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## Risk and Audit Scrutiny Committee

17 November 2021

### South Lanarkshire Council Audit of 2020/21 annual accounts

#### Independent auditor's report

1. Our audit work on the 2020/21 annual accounts of South Lanarkshire Council and the registered charities administered by the council ([appendix C](#)) is now substantially complete. Subject to the receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's following approval of the annual accounts (the proposed reports are attached at [appendix A](#) and [appendix D](#)).

#### Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Risk and Audit Scrutiny Committee's consideration our proposed annual report on the 2020/21 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.

3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.

4. This report will be issued in final form after the annual accounts have been certified.

#### Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during our audit, other than those of a trivial nature and request that these misstatements be corrected.

6. We have no unadjusted misstatements to report.

#### Fraud, subsequent events and compliance with laws and regulations

7. In presenting this report to the Risk and Audit Scrutiny Committee we seek confirmation from those charged with governance of any instances of any actual, suspected, or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

## Representations from management

**8.** As part of the completion of our audit, we are seeking written representations from the Executive Director of Finance and Corporate Resources on aspects of the annual accounts, including the judgements and estimates made.

**9.** Draft letters of representation in respect of the council and the registered charities are attached at [appendix B](#) and [appendix E](#). These should be signed and returned to us by the Executive Director of Finance and Corporate Resources together with the signed annual accounts prior to the independent auditor's report being certified.

## Concluding remarks

**10.** I take this opportunity to record my thanks for the patient and courteous assistance extended to the audit team. Officers provided good support to the audit team which helped to ensure that the audit process ran smoothly.

A handwritten signature in black ink, reading 'Fiona Mitchell-Knight'.

Fiona Mitchell-Knight FCA

Audit Director

Audit Scotland

4th Floor, The Athenaeum Building

8 Nelson Mandela Place

Glasgow, G2 1BT

## Appendix A: Proposed Independent Auditor's Report

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

#### Reporting 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 2021 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Expenditure and Funding Analysis, Comprehensive Income and Expenditure Statements, Balance Sheets, Movement in Reserves Statements, 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 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 2020/21 (the 2020/21 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the council and its group as at 31 March 2021 and of the income and expenditure 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 2020/21 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 for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. 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 was appointed by the Accounts Commission on 18 July 2016. The period of total uninterrupted appointment is 5 years. 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 Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

## **Risks of material misstatement**

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my judgements thereon.

## **Responsibilities of the Executive Director of Finance and Corporate Resources and the Risk and Audit Scrutiny Committee for the financial statements**

As explained more fully in the Statement of Responsibilities, the Executive Director of 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 of 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.

In preparing the financial statements, the Executive Director of Finance and Corporate Resources is responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Risk and Audit Scrutiny Committee is responsible for overseeing the financial reporting process.

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

My objectives are to obtain 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) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the council is complying with that framework;
- identifying which laws and regulations are significant in the context of the council;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the council's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## **Reporting on other requirements**

### **Opinion prescribed by the Accounts Commission on the audited part of the Remuneration Report**

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

### **Statutory other information**

The Executive Director of Finance and Corporate Resources is responsible for the statutory other information in the annual accounts. The statutory other information comprises the Management Commentary, Annual Governance Statement, Statement of Responsibilities and the unaudited part of the Remuneration Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except on the Management Commentary and Annual Governance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

### **Opinions prescribed by the Accounts Commission on Management Commentary and Annual Governance Statement**

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 audited 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.

### **Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

### **Use of my report**

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, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Fiona Mitchell-Knight FCA  
Audit Director  
Audit Scotland  
4<sup>th</sup> Floor South Suite  
The Athenaeum Building  
Glasgow  
G2 1BT

17 November 2021

## **Appendix B: Letter of Representation (ISA 580)**

Fiona Mitchell-Knight FCA  
Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

Dear Fiona,

### **South Lanarkshire Council Annual Accounts 2020/21**

This representation letter is provided about your audit of the annual accounts of South Lanarkshire Council and its group for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.

I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Corporate Management Team and the council, the following representations given to you in connection with your audit of South Lanarkshire Council annual accounts for the year ended 31 March 2021.

#### **General**

South Lanarkshire Council and I have fulfilled our statutory responsibilities for the preparation of the 2020/21 annual accounts. All the accounting records, documentation, and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by South Lanarkshire Council have been recorded in the accounting records and are properly reflected in the financial statements.

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 reported by you.

#### **Financial Reporting Framework**

The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (2020/21 accounting code), and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003, and The Local Authority Accounts (Scotland) Regulations 2014.

In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of South Lanarkshire Council and its Group at 31 March 2021 and the transactions for 2020/21.

#### **Accounting Policies & Estimates**

All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2020/21 accounting code where applicable. Where the code does not specifically apply, I have used judgement in developing and applying



an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to South Lanarkshire Council's circumstances and have been consistently applied.

The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or because of new information or experience.

### **Going Concern Basis of Accounting**

I have assessed the ability of the council and its group to carry on as a going concern. I am not aware of any material uncertainties that may cast significant doubt on this. The going concern basis of accounting is considered appropriate.

### **Assets**

The assets shown in the books and accounts at 31 March 2021, 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.

For the year ended 31 March 2021, title deeds for properties owned or mortgaged to South Lanarkshire Council were held by the Council and all such deeds were in order.

Where a rolling programme of asset valuations has been used, I have satisfied myself that the carrying amount of assets at 31 March 2021 does not differ materially from that which would be determined if a revaluation had been carried out at that date.

All non-current assets are appropriately classified and there are no known errors in the valuations of non-current assets in the balance sheet. The net book value 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 2021
- 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

The council's housing stock was valued on the Existing Use Value – Social Housing (EUV – SH) 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.

