MINUTES OF MEETING of the AUDIT COMMITTEE of SOUTH LANARKSHIRE LEISURE AND CULTURE LIMITED held at Hamilton Town House at 1.30pm on Wednesday 4th September 2019

1. Sederunt
Alan Morrison (Chair)
Cllr Lynne Nailon
Michael McGlynn
Gerry Convery

In attendance:
Yvonne Douglas, Internal Audit Manager, South Lanarkshire Council
Nick Bennet, 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
Stephen Smellie

2. Declarations of Interest
None declared.

3. Minutes of Previous Meeting
Minutes for meeting 22/5/19 agreed and signed.

Matters Arising
None.

4. Internal Audit Activity Report
YD presented the report entitled “Internal Audit Annual Assurance Report 18/19” detailing the progress and performance with the 2018/19 audit plan and provided an independent opinion on the adequacy and effectiveness of SLLC’s framework of governance, risk management and control arrangements for 2018/19.

Points of note:

- All jobs on the 18/19 plan were completed prior to the issue of this annual report although only 33% were finalised by 31 March 2019.
The overall opinion was that reasonable assurance can be placed on the adequacy and effectiveness of SLLC’s framework of governance, risk management and control arrangements for the year ending 31 March 2019.

LN enquired whether the physical checks of museums artefacts outlined at report point 7.3 were now being carried out. PB responded that some of the checks were taking place and it was just the recording of the outcomes which required some work to close the audit action.

GC asked for some more information of the different suppliers being used and the mark-up on products between sites outlined at report point 6.10 and should these not be the same given we are one organisation. PB responded that mark-up’s were the responsibility of the individual managers but the use of different suppliers was a mistake as the contract registers are kept up to date and available to all staff on the Corporate Drive at any point in time informing them of the correct supplier. These issues are addressed and dealt with as they are uncovered by EA.

Noted.

Points of note:

- Consolidated General Reserve now stands at £60k (2018 - £63k).
- SLLC’s share of Strathclyde Pension Fund has moved to a liability position of £6.144m from an asset position of £3.952m, a £10.096m movement in the year.
- Restricted funds balances were £0.486m as at 31 March 2019.
- The repairs and renewals fund balance is £0.382m as at 31 March 2019 which is a reduction of £0.121m on the 2018 value. No contributions were made to this fund from the General Reserve in 2018/19.
- OSCR enquiry remains ongoing.
- The pension valuation was revised to take account of the effects of the McCloud judgement and the General Minimum Pension (GMP) equalisation.
- Two actions regarding internal control were identified by the auditor relating to access to the bank statements and the maintenance of the registers of interest.
- An unqualified audit opinion was issued.

MM asked whether anything had been heard back from OSCR. PB responded not since December 2018. It was agreed that no action would be taken until OSCR came back.

NB highlighted that it should be noted the reserve levels were low and not of the expected level to ensure the Trust can continue to operate in times of hardship and this was something which should be considered for the future.

Noted.

Points of note:

- Company made a profit of £23K in 2018/19 which would be donated, via Gift Aid to the Trust during 2019/20.
- The retained reserves per the accounts is £41K comprising the £23K outlined above, added to the £18K retained from previous years.
7. **Procurement Review Update**

EA presented the report entitled “Procurement Review update” detailing the work undertaken in relation to the procurement in the period 1 February 2019 to 31 August 2019.

Points of note:

- Five contracts were awarded via SLC: three via SXL Frameworks, one via Direct award and one via an SLC exercise.
- Ten contracts were awarded via SLLC exercises: five via Quick Quote and five via Sole Supplier Exemption.
- There are twelve areas of expenditure currently being worked on to achieve an appropriately awarded contract.
- There are 96 contracts recognised on the SLLC contract register as at 31/7/19.
- There are three strategy action plan actions which are overdue: two relating to the implementation of iproc and one relating to the introduction of the Scottish Procurement Competency Framework as part of the PDR for the Procurement Champions.
- Work on the completion of the SLLC Procurement Awareness Learn on line course is ongoing.

MM asked whether SLLC owned the vending machines operated or leased them. PB responded it is a mix of owning outright, leasing and free on loan.

MM asked what the recruitment consultant exercise in progress related to. EA responded this was for catering and waiting staff for events. MM subsequently asked did SLLC not have casual staff to meet this requirement. PB responded that the type of staff this would be used for would not be employed by SLLC.

MM enquired where the retail spend exercise referred to would relate to. EA responded that this was predominantly the country parks but the shop at Low Parks would also comply with any contracts awarded. EA explained that the job had been delayed due to staffing issues.

MM raised the Front of House IT system job.

At that point PB recused himself and left the room.

Some discussion was had around what had happened to date with the exercise and the issues currently being faced. MM confirmed he was aware of the issues raised by EA and once some further discussions had taken place with YD, one of them would come back to EA with a way forward.

PB was then asked to re-enter the room.

Noted.

**AOB**

LN raised the fact that she had asked at the last meeting for a report showing a breakdown of public participating events including attendance, income, expenditure.

PB apologised and promised this would be addressed for the next meeting.

**Date of Next Meeting**

27/11/19 – Venue tbc