

# South Lanarkshire Council

Annual Audit Plan 2016/17



 AUDIT SCOTLAND

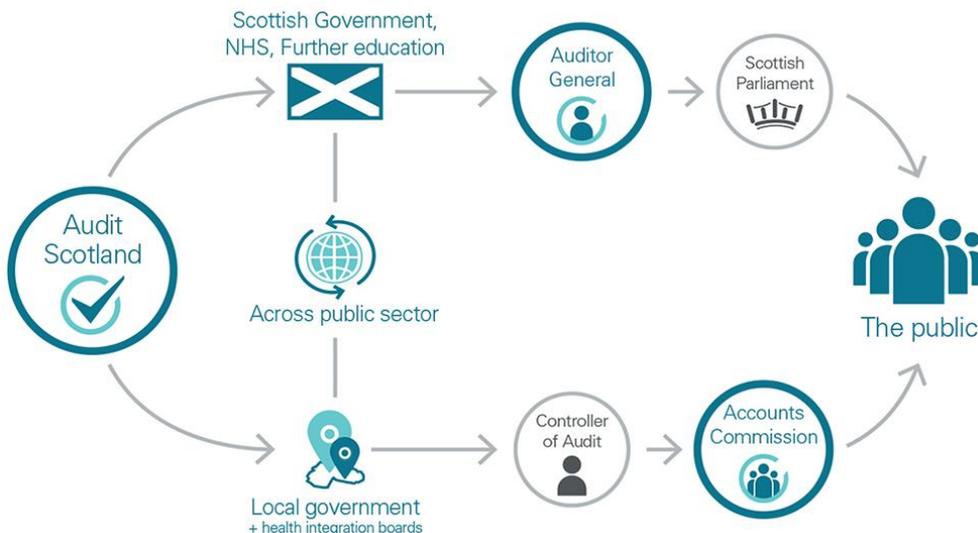
Prepared for South Lanarkshire Council

February 2017

# Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



# About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

# Contents

---

<b>Risks and planned work</b>	<b>4</b>
Introduction	4
Audit risks	4
The audit of trusts registered as Scottish charities	7
Reporting arrangements	8
Audit fee	9
Responsibilities	9
<b>Audit scope and timing</b>	<b>11</b>
Financial statements	11
Materiality	11
Internal Audit	13
Audit dimensions	14
Best Value	15
Independence and objectivity	16
Quality control	16

# Risks and planned work

## Introduction

1. This annual audit plan contains an overview of the planned scope and timing of our audit of South Lanarkshire Council (SLC). Our audit is carried out in accordance with International Standards on Auditing (ISAs) and the [Code of Audit Practice](#) issued by Audit Scotland and endorsed by the Accounts Commission.

2. This plan sets out the audit work necessary to allow us to provide an independent auditor's report and meet the wider scope requirements of public sector audit. The wider scope of public sector audit includes assessing arrangements for financial sustainability, governance and transparency and value for money. We make a public report of conclusions on these matters in our annual audit report to members and the Controller of Audit.

## Audit risks

3. Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following main risk areas for South Lanarkshire Council. We have categorised these risks into financial risks and wider dimension risks. The key audit risks which require specific audit testing are set out in [Exhibit 1](#).

## Exhibit 1

Audit Risk	Management assurance	Planned audit work
<b>Financial statement issues and risks</b>		
<p><b>1 Risk of management override of controls</b></p> <p>Management is in a unique position to perpetrate fraud due to their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit.</p>	<ul style="list-style-type: none"> <li><i>Owing to the nature of this risk, assurances from management are not applicable.</i></li> </ul>	<ul style="list-style-type: none"> <li>Detailed testing of journal entries.</li> <li>Review of significant management estimates and evaluation of the impact of any variability in key assumptions.</li> <li>Focused testing of accruals and prepayments.</li> <li>Evaluation of significant transactions that are outside the normal course of business.</li> </ul>

Audit Risk	Management assurance	Planned audit work
<p><b>2 Risk of fraud over income</b></p> <p>The extent and complexity of the council's income streams entails an inherent risk of fraud. ISA 240 requires that audit work is planned to consider the risk of fraud over income, which is presumed to be a significant risk in any audit.</p>	<ul style="list-style-type: none"> <li>• Vast majority of income received via electronic payments.</li> <li>• Robust controls over receipt of other income.</li> </ul>	<ul style="list-style-type: none"> <li>• Walk through of controls within income systems.</li> <li>• Analytical procedures on income streams.</li> <li>• Detailed testing of revenue transactions.</li> </ul>
<p><b>3 Risk of fraud over expenditure</b></p> <p>The Code of Audit Practice expands the ISA assumption on fraud over income to aspects of expenditure. South Lanarkshire Council incurs significant expenditure in areas such as welfare benefits, grant payments and procurement expenditure that present a risk of fraud over expenditure.</p>	<ul style="list-style-type: none"> <li>• Involvement in National Fraud Initiative.</li> <li>• Robust controls over expenditure streams.</li> <li>• Compliance with procurement regulations and best practice.</li> </ul>	<ul style="list-style-type: none"> <li>• Audit work on the National Fraud Initiative matches.</li> <li>• Audit of grants.</li> <li>• Detailed testing of expenditure and housing benefit transactions.</li> <li>• Review of application of Council's Standing Orders on Contracts.</li> <li>• Assessment of high level controls over contractual payments.</li> </ul>
<p><b>4 Estimation uncertainty in property valuations</b></p> <p>South Lanarkshire Council has a property portfolio valued at £1.481 billion on its balance sheet as at 31 March 2016. Property valuations are subject to the risk of estimation error and imprecision.</p>	<ul style="list-style-type: none"> <li>• Valuations completed by Royal Institute of Chartered Surveyors (RICS) qualified surveyors.</li> <li>• Robust controls over process for updating asset register for in-year valuations.</li> </ul>	<ul style="list-style-type: none"> <li>• Review of the work of the valuer.</li> <li>• Focused substantive testing of classification and valuation of assets.</li> </ul>
<p><b>5 Estimation uncertainty in pension valuations</b></p> <p>South Lanarkshire Council has a significant pension liability, as at 31 March 2016 it stood at £450 million. The valuation of pension fund assets and liabilities is assessed by professional actuaries each year and is dependent on a number of external variables. Actuarial valuations are subject to the risk of estimation error and imprecision.</p>	<ul style="list-style-type: none"> <li>• Valuation completed by qualified actuary.</li> <li>• Applicability of actuarial assumptions reviewed by officers.</li> </ul>	<ul style="list-style-type: none"> <li>• Review of the work of the actuary.</li> <li>• Review appropