

Executive Committee

27 September 2017

## South Lanarkshire Council and registered charities administered by South Lanarkshire Council 2016/17 Annual Audit Report

1. Our work on the annual accounts of the council and the registered charities administered by South Lanarkshire Council (appendix C), is now complete. Subject to the receipt of revised annual accounts for final review, we anticipate being able to issue an unqualified and unmodified independent auditor's report on 27 September 2017 (the proposed reports are attached at appendices A and D).
2. We also present for your consideration our proposed annual audit report on the 2016/17 audit. International Standard on Auditing (UK and Ireland) 260 (Communication with those charged with governance) requires auditors to report specific matters arising from the audit of the annual accounts to those charged with governance in sufficient time to enable appropriate action. Within the draft annual audit report the section headed "ISA 260 report of significant findings" (pages 9-11 of the proposed annual audit report) sets out the issues we consider should be drawn to your attention in accordance with ISA 260. The annual audit report will be issued in its final form after the annual accounts have been approved for issue and independent auditor's report has been certified.
3. In presenting this report to the council we seek confirmation that we have been informed of any of the following:
  - instances of any actual, suspected or alleged fraud;
  - events that have occurred since 31 March 2017 which could have a significant impact on the annual accounts;
  - instances of non-compliance with legislation.
4. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature, and request that these misstatements be corrected. There are no unadjusted misstatements to bring to your attention.
5. International Standard on Auditing (UK and Ireland) 580 (Management representations) requires auditors to obtain representations on certain matters from management. Accordingly, as part of the completion of our audit we seek written assurances from the Executive Director Finance and Corporate Resources, as the council's "proper officer", on aspects of the annual accounts and the judgements and estimates made. A draft letter of representation is attached at appendix B

(Council) and appendix E (charities). The letters should be signed and returned by the Executive Director Finance and Corporate Resources with the signed annual accounts prior to the independent auditor's report being certified.

6. We would like to express our thanks to the staff of South Lanarkshire Council for their courteous assistance during the course of this year's audit. This enabled us to bring the audit to completion within the required timescale.

## **APPENDIX A: Proposed Independent Auditor's Report**

### **Independent auditor's report to the members of South Lanarkshire Council and the Accounts Commission**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Report on the audit of the financial statements**

#### **Opinion on financial statements**

I certify that I have audited the financial statements in the annual accounts of South Lanarkshire Council and its group for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Expenditure and Funding Analysis Statements, the Comprehensive Income and Expenditure Statements, Balance Sheets, Movement in Reserves Statements and Cash-Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, the Statement of Movement on the Housing Revenue Account Balance, the National Non-domestic Rates Income Accounts Statement, the Council Tax Income Accounts Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code).

In my opinion the accompanying financial statements:  
give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of affairs of the council and its group as at 31 March 2017 and of the deficit on the provision of services of the council and its group for the year then ended;

- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### **Basis of opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the council and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Responsibilities of the Executive Director Finance and Corporate Resources for the financial statements**

As explained more fully in the Statement of Responsibilities, the Executive Director Finance and Corporate Resources is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Executive Director Finance and Corporate Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the council and its group and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director Finance and Corporate Resources; and the overall presentation of the financial statements.

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **Other information in the annual accounts**

The Executive Director Finance and Corporate Resources is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

## **Report on other requirements**

### **Opinions on other prescribed matters**

I am required by the Accounts Commission to express an opinion on the following matters.

In my opinion, the auditable part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

### **Matters on which I am required to report by exception**

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or

- the financial statements and the auditable part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Fiona Mitchell-Knight FCA  
Assistant Director, Audit Services  
Audit Scotland  
4th Floor, The Athenaeum Building  
8 Nelson Mandela Place,  
Glasgow, G2 1BT

27 September 2017

## APPENDIX B: Letter of Representation (ISA 580)

Fiona Mitchell-Knight  
Assistant Director  
Audit Scotland  
4th Floor, South Suite  
The Athenaeum Building  
Nelson Mandela Place  
Glasgow  
G2 1BT

Dear Fiona

### **SOUTH LANARKSHIRE COUNCIL Annual Accounts 2016/17**

This representation letter is provided in connection with your audit of the financial statements of South Lanarkshire Council for the year ended 31 March 2017 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of South Lanarkshire Council, as at 31 March 2017 and its comprehensive net expenditure for the year then ended.

