting Officer is responsible for generating invoices for school lets.</p> <p>However, we identified that there are currently no arrangements in place for another member of the Community Letting team to monitor and generate invoices for payment should the responsible officer be on leave or unavailable.</p> <p>This increases the risk that the invoices may not be generated and issued to customers in a timely manner.</p>	<p>Management should ensure that for business continuity purposes, another member of the Community Letting team is appropriately trained to enable coverage of all of the roles of the Community Letting officer in the event of absence.</p>	Medium	<p>Response: Glasgow Life will ensure that a nominated individual is trained to ensure business continuity for any temporary absence of the Community Letting Officer.</p> <p>Officer Responsible for Implementation: Community Lettings Officer</p> <p>Timescale for Implementation: 31 March 2020</p>

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No.	Observation and Risk	Recommendation	Priority	Management Response
3	<p>There is a cancellation of lets policy in place for school lets. Failure to comply with these conditions will result in the customer being liable for the full cost of the let.</p> <p>We are aware that the Community Letting officer monitors cancellations made by let holders to identify repeat cancellations. However, there is no policy in place outlining the number of cancelled lets that would result in the let holder being refused future bookings.</p> <p>This increases the risk of inconsistencies between clients who repeatedly cancel their bookings. In addition, it may have an adverse effect on income generation from another customer wishing to let the same establishment.</p>	<p>Management should review the policy in relation to the Cancellation of Lets and determine if action is required to agree terms in respect of repeat cancellations.</p> <p>If required, the policy should be updated to include the agreed terms and issued to all appropriate staff members and customers.</p>	Low	<p>Response: ES - Management to assess the scale of exposure to repeat cancellations, reasons and any extenuating circumstances and potential loss of income. This, coupled with an understanding of management actions currently taken will inform whether a review of policy is required.</p> <p>Officer Responsible for Implementation: Education Service Development Manager</p> <p>Timescale for Implementation: 30 June 2020</p>

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No.	Observation and Risk	Recommendation	Priority	Management Response
<p>Key Control: Monitoring processes are in place to identify and pursue outstanding debts and ensure that appropriate action is taken where customers have arrears.</p>				
<p>4</p>	<p>A policy is in place relating to let holders with outstanding debts. This fully outlines the process that should be followed when an outstanding debt is identified on a customer's account.</p> <p>The process involves an initial debt letter being issued to request payment, and if no payment is received, the customer is notified that as no payment was received their future lets have been cancelled.</p> <p>However, through sample testing we identified that this policy was not being administered consistently between let holders. Four out of the ten sampled were permitted to continue with lets despite having outstanding balances on their accounts. One customer, then failed to pay their balance, which has resulted in a debt of approximately £11k still owed to the Council.</p> <p>Failure to apply a consistent approach may increase the risk of increased outstanding debts.</p>	<p>Management should review the current debt policy in relation to school lets and ensure that a consistent approach is adopted going forward for customers with outstanding debts.</p> <p>If required, the policy should be updated accordingly and issued to all relevant staff with a reminder of adhering to the requirements outlined.</p>	<p>Medium</p>	<p>Response: ES - Agree to review current practice to determine if a change to policy is required as above</p> <p>Officer Responsible for Implementation: Education Service Development Manager</p> <p>Timescale for Implementation: 30 June 2020</p>