MINUTES OF MEETING of the AUDIT COMMITTEE of SOUTH LANARKSHIRE LEISURE AND CULTURE LIMITED held at Hamilton Town House at 1.30pm on Wednesday 27th November 2019

1. Sederunt
   Cllr Lynne Nailon
   Michael McGlynn
   Cllr Gerry Convery (Part)
   Paul McCormick
   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

   Apologies
   Stephen Smellie
   Alan Morrison (Chair)

2. Declarations of Interest
   None declared.

   As AM was not present, MM was nominated to chair the meeting.

3. Minutes of Previous Meeting
   In response to a question from MM, PB confirmed that a response was still awaited from OSCR.

   LN confirmed she had just been given papers pertaining to the information she had requested on Events.

   Minutes for meeting 4/9/19 agreed and signed.

   Matters Arising
   None.
4. **Internal Audit Activity Report**
YD presented the report entitled "Internal Audit Activity as at 5 November 2019" detailing the progress with the 2019/20 SLLC Audit Plan.

Points of note:

- 75% of planned assignments have started.
- All 2019/20 Audit Actions are on line to be completed as due, with no issues currently noted.
- An updated status was provided for the 8 outstanding actions from previous years.

MM asked for some more information on the GDPR outstanding action relating to data transfer. PB responded a new process for data transfer had been trialled and it hadn't been approved by all but he was confident the majority of the risk identified would be mitigated by March 2020, when the action was due to be complete.

LN then enquired whether there was scope for a manual solution for the smaller sites. PB explained that the issue was some halls did not have an internet signal and it was difficult as such sites often only had part time staff.

Noted.

5. **Petty Cash Review 2018/19**
EA presented the report entitled "Petty 'Cash review" detailing the results of the review of 2018/19 expenditure.

Points of note:

- Petty Cash balances and expenditure has reduced on the 2017/18 values.
- Reductions to 8 sites balances totalling £550 were identified and these would now be actioned.
- Additional training requirements were identified in the area of completion of the petty cash form and VAT which will be provided within coming months.

Noted.

Some discussion was had around when a situation would be considered an emergency and petty cash would be considered valid. EA reiterated that in a genuine emergency situation, petty cash use was ok but it was felt that this was being used as an excuse to validate the use of petty cash and there was evidence of this happening in recurring situations where it is not appropriate.

PM then raised the issue of the quality of produce/stock being received from contracted suppliers. EA responded that there were procedures in place with SLC Procurement/SLLC Procurement Review Group to deal with all such issues when reported and anything which was reported had been dealt with.

PM enquired whether any thought had been given to rebranding petty cash as emergency cash. PB responded that it had not, but this would now be considered. Also Blantyre Leisure Centre had removed its petty cash completely and was managing fine. He added that having an area petty cash balance and removing cash held in individual facilities was also another option to be considered.

Noted.

6. **Supplier Expenditure Review 2018/19**
EA presented the report entitled “2018/19 Supplier Expenditure Review” outlining the results of the review of 2018/19 credit card expenditure.

Points of note:
• Trust spent £6.56m net with 1,325 suppliers and the Trading Company £1.57m with 124 suppliers.
• Considering the companies individually, the Trust spent over £50K with 21 suppliers and the Trading Company with 4.
• There were 2 of these Trust suppliers who did not have a properly procured contract in 2018/19: Sheppard & Wedderbun and Gladstone.
• Considering the companies together, they spent over £50K with 17 suppliers. All were found to relate to areas currently being worked on by the Procurement Review Group

MM enquired why the legal services supplier had never had a contract. EA responded that she was not sure but had investigated the existence of a procurement exercise, or an award of contract and nothing was found in SLLC or SLC files. She had then identified 2 potential frameworks, from which an award could be made.

• YD then raised the issue of the existence of an engagement letter as any professional firm would put in place before commencing work. PB to investigate the existence of such a letter. MM responded that SLC would have to investigate this matter further.

Noted.

7. **Credit Card Review 2018/19**
EA presented a report entitled “Credit Card Review” outlining the results of the 2018/19 review of credit card expenditure.

Points of note:

• 2 of the 4 cards in issue at the current time to be closed with immediate effect
• Credit card expenditure has decreased 10.06% on the 2017/18 spend
• 25.41% of sample did not have fully completed authorised form mainly due to automatically recurring charges having been set up on the credit card
• A register of recurring charges to be set up and procedure to be introduced for such charges being set up in future

MM enquired what the recurring charges related to. PB responded that it was mainly Facebook/Twitter advertising boosts for special events. He then added that given the return the Trust receive from this expenditure, it did not make sense to stop this practice.

Noted.

**AOB**
MM raised the possibility of increasing the membership of the audit committee. Everyone agreed so he undertook to discuss with other Board members.

**Date of Next Meeting**
tbc