I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Executive Committee, the following representations given to you in connection with your audit of South Lanarkshire Council for the year ended 31 March 2017.

#### **Legality of financial transactions**

The financial transactions of South Lanarkshire Council are in accordance with the relevant legislation and regulations governing its activities. All known or possible non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed to you, together with any actual or contingent consequences which may arise.

#### **Financial reporting framework**

The financial statements have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014, the Local Government in Scotland Act 2003 and the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code).

Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of South Lanarkshire Council and its group for the year ended 31 March 2017.

#### **Accounting policies and estimates**

All material accounting policies adopted are as shown at note 33 to the accounts. The continuing appropriateness of these policies has been reviewed since the introduction of IAS 8 and on a regular basis thereafter, and takes account of the requirements set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

## **Going Concern**

I have assessed the ability of the council and its group to carry on as a going concern and concluded that it is appropriate to prepare the financial statements on a going concern basis.

## **Remuneration report**

The remuneration report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2011 and Scottish Government finance circular 8/2011 and includes all specified remuneration for relevant council officers and all elected members.

All exit packages agreed in 2016/17 and included in the accounts were notified to Strathclyde Pension Fund to enable complete information to be provided to the actuaries for the IAS19 disclosures.

## **Related Party Transactions**

All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24, as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

## **Assets**

### *General*

The assets shown in the books and accounts at 31 March 2017, other than assets which are employed under finance leases, were owned by South Lanarkshire Council. The assets are free from any lien, encumbrance or charge.

### *Non-current assets*

For the year ended 31 March 2017, title deeds for properties owned or mortgaged to South Lanarkshire Council were held by the council and all such deeds were in order. All non-current assets are appropriately classified. The net book amount in the balance sheet was arrived at after:

- taking into account all material capital expenditure on additions but not expenditure properly chargeable to revenue
- the amounts at which the land and buildings were stated in the balance sheet were properly calculated in accordance with the approved bases of valuation and fairly represented the values at 31 March 2017, and no properties were omitted from or duplicated in the valuation
- deducting the cost and accumulated depreciation relating to items sold or scrapped
- providing for depreciation and obsolescence on bases and at rates calculated to reduce the net book value of each asset to its estimated residual value by the end of its probable useful life.

There are no known errors in the valuations of non-current assets in the Balance Sheet.

### *Council houses*

The council's housing stock was valued on the Existing Use Value - Social Housing using the beacon principle. In my view the valuation approach complies with RICS guidance, it is in accordance with the Code and fairly represents the value of the housing stock.

### *Intangible assets*

The council owns intangible assets in the form of software licences. Intangible assets have been separately identified in the balance sheet. Intangible assets have been recognised in accordance with the Code and IAS 38, as disclosed in note 19 to the accounts.

### *Leases*

All leasing arrangements have been reviewed and correctly classified as operating or finance within the financial statements. Lease arrangements granted by South Lanarkshire Council have been classified and disclosed within the financial statements.

#### *Heritage assets*

In line with the requirements of FRS 30 Heritage Assets, heritage assets are included in the balance sheet at valuation. As allowed by the Code, the basis of valuation is the declared valuation for insurance purposes or replacement value. There are number of heritage assets where obtaining a valuation would involve disproportionate cost and the Code permits such assets to be excluded from the balance sheet.

#### *Long term debtors and prepayments*

All such debtors and prepayments have been fully provided for in the books of account.

#### *Inventories*

The council's stocks have been valued at the lower of cost or net realisable value. All inventories are included in the financial statements.

### **Liabilities**

All liabilities have been provided for, including the liability for all purchases to which title has passed prior to 31 March 2017 and deferred liabilities arising from the financing of PPP/PFI contracts and other finance leases.

#### *Contingent assets and liabilities*

There are no significant contingent assets or liabilities, other than those disclosed in note 28 to the accounts, arising either under formal agreements or through informal undertakings, requiring disclosure in the accounts. All known contingent liabilities, including any outstanding legal claims which have not been provided for under the Code and IAS 35, have been fully and properly disclosed.

#### *Provisions*

Provisions have been made in the accounts for all material liabilities, including claims arising from equal pay legislation, which have resulted, or may be expected to result, by legal action or otherwise, from events which had occurred by the balance sheet date, and of which South Lanarkshire Council could reasonably be expected to be aware. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the present obligation at the balance sheet date.

#### *Accrued expenditure*

Expenditure has only been accrued where it relates to costs incurred prior to the financial year end.

#### *Employee benefit accrual*

The employee benefit accrual has been calculated by extrapolating actual costs from a sample of staff. In my opinion the sample selected is representative of the council as a whole.

### **Loans fund**

All borrowings are compliant with the provisions of the Local Government (Scotland) Act 1975. The council did not, during 2016/17, borrow in advance of immediate requirements other than as part of normal treasury management.

### **Insurance fund**

In respect of the council's insurance fund for property, motor and liability insurance, there are no material unfunded risks.



## **Other matters**

I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24, as interpreted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

Except as disclosed in the financial statements, the results for the period were not materially affected by:

- transactions of a sort not usually undertaken by South Lanarkshire Council
- circumstances of an exceptional or non-recurrent nature
- charges or credits relating to prior periods
- any change in the basis of accounting.

There are no collateral arrangements that require disclosure within the accounts. There are no material defaults on loans.

The assumptions made by the actuary in the IAS19 report for South Lanarkshire Council have been reviewed and I confirm that they are consistent with management's own view.

I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA260).

## **Common Good Fund and Trust Funds**

In my opinion the common good assets, liabilities and revenue transactions within the financial statements are materially complete. All common good assets and liabilities and revenue transactions have been properly separated from the council's single entity accounts and are reflected within the common good accounts in accordance with LASAAC guidance issued December 2007. Similarly, all assets and liabilities and revenue transactions relating to trusts administered by the council have been properly separated from the council's single entity accounts and are reflected within the trust fund accounts.

## **Group Accounts**

The group accounts have been prepared in accordance with the Code and relevant accounting standards and are based on the financial statements of the individual bodies for the year ended 31 March 2017. In my opinion the group assets, liabilities and revenue transactions within the financial statements are materially complete. The group boundary has been reviewed in accordance with the Code and there are no material entities that have been omitted from consolidation within the financial statements. Any significant issues concerning the financial statements of group entities have been disclosed to you.

## **Corporate Governance**

I acknowledge, as the officer with responsibility for the proper administration of the council's financial affairs under section 95 of the Local Government (Scotland) Act 1973, my responsibility for the systems of internal control and that the disclosures I have made are in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17. There have been no changes in the corporate governance arrangements or issues identified, since the balance sheet date, which require disclosure.

## **Fraud**

I acknowledge that it is the responsibility of the council to prevent and detect fraud and other irregularity. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor the results of this review, including any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities

involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

## **General**

I acknowledge my responsibility, and that of the council, for the financial statements. All of the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by South Lanarkshire Council and its group have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all council and other meetings.

Disclosure has been made in the financial statements of all matters necessary to give a true and fair view of the financial position of South Lanarkshire Council and its group as at 31 March 2017 and the income and expenditure for the year then ended.

The information given in the narrative reports supporting the financial statements, including the management commentary and remuneration report, presents a balanced picture of South Lanarkshire Council and is consistent with the financial statements.

## **Events subsequent to the date of the Balance Sheet**

There have been no material events since the date of the balance sheet which would require the revision of the figures in the financial statements or notes thereto, including of contingent assets and liabilities.

Since the date of the balance sheet no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should be brought to your notice.

## **Integration Joint Boards**

South Lanarkshire Integration Joint Board has been consolidated within the South Lanarkshire Council financial statements for 2016/17 in accordance with IAS 27 Consolidated and Separate Financial Statements and the health board accounts manual 2016/17.

Yours sincerely

**Paul Manning**  
**Executive Director Finance and Corporate Resources**

**APPENDIX C: Trusts registered as charities administered by South Lanarkshire Council**

Title of charitable trust	Scottish charity number
South Lanarkshire Council Charitable Trusts	SC025089
East Kilbride Information Technology Centre Trust	SC015221
South Lanarkshire Council Educational Trusts	SC028135

## **APPENDIX D: Proposed independent auditors report - trusts registered as charities administered by South Lanarkshire Council**

### **Independent auditor's report to the trustees of <insert name of the relevant charity> and the Accounts Commission**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

### **Report on the audit of the financial statements**

#### **Opinion on financial statements**

I certify that I have audited the financial statements in the statement of accounts of <insert the name of the relevant charity> for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Receipts and Payments, the Statement of Balances and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charity for the year ended 31 March 2017 and its statement of balances at that date; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulations 9(1),(2) and (3) of The Charities Accounts (Scotland) Regulations 2006.

#### **Basis of opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs (UK&I)). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the charity in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Responsibilities of the trustees for the financial statements**

The trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the charity and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **Other information in the statement of accounts**

The trustees are responsible for the other information in the statement of accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission or required by applicable law to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the statement of accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

## **Report on other requirements**

### **Opinion on other prescribed matter**

I am required by the Accounts Commission to express an opinion on the following matter. In my opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Charities SORP (FRS 102).

### **Matters on which I am required to report by exception**

I am required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Dave Richardson FCCA  
Senior Audit Manager  
Audit Scotland  
4th Floor South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
GLASGOW  
G2 1BT

27 September 2017

Dave Richardson is eligible to act as an auditor in terms of Part VII of the Local Government (Scotland) Act 1973.

## **APPENDIX E: Letter of Representation (ISA 580) - trusts registered as charities and administered by South Lanarkshire Council**

Dave Richardson FCCA  
Senior Audit Manager  
Audit Scotland  
4th Floor, South Suite  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

Dear Dave,

<b>South Lanarkshire Council Charitable Trusts</b>	<b>SC025089</b>
<b>East Kilbride Information Technology Centre Trust</b>	<b>SC015221</b>
<b>South Lanarkshire Council Educational Trusts</b>	<b>SC028135</b>

### **Annual accounts of the trusts registered as charities and administered by South Lanarkshire Council 2016/17**

This representation letter is provided in connection with your audit of the financial statements of the registered charitable trusts listed above for the year ended 31 March 2017 for the purpose of expressing an opinion as to whether the financial statements properly presents the financial position of each of these registered charitable trusts as at 31 March 2017 and its receipts and payments for the year then ended.

I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the trustees of the registered charitable trusts, the following representations given to you in connection with your audit for the year ended 31 March 2017.

#### **General**

I acknowledge my responsibility and that of South Lanarkshire Council, as the administering authority, for the preparation of the financial statements on behalf of the trustees. All of the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the registered charitable trusts have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.

I confirm that the accounts of the three charitable trusts submitted for audit are the only trusts which fall to be audited under the provisions of the Local Government (Scotland) Act 1973.

The information given in the trustees reports presents a balanced picture of each registered trust and is consistent with the financial statements.

I confirm that there are no uncorrected misstatements.

#### **Financial Reporting Framework**

The financial statements have been prepared in accordance with the requirements of Local Government (Scotland) Act 1973 including all relevant presentation and disclosure requirements. The financial statements also comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 and guidance issued by the Office of the Scottish Charity Regulator (OSCR).

Disclosure has been made in the financial statements of all matters necessary for them to properly present the transactions and state of affairs of each registered charitable trust for the year ended 31 March 2017.

## **Accounting Policies**

The financial statements have been prepared on receipts and payments basis in accordance with applicable regulations and the founding documents of each charitable trust.

## **Related Party Transactions**

There were no related party transactions with any party other than South Lanarkshire Council as administering agent.

## **Events Subsequent to the Balance Sheet Date**

There have been no material events since the date of the statement of balances which necessitate revision of the figures in the financial statements or notes thereto, including contingent assets and liabilities.

Since the date of the statement of balances no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

## **Corporate Governance**

The business of the charitable trusts is recorded in the systems of South Lanarkshire Council. As section 95 officer for South Lanarkshire Council, I confirm that there are no issues or deficiencies in internal control that require to be disclosed within the financial statements of the charitable trusts.

## **Fraud**

I have considered the risk that the financial statements may be materially misstated as a result of fraud or irregularity. There have been no actual or alleged frauds or irregularities involving trustees or staff of South Lanarkshire Council that could affect the financial statements of the charitable trusts.

## **Assets**

The cash fund and investments shown in the statement of balances at 31 March 2017 were owned by the registered charitable trust. Assets are free from any lien, encumbrance or charge. There are no plans or intentions that are likely to affect the carrying value or classification of the assets within the financial statements.

Yours sincerely

**Paul Manning**

**Executive Director Finance and Corporate Resources, South Lanarkshire Council, for and on behalf of the trustees of the charitable trusts administered by South Lanarkshire Council.**