MINUTES OF MEETING of the AUDIT COMMITTEE of SOUTH LANARKSHIRE LEISURE AND CULTURE LIMITED held at Avondale Community Wing, Strathaven at 1.00pm on Wednesday 21 November 2018

1. Sederunt
   Alan Morrison (Chair)
   Cllr Lynne Nailon
   Lorraine Graham
   In attendance:
   Yvonne Douglas, Internal Audit Manager, South Lanarkshire Council
   Stacey Larkin, Assistant Audit Manager, Scott Moncrieff Chartered Accountants
   Paul Barton, Company Secretary, South Lanarkshire Leisure and Culture
   Ellen Atkinson, Finance Manager, South Lanarkshire Leisure and Culture

   Apology
   Michael McGlynn
   Stephen Smellie

2. Declarations of Interest
   None declared.

3. Minutes of Previous Meeting
   Minutes for meeting 05/09/18 agreed and signed.

   Matters Arising
   None.

4. Internal Audit Activity Report
   YD presented the report entitled “Internal Audit Activity as at 6 November 2018” detailing the progress with the 2018/19 audit plan and whether associated targets had been met.

   Points of note:
   - All jobs on the 18/19 plan are in progress with the exception of the year end report, as would be expected.
• All KPI’s are meeting target with the exception of the one relating to the delivery of audit recommendations
• This is due to outstanding actions from the GDPR audit which the Company Secretary will present a report on to the next audit committee.
• Discussions on the 2019/20 plan had commenced.

LN asked for an update on the progress of iproc implementation. EA responded that there had been a couple of implementation group meetings and the relevant documentation was being produced but is now awaiting SLC IT Services to obtain up-to-date licence costs.

AM asked for some more information on the GDPR outstanding action. PB responded that it related to situations where information had to be transferred from some of the smaller sites to a larger one and whether this transfer should be physical or electronic. PB explained that it was not always possible to perform the transfer electronically as some of the smaller sites did not have reliable wi-fi connections. This resulted in the issue arising of when a physical transfer was undertaken, how proof could be obtained that the data was arriving as it had been sent. PB confirmed that discussions were ongoing and he would present a report on this situation at the next committee meeting.

Noted.

5. Draft Procurement Strategy
EA presented the report entitled “Draft 2018 Procurement Strategy” providing the committee members the opportunity to comment on the draft strategy before it was finalised.

Points of note:
• Any comments to be emailed to EA by 30/11/18
• The strategy will incorporate any comments received, where appropriate and published early in 2019.

AM enquired on the audience for the report eg internal or external and whether the figures on spend should be included. PB responded that the strategy would be uploaded to the internet thus it was publicly available and it was fine for the aforementioned figures to be included.

6. Supplier Expenditure Review 2017/18
EA presented that report entitled “2017/18 Supplier Expenditure Review” detailing the results of the comparison between 2017/18 expenditure per supplier and the contracts recognised on the SLLC contracts register to ensure all necessary contracts are in place.

Points of note:
• Report was written when Finance Regulations had a limit of £30K before a live contract must be in place which was updated in August 2018 review of the Regulations to £50K.
• Trust and Trading company expenditure was considered separately and it was found that two Trust suppliers breached the £30K limit who didn’t have a contract re the front of house IT system and the Trust insurance.
• Both of which had been awarded via SLC and this issue had been highlighted to them for future awards.
• All Trade suppliers were found to be operating in accordance with Finance Regulation limits.
• When the combined expenditure of the two companies was considered, 1 company was found to hold a valid contract for Trust expenditure but not for the expenditure incurred through the Trading company.
• This will be investigated further as part of the Procurement Review Group work.

AM asked if there was any evidence of compliance with the management reiteration of only placing orders with contracted suppliers. PB explained that we couldn’t evidence this other than receiving a confirmation from the relevant SMT member. EA added that she had been working on a new learn on
line course regarding procurement awareness and completion of this course would be able to be evidenced. SLC media team were currently working on the voice-over.

Noted.

7. Influencable Spend 2017/18
EA presented that report entitled “2017/18 Influencable spend” detailing the results of the review of 2017/18 expenditure highlighting areas where the level of spend could be influenced if procured correctly.

Points of note:
• Influencable spend (after non-influencable removed) was calculated as £4.8M, (a decrease on the 2015/2016 value of £5.5M)
• £3.6M of this £4.8M was covered by existing contracts (74.74%)
• Of the remaining £1.217M (25.26%), £170K (13.93%) should have been spent under existing contracts, representing breaches to those contracts.
• Remaining £1.047M will be investigated further by the Procurement Review Group, with a view of putting appropriate contracts in place.

LM asked if we are spending so much on till rolls why there is not a Trust-wide decision taken to stop printing automatically, as many other businesses have done. PB said this could be referred back to the Front of House group to be discussed further.

LN then asked for some more detail on a couple of items. EA responded as follows:

Boat repairs – all relate to the James Hamilton Heritage Park
Rickshaw – related to a special event

Noted.

AOB
AM asked that the standing items on the agenda be discussed. PB advised that this could be done at the next committee meeting. AM added that he would also like to discuss the governance documents relating to SLC as he thought this hasn’t been done for some time. PB responded that he thought that this might be a Board discussion not for the audit committee but would confirm next time.

Date of Next Meeting
The 2019 meeting dates have to be agreed at the Board Meeting and would be forwarded once known.