Item 3(a)

22nd October 2025

Glasgow City Council Internal Audit Section
Committee Summary
Financial Services – Catering and Facilities Management Payments

1 Introduction

1.1 As part of the agreed Internal Audit plan, we have carried out a review of the arrangements in place for the management of Catering and Facilities Management (CFM) payments.

1.2 Encore Hospitality Services (Encore) is a section within CFM responsible for a variety of services including hospitality, corporate banqueting, hosting events and day to day catering at cafés across museums, leisure centres, libraries and office buildings. Encore collect payments in various methods including cash and chip and pin payments within cafés and for events, customers will receive an invoice.

1.3 The purpose of the audit was to gain assurance that the process for pricing and the arrangements for collecting income are operating effectively. The scope of the audit included a review of the key controls in the following areas:

- Pricing structures and approval of prices, including publication of prices.
- Documented policies, procedures and training.
- Arrangements for the collection and recording of sales.
- Reconciliation processes.
- Cash handling arrangements.
- Arrangements for discounts and refunds.
- Reporting arrangements in relation to income.

1.4 We visited the following seven cafés to review the cash management arrangements in place:

- City Chambers East Café
- Emirates Arena Café
- Riverside Museum Café & coffee shop
- Glasgow Royal Concert Hall Café
- Gallery of Modern Art Café
- Eastgate Café
- Bellahouston Leisure Centre Café

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 and three recommendations which management should address.

3 Main Findings

3.1 We found that the main key controls were in place and generally operating as expected. There is an agreed approval process for the pricing of events and cafés sales within Encore, and there are documented procedures which have been communicated to all relevant staff to support the pricing process. Additionally, there are adequate processes in place for discounts and refunds at both events and cafes, and both processes are documented. These include ensuring that discounts and refunds are appropriately approved.

3.2 For cafés and events, we found adequate processes are in place to record sales and the collection of income. Additionally, we confirmed that reconciliations between sales records and income received is undertaken at cafés on a four weekly basis and these are passed to an officer within Corporate Finance to be maintained for audit trail purposes. For events, Corporate Finance staff receive income reports and invoices are raised by Accounts Receivable. The invoices are captured in the four weekly bank reconciliation carried out by Ledger, Control and Banking and the Accounts Receivable four weekly reconciliation of outstanding invoices. Furthermore, senior management are provided with four weekly reports detailing the income generated from cafés and events to allow for effective oversight.

3.3 We noted that there are suitable arrangements in place for banking uplifts at cafés and from review of documentation and discussion with staff we confirmed that these are being adhered to within the sample of cafés visited. We reviewed the key holding arrangements at the seven cafés visited and found that all seven cafés had suitable key holding processes in place at the time of the visit.

3.4 However, our audit testing identified some opportunities for improvement in existing arrangements. We found that prices for cafés and events are subject to appropriate approval, however prices for events are not available online, although can be provided on request. Café menus are available online for the five public facing cafés within the sample and we found that for three of the cafés (all within Glasgow Life establishments), the menus available on the Glasgow Life website did not reflect the correct price displayed at the café for a small number of items.

3.5 We selected a sample of ten events that took place between October 2024 and March 2025 to confirm that all charges were accurate. Through review of the corresponding invoices, we found one case where the charges did not reflect the correct price. The incorrect pricing was due to VAT being handled incorrectly resulting in a small overcharge (£51.50), this was raised with Encore Management who have acknowledged the error and liaised with Corporate Finance staff to address the overcharge. All other invoices in the sample were found to be correct.

3.6 We were advised that café staff are provided with on the job training to ensure they are aware of the correct cash management processes. However, we noted from review of the Cash Handling and Management Procedures and discussion with staff that the procedures are out of date. We were advised that staff should sign and date the Cash Handling and Management Procedures to confirm that they have read and understood these, however, for four of the cafés visited we found that the relevant staff had not completed this.

3.7 We confirmed that the safe logs maintained by staff at each of the cafés visited were complete and accurate. However, we identified that the information held by the Insurance Team in relation to the safes held at each café had not been reviewed since 2022. We also found that the insurance records did not hold details for two of the safes within the cafés visited, therefore these safes would not have been insured.

