

Paul Manning  
Executive Director of Finance and Corporate Services  
South Lanarkshire Council  
Council Offices  
Almada Street  
Hamilton  
ML3 0AA

09 December 2019

Dear Paul

## **South Lanarkshire Council 2019/20**

### **Corporate Governance – Review of the adequacy of Internal Audit**

Audit Scotland's Code of Audit Practice requires external auditors to carry out an annual assessment of the adequacy of the internal audit function. This letter sets out the findings from our assessment of the council's internal audit service for 2019/20. This assessment does not constitute an external assessment for the purposes of the Public Sector Internal Audit Standards (PSIAS) and should not be considered as such.

The objectives of our annual assessment are:

- to establish the effectiveness of internal audit arrangements as part of the council's wider governance arrangements, and
- to identify areas of internal audit work upon which we can place formal reliance

We concluded that the internal audit service operates in accordance with PSIAS and has sound documentation standards and reporting procedures in place. We reviewed internal audit's planned work programme for 2019/20 to identify areas where we can potentially place reliance on internal audit's work.

For our financial statements audit responsibilities, we plan to place reliance on aspects of internal audit's work in the following areas:

- Procurement
- BACs Reconciliation

We also plan to place reliance on the work of internal audit in respect of the National Fraud Initiative.

Notwithstanding our general conclusion, we record one finding and the associated risk for your consideration.

**Issue**

The internal audit service sits within the remit of the Executive Director of Finance and Corporate Services and the Audit and Compliance Manager has operational responsibility for funding and compliance (for example, EU funding expenditure).

**Risk**

There is a risk that this could impinge upon the Audit and Compliance Manager's actual or perceived ability to operate independently from the corporate finance function and that resources could be diverted from core internal audit duties. The Audit and Compliance Manager has advised that she has not encountered any material issues in being asked to undertake non-audit duties, but we will continue to monitor this during 2019/20.

If you have any questions about the contents of this letter, then please do not hesitate to contact me.

Yours Sincerely



Dave Richardson  
Senior Audit Manager

By email:

Jackie Taylor, Head of Finance (Strategy) ([jackie.taylor@southlanarkshire.gov.uk](mailto:jackie.taylor@southlanarkshire.gov.uk))  
Yvonne Douglas, Audit and Compliance Manager ([yvonne.douglas@southlanarkshire.gov.uk](mailto:yvonne.douglas@southlanarkshire.gov.uk))