MINUTES OF MEETING of the AUDIT COMMITTEE of SOUTH LANARKSHIRE LEISURE AND CULTURE LIMITED held at Low Parks Museum at 1.30pm on Wednesday 7th March 2018

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

   Apology
   Stephen Smellie
   Paul Barton, Company Secretary, South Lanarkshire Leisure and Culture

2. Declarations of Interest
   None declared.

3. Minutes of Previous Meeting
   Minutes for meeting 6/9/17 agreed and signed.

   Matters Arising
   None.

4. External Audit Plan 2018
   SL presented a paper outlining for the plan for the 2018 audit.

   Points of note:
   • 2018 audit will commence in June

   It was confirmed that there would be an interim audit this year as the omission of one had caused issues last year. EA mentioned that the pension assumptions were also being looked at by SLC currently in conjunction with Hymans and SLLC would be taking part in this exercise. The committee would be updated in due course once this exercise had been completed.
5. **Internal Audit Activity Report**
YD presented the report entitled Internal Audit Activity as at 1 March 2018 which provided a report on Internal Audits’ performance in delivering the 2017/18 audit plan:

Points of note:
- All jobs per the 2017/18 plan have been started, with 60% completed as of 1/3/18
- There was one additional job added to the plan relating to vending income at Larkhall Leisure Centre
- 11 audit actions remain outstanding at 1/3/18, 5 of which have been given revised due dates, 2 are currently being investigated and 4 relate to information governance which must be completed asap to comply with GDPR introduction in May 2018.
- The remaining action which has been outstanding since 2016 relates to the implementation of iproc which is outwith SLLCs control.
- All audits have provided assurance internal controls are adequate and it is unexpected that the 2017/18 audit opinion will differ from that of 2016/17 at this stage.

LG raised the issue the each of the facilities, and even within facilities, appear to deal with vending income in different ways. EA responded that this had been recognised and work had been undertaken on Corporate procedures to ensure consistency.

MM undertook to take the issue with iproc back to SLC and try to get a way forward. YD was asked to feed this back to Central Finance but she highlighted she would be unable to get a resolution on the implementation issue.

Noted.

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

Points to note:
- Nine contracts awarded in the review period (six via QuickQuote, one via a single supplier exemption and two via SLC).
- Two contracts are currently advertised on QuickQuote.
- Currently 105 contracts on SLLC Contract register.
- Four areas outlined in influencable spend report underway, two have been awarded.
- Procurement Strategy Action plan is up to date.
- It has been agreed to stop the Quarterly price checks due to the amount of time it takes and the results produced. Invoices have already been paid which makes corrective action more difficult when differences are found.

- 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.

- MM enquired whether the Trust were willing to accept the risks identified with stopping the price check exercise until an eprocurement system was implemented. EA said she would discuss this issue further with PB.

- AM asked whether this was something that external audit could look at. SL responded not within the current assignment.

Noted.
7. **Credit Card Review**
EA presented the report entitled “Credit Card Review” detailing the results of the 2017 credit card audit.

Points to note:
- Expenditure across all cards has risen slightly on the 2016 expenditure value (4.24% increase).
- The number of transactions has also risen (10.88% on 2016 level)
- Increase was due to increased spending on marketing & design, IT equipment, miscellaneous expenditure and travel
- Authorisation process was being followed on the whole.
- Still not receiving VAT invoices for all relevant transactions

There was some discussion around resolving the VAT invoice issue. EA responded all that could be done was to reiterate to cardholders the need for VAT invoices and rely on them to pass this onto anyone using the cards.

Noted.

8. **Petty Cash Review**
EA presented the report entitled “Petty Cash Review” detailing the results of the 2017 petty cash audit.

Points to note:
- Cash balances held have reduced by 53.8% on those held at 2016 audit
- Expenditure has reduced by 15.62% on 2016 level.
- Some further reductions to value of £770 have been proposed but these havent had operational approval as of yet
- Still evidence of times when better planning would prevent the need to use petty cash
- Procedural issue noted where several sites completing the form with a description of sundry or miscellaneous for all items which restricts further analysis
- The above issue also limits the VAT test as impossible to identify how individual items should be treated for VAT
- Further training recommended due to changing im pret holders resulting from staff turnover

Noted.

9. **Supplier Review**
EA presented the report entitled “Supplier Expenditure Review” detailing the results of the 2017 supplier expenditure audit.

Points to note:
- The number of suppliers used has reduced by nearly 300 on the level used at the inception of the procurement strategy in 2014/15.
- Current version of Trust’s Standing Orders states a limit of £30K expenditure where a contract must be in place.
- This has been increased to £50K in line with SLC’s Standing Orders and Scottish Government’s regulated procurement limit in the new Standing Orders which are currently with SLC for review.
- For Trust expenditure, only 3 companies with annual expenditure over £30K didn’t have contracts (Gladstone – contract was awarded by SLC IT service but no one could provide reference, Alternative Systems Protective – contract was awarded by SLC H&T Resources but no one could provide reference and GMA Electrical – mostly for floodlighting which is now part of SLC H&Ts legislative responsibility)
- Where the two companies had combined expenditure of over £30K (there was one breach of contract identified relating to PPE equipment, 4 suppliers where contracts had now been awarded via the influenceable spend report and 25 which were on the to-do list identified in this report but work hadn’t commenced on yet).
MM to check where the standing orders were and what the hold up with the review was.

**Date of Next Meeting**
The next meeting is scheduled for 23 May 2018 at 1.30pm at Hamilton Townhouse.