
South Lanarkshire Council

May 2016

Interim Management Letter 2015/16



Paul Manning
South Lanarkshire Council Headquarters
Almada Street
Hamilton
ML3 0AA

May 2016

Our ref: MP/GC

Dear Paul,

Interim Management Letter for year ending 31 March 2016

We conducted our interim review in February 2016. The purpose of this visit was to update our understanding of South Lanarkshire Council ("the Council") and perform risk assessment procedures to inform and direct our year-end audit.

Risk assessment procedures

ISA (UK & Ireland) 315 *Identifying and assessing the risk of material misstatement through understanding the entity and its environment* requires an auditor to undertake procedures to understand the entity and identify risks relevant to the material misstatement of financial statements.

In accordance with our duties under ISA 315, our interim visit included the following key risk assessment procedures:

1. Understanding and assessment of management's risk management procedures;
2. Understanding of the broad IT environment;
3. Perform analytical procedures over financial performance to identify any additional areas of financial statement risk; and
4. Consider management's arrangements for identifying and responding to the risk of fraud within the organisation.

We have successfully completed our risk assessment procedures during our interim visit and can confirm that we have no issues to bring to the attention of management.

We held meetings with key personnel and performed walkthroughs in order to update our understanding of the controls in place over the following business processes:

- Council Tax;
- Non-domestic rates;
- Housing benefits;
- Housing rents;
- Budgetary control;
- Treasury;
- Income and receivables;
- Payments and payables;
- Payroll;
- Cash and bank; and
- Fixed assets.

Our review of the design of key controls within these areas noted no deficiencies.

Management responsibility

It is the responsibility of Management to maintain adequate and effective financial systems and to arrange for an appropriate system of internal control. As your auditors, for the purposes of our audit assurance, we evaluate significant financial systems and associated controls within the Council. In practice, we do not examine every financial activity and as a result it cannot be expected that we will have identified all weaknesses or areas for improvement that may exist.

The prime responsibility for the prevention and detection of fraud and irregularities also rests with Management. Management also has a duty to take reasonable steps to limit the opportunity for fraudulent or corrupt practices. It is our responsibility to review the adequacy of these arrangements, but our work does not remove the possibility that fraud, corruption or irregularity may have occurred and remained undetected.

I would like to take this opportunity to thank all members of management and staff who assisted us during our fieldwork.

Yours sincerely

Martin Pitt

Partner

