MINUTES OF MEETING of the AUDIT COMMITTEE of SOUTH LANARKSHIRE LEISURE AND CULTURE LIMITED held at Hamilton Townhouse at 1.30pm on Wednesday 6th September 2017

1. Sederunt
   Alan Morrison (Chair)
   Michael McGlynn
   Cllr Lynne Nailon
   Stephen Smellie
   Lorraine Graham
   In attendance:
   Yvonne Douglas, Internal Audit Manager, South Lanarkshire Council
   Nick Bennett, Audit Partner, Scott Moncrieff Chartered Accountants
   Paul Barton, Company Secretary, South Lanarkshire Leisure and Culture
   Ellen Atkinson, Finance Manager, South Lanarkshire Leisure and Culture

   Apology
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2. Declarations of Interest
   None declared.

3. Minutes of Previous Meeting
   Minutes for 21/6/17 meeting, one change noted to point 6 re the percentages Alliance Leisure will receive as part of the contract award [REDACTED], Minutes amended.

   Matters Arising

4. Internal Audit 1718 Annual Report 2016/17
   YD presented the report entitled Internal Audit Annual Report 2016/17 which provided a report on Internal Audits’ performance in the provision of its services to SLLC during 2016/17 and the findings of the assignments undertaken.

   Points of note:
   • Internal audit fell short on SLA performance targets, mainly due to reports to SLLC being late because of other workload priorities within the Internal Audit Team.
   • There are still two outstanding actions remaining from the 2015/16 work undertaken. However, there are mitigating factors which prevented the closure of these in 2016/17.
   • The overall Internal Audit opinion for 2016/17 based on the work undertaken is that there is adequate assurance that SLLC’s framework of governance, risk management and control arrangements are adequate and effective.
Following discussion of the findings of each 2016/17 assignment the following queries were raised:

- **AM**: Payroll audit – Was this the first time this kind of report had been undertaken? To which YD explained that Internal audit work had moved back to having a focus on key processes so this was the first audit of its kind in a number of years. PB added that two separate groups had been set up by the Trust to look at the action points from this audit and ensure consistency of payroll information being submitted to the SLC Payroll Team across all Trust services.

- **MM**: Efficiency Savings – Will the work in this report tie in with that being carried out by consultants, EKOS? PB explained that the assignments were looking at different years but if any savings were identified as being at risk of being actually achieved this would feed into the work of EKOS.

Noted.

5. **Annual Accounts SLLC and audit 2016/17**

NB presented the audit management report for 2016/17 which presents the constructive observations arising from the audit process.

**Points of Note:**
- No significant issues to note.
- Accounts are materially correct.

Noted.

PB then presented the Annual accounts 2016/17 report, detailing key financial points to note.

**Points of Note:**
- General reserves now £66K, increase of £2K.
- Pension liability increased by £16.737m to £25.816m.
- Restricted funds reserve reduced to £0.84m due to balances being spent.
- Repairs & renewals fund reduced to £0.568m.

There was some discussion around the pension reserve balance, its' calculation and how it affects the overall financial position of the company. NB explained how the assumptions of the actuary in their valuations are checked against those of other actuaries for similar schemes and that they are within the reasonable ranges outlined in line with FRS102. The reserve balance doesn’t have much effect on charity accounts as no dividends are paid out. SS confirmed that he was involved in the local government pension scheme committee and that there were no plans to close the Strathclyde scheme as a final salary scheme.

Noted.

6. **Annual Accounts SLL Trading 2016/17**

PB presented the report entitled Accounts 2016/17 – SLL Trading LTD.

**Points of Note:**
- Profit of £50K gift aided to SLLC.
- Reserves remain at £18K which have been for several years.

PB highlighted that the trading revenue was reducing year on year. To which AM enquired what the impact of the review was on trading operations. PB responded that whilst it was too early to define the result of the catering review but of the most recent catering tenders, two had been successful and secured a good price for the Trust with the other one less so. The success of these operations seems dependant upon location and expected footfall.

Noted.
7. **Quarterly Procurement Update**

EA presented the report entitled Procurement Review Quarterly update detailing the work undertaken by the procurement review group in the last two months.

Points to note:
- Seven contracts awarded in the review period (two via QuickQuote, one via negotiation and four via SLC).
- Two contracts are currently advertised on QuickQuote.
- Currently 98 contracts on SLLC Contract register.
- Six areas outlined in influencable spend report underway.
- Procurement Strategy Action plan is up to date.
- Quarterly price check results included for first time showing where contract price doesn’t equal invoice price, non contract items being ordered and breaches of contract for a quarterly sample of invoices.

Some discussion was had around the price checks exercise and the findings. EA highlighted how this time consuming exercise would be carried out automatically if the Trust had an eprocurement system and this exercise demonstrates the issues which would be prevented by the existence of such.

Noted.

8. **Debt Collector Replacement**

EA presented the report entitled Debt Collector Replacement detailing the reason for undertaking and result of the recent contract award.

Points to note:
- Previous debt collector, BCW notified Trust of cessation of services in April 2017.
- In discussion with SLC Procurement Services, it was agreed to negotiate with SLC debt collector with a view to contracting for the remainder of current SLC contract period and Trust will be included in next tender exercise.
- Stirling Park appointed as Trust debt collector until 30 March 2018, with a potential extension to 30 March 2020.
- Deal agreed is that **[redacted]** commission on all amounts recovered.

Some discussion was had around the types of debtors accounts raised by the different services and why the differences in front of house system.

Noted.

9. **Alliance Leisure Contract Progress Report**

PB advised that there were some mistakes in the report and this would be amended and retabled at the next meeting.

**Date Of Next Meeting**

The next meeting is scheduled for 22 November 2017 at 1.30pm at Newton Farm Community Wing.