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

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	1
Medium	Less critically important controls absent, not being operated as designed or could be improved.	1
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

3.9 The audit has been undertaken in accordance with the relevant Internal Audit Standards.

3.10 We would like to thank officers involved in this audit for their cooperation and assistance.

3.11 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.

4 Action Plan

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Insurance records are accurate and up to date.				
1	We found that the information currently held by the Insurance Team with regards to the insurance limits of the safes in each café has not been updated since 2022. We also found that the insurance records held did not include two safes located at two of the cafés visited. Encore Management were able to provide the missing details to Internal Audit, however we were advised by the Insurance Team that the existence of these safes and corresponding limits had not been communicated to them. This means that the two safes are not insured and therefore in the event of theft, the lost income would not be covered by insurance. We were advised by Encore management that this has been due to an oversight with the contributing factors of staff changes and organisational restructure, therefore there was no clear ownership of the task. Without an up-to-date insurance record of all safes in use, there is an increased risk	Encore management should ensure that the Insurance Team have a complete record of all safes held within CFM, including the insurance limits to ensure that they are covered by an appropriate insurance policy. Thereafter the safe insurance limits should be reviewed regularly to ensure that they remain appropriate, and any updates provided to the Insurance Team.	**High**	**Response:** Accepted Safe register refresh will be carried out in conjunction with GCC Insurance Admin to capture the safes listed. **Officer Responsible for Implementation:** Senior Operations Manager Encore Hospitality **Timescales for Implementation:** 30 November 2025

No.	Observation and Risk	Recommendation	Priority	Management Response
	that all cash held is not covered by an insurance policy.			
Key Control: Documented procedures and training in relation to cash handling and management are in place and are available to all relevant staff.				
2	Encore has a documented procedure in relation to cash handling and management. However, through review we found that the last time the procedure was reviewed was January 2020. Although, we found that the contents of the procedure are mostly up to date, there were a number of pro-formas that are incorporated into the procedures that refer to service areas no longer in the council. We were advised that the procedures are also used for training purposes, in conjunction with on-the-job training and that staff are required to sign and date the procedures to confirm that they have read and understood them. However, we found that four of the seven cafes sampled did not hold suitable records to show relevant staff have read and understood the Cash Handling and Management procedures. We were advised by Encore management that the procedures have not been updated due to other competing priorities.	Encore management should review and update the Cash Handling and Management Procedure to ensure that it still reflects current practice, including any pro formas. The document should be communicated to all relevant staff. Thereafter, management should ensure that all relevant staff sign and date the document to ensure they have read and understood the procedure.	**Medium**	**Response:** Accepted Refresh of document branding (Cordia / DRS) to be amended to GCC FIN - Catering & FM / Encore. Roll out of update for staff engagement / sign off thereafter. **Officer Responsible for Implementation:** Senior Operations Manager Encore Hospitality **Timescales for Implementation:** Refresh – 30 November 2025 Roll Out and engagement/sign off - 28 February 2026

Not regularly reviewing procedures increases the risk of documented processes no longer being fit for purpose. Additionally, not having a record of staff that have read and understood key controls increases the risk of non-compliance.

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: There is an approved pricing structure with up-to-date prices that are applied throughout the service and is communicated to customers.				
3	For the five public facing cafés reviewed, all located within Glasgow Life venues, we reviewed the Glasgow Life website to confirm if up to date menus were available and found that for three, the online menus did not match the menus at the cafés. Through discussion with Encore management, we were advised that the price changes were communicated to Glasgow Life, however the website was not reviewed to ensure these prices were updated. Glasgow Life advised this was missed due to an oversight after a server upgrade. This had no financial impact as the correct pricing is on display within the venue and beings used at all cafés sampled. When online pricing is incorrect, there is an increased risk of customer dissatisfaction leading to potential reputational risk.	Encore management in conjunction with Glasgow Life should ensure that all online menus reflect current prices. Thereafter Encore management should put a process in place to ensure that online menus are updated when a price change takes place.	**Low**	**Response:** Accepted All menus are made available to Glasgow Life when updates are made. Meeting to take place to discuss arrangements going forward. **Officer Responsible for Implementation:** Senior Operations Manager Encore Hospitality **Timescales for Implementation:** 30 November 2025