MINUTES OF MEETING of the AUDIT COMMITTEE of SOUTH LANARKSHIRE LEISURE AND CULTURE LIMITED held at Hamilton Town House at 1.30pm on Wednesday 23rd May 2018

1. Sederunt
   Michael McGlynn (Agreed to act as Chair for this meeting)
   Cllr Lynne Nailon
   Cllr David McLachlan
   Lorraine Graham
   In attendance:
   Yvonne Douglas, Internal Audit Manager, South Lanarkshire Council
   Paul Barton, Company Secretary, South Lanarkshire Leisure and Culture
   Ellen Atkinson, Finance Manager, South Lanarkshire Leisure and Culture

   Apology
   Alan Morrison (Chair)
   Stephen Smellie

2. Declarations of Interest
   None declared.

3. Minutes of Previous Meeting
   Minutes for meeting 7/3/18 agreed and signed.

   Matters Arising
   None.

4. Internal Audit Plan 2018/2019
   YD presented the report entitled “Internal Audit Plan 2018/19” which provided detail on the jobs to be carried out in 2018/19:

   Points of note:
   
   - There are 10 proposed assignments to be undertaken in 2018/19 as outlined in appendix 1.
   - These 10 jobs will account for 80 days of Internal Audit time
   - SLC will contribute a further 20 days from their budget to increase this allocation to 100 days, the use of which still to be discussed with the Company Secretary.
   - YD suggested something around cyber security could be considered.
MM asked what the focus of the facility audit would be. YD explained that a risk-based approach would be taken looking at all the services provided at the facility under review.

LN enquired whether Internal Audit (IA) would be looking at the stock held at the facility. YD replied that IA no longer attended annual stock takes as was done in the past due to the crossover with work undertaken by External Audit. It was not felt to be Best Value for this to also be covered by IA as it was duplicate work.

Noted.

5. Quarterly Procurement Update
EA presented the report entitled “Procurement Review Quarterly Update” detailing the work undertaken by the procurement review group in the last three months.

Points to note:
- Eleven contracts awarded in the review period (eight via QuickQuote, one via a single supplier exemption and two via SLC).
- Five contracts are currently advertised on QuickQuote.
- Currently 79 contracts on SLLC Contract register due to the 2017/2018 one off purchases being removed.
- Four areas outlined in influential spend report underway, one has been awarded.
- Current Procurement Strategy is now at an end, all the actions were completed except two which will be carried forward to the new strategy action plan which is currently being worked on.
- It was confirmed that due to existing resources, price checks would be stopped and the Trust would have to accept a degree of risk of wrong prices/products until an eprocurement system was implemented.
- Work is ongoing to reiterate the correct procedures re contract compliance with staff.

LN asked what had been done about the issue raised in the petty cash report where people were using sundry or miscellaneous to describe all transactions. EA responded that she had attended a recent SMT to discuss this and SMT members had been asked to remind their teams that this practice did not agree with current procedures. A check of whether this had been corrected would take place at the next annual audit which would be undertaken once the reports were received from IA, planned for June 18.

LN enquired about the VAT receipts raised as an issue with the credit card spend which EA responded that this had also been discussed at SMT and everyone reminded of the importance of obtaining such receipts. Most of the credit card transactions were undertaken at HQ.

Noted.

6. Pension Actuarial Valuation
EA presented the report entitled “2017/18 Pension Actuarial Valuation” detailing the results of the 2018 actuarial valuation.

Points to note:
- There was a slightly improved valuation than that received at 31 March 2017 which will be recognised in the 2018 annual report.
- At 31 March 2017 there was a liability of £25.816M which in the valuation at 31 March 2018, has swung to an asset of £1.76M.
- The actuarial assumptions used to obtain these valuations are constantly fluctuating thus future volatility in the valuation should be expected.
• These figures represent non-cash transactions and are for disclosure purposes only.

Some discussion was had around what assumptions the actuary uses, PB explained they are based around the age profiles of staff, likely retirement ages and return expected on investments.

Noted.

7. Risk Register Review
PB presented the report entitled “Risk Register Review” detailing the proposed adjustments to the Trust 2018 Risk Register.

Points to note:
• Risks 001 and 002, both relating to income, have effectively swapped their ranking.
• Risk 006 relating to Information Governance’ was moved up in the ranking to number 004

MM raised that 001 and 002 are really both sides of the same issue.

Noted.

8. Alliance Contract Progress Report
PB presented the report entitled “Alliance Leisure Service Contract Progress Report” detailing the progress of the Alliance Leisure Contract.

Points to note:
• Actual fitness subscription income achieved from July 2017 to May 2018 has remained higher than at contract inception.
• Whilst the increase is modest, the decline appears to have reversed.
• Staff have provided positive feedback.

LG reflected the positive experience she has had as a member of staff.

PB agreed he would recalculate for the first year of the contract and show the actual income split between Alliance and SLLC and cost to SLLC separately.

DM asked whether the reversal of the declining position is due to Alliance or the budget gyms bottoming out. PB responded that he could not say with any surety.

Date of Next Meeting
The next meeting is scheduled for 5 September 2018 at 1.00pm at (Hamilton Town House).