The council owns intangible assets in the form of software licenses. 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 21 to the accounts.



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 correctly classified and disclosed in the financial statements.

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 a 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.

All long-term debtors and prepayments have been fully provided for in the books of account.

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

I carried out an assessment at 31 March 2021 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.

## **Liabilities**

All liabilities have been provided for in the books of account, including the liability for all purchases for which title has passed prior to 31 March 2021 and deferred liabilities arising from the financing of PPP/PFI contracts and other finance leases.

Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2021 of which I am aware where the conditions specified in the 2020/21 accounting code have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 March 2021.

Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31 March 2021 or to reflect material changes in the assumptions underlying the calculations of the cash flows.

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

The accrual recognised in the financial statements for holiday untaken by 31 March 2021 has been calculated by extrapolating actual costs from a sample of staff. In my opinion the sample selected is representative of the workforce as a whole.

The pension assumptions made by the actuary in the IAS 19 report for South Lanarkshire Council have been considered and I confirm that they are consistent with management's own view.

There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

## **Contingent liabilities**

There are no significant contingent liabilities, other than those disclosed in Note 31 to the financial statements, arising either under formal agreement or through formal undertakings requiring disclosure in the accounts. All known contingent liabilities have been fully and properly disclosed, including any outstanding legal claims which have not been provided under the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and IAS 37.

## **Loans Fund**

All borrowings are compliant with relevant legislation. The council did not, during 2020/21, borrow in advance of immediate requirements other than as part of normal treasury management.

The accounting policy for profiling loans fund repayments has been changed in 2020/21. The profiling of the payments included in the annual accounts complies with the reported accounting policy and relevant statutory guidance.

## **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.

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
- Changes or credits relating to prior periods
- Any change in the basis of accounting

## **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 food assets, 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 in December 2007.

Similarly, all assets, 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.

## **Fraud**

I acknowledge that it is the responsibility of South Lanarkshire Council to prevent and detect fraud and other irregularity. I have considered the risk that the financial statements may be materially misstated because of fraud. I have disclosed to you 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.

## **Laws and Regulations**

I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

## **Related Party Transactions**

All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2020/21 accounting code. I have made available to you the identity of all the South Lanarkshire Council's related parties and all the related party relationships and transactions of which I am aware.

## **Remuneration Report**

The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014.

## **Management commentary**

I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

## **Corporate Governance**

I confirm that South Lanarkshire Council has undertaken a review of the system of internal control during 2020/21 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2021, which require to be reflected.

## **Group Accounts**

I have identified all the other entities in which South Lanarkshire Council has a material interest and have classified and accounted for them in accordance with the 2020/21 accounting code. Any significant issues with the financial statements of group entities, including any qualified audit opinions, have been advised to you.

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

All events subsequent to 31 March 2021 for which the 2020/21 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Paul Manning  
Executive Director of Finance and Corporate Resources  
South Lanarkshire Council

## Appendix C: Registered charities administered by South Lanarkshire Council

Charity	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 – registered charities administered by South Lanarkshire Council**

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

#### **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 name of charity> for the year ended 31 March 2021 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 2021 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 for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. 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 Standard, 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 which properly present the receipts and payments of the charity, 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 objectives are to obtain 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) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- obtaining an understanding of the applicable legal and regulatory framework and how the charity is complying with that framework;
- identifying which laws and regulations are significant in the context of the charity;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the charity's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## **Reporting on other requirements**

### **Statutory other information**

The trustees are responsible for the statutory other information in the statement of accounts. The statutory other information comprises the Trustees' Annual Report.

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this statutory other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the statutory other information and I do not express any form of assurance conclusion thereon except to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

### **Opinion prescribed by the Accounts Commission**

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 Accounts (Scotland) Regulations 2006.

## **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.

## **Use of my report**

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, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Andrew Kerr CA  
Senior Audit Manager  
Audit Scotland  
4th Floor South Suite  
The Athenaeum Building  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

17 November 2021

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



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## **Appendix E: Letter of representation – registered charities administered by South Lanarkshire Council**

Andrew Kerr CA  
Audit Scotland  
4th Floor  
8 Nelson Mandela Place  
Glasgow  
G2 1BT

Dear Andrew,

**South Lanarkshire Charitable Trusts**  
**East Kilbride Information Technology Centre Trust**  
**South Lanarkshire Educational Trusts**

**SC025089**  
**SC015221**  
**SC028135**

### **Annual accounts of the registered charities administered by South Lanarkshire Council 2020/21**

This representation letter is provided in connection with your audit of the financial statements of the registered charities listed above for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements properly presents the financial position of each of these registered charities as at 31 March 2021 and their 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 2021.

#### **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 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.

The information given in the Trustees Reports presents a balanced picture of each charity 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 charity for the year ended 31 March 2021.

### **Accounting policies**

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

### **Assets**

The cash fund and investments shown in the statement of balances at 31 March 2021 were owned by the charities. Assets are free from any lien, encumbrance, or charge. There are no plans or intentions that are likely to affect the carrying value of classification of the assets within the financial statements.

### **Related party transactions**

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

### **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 because 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.

### **Events subsequent to the balance sheet date**

There have been no material events since 31 March 2021 which necessitate revision of the figures in the financial statements or notes thereto, including contingent assets and liabilities.

Since 31 March 2021, 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.

Yours sincerely

Paul Manning  
Executive Director of Finance and Corporate Resources, South Lanarkshire Council, for and on behalf of the trustees of the charities administered by South Lanarkshire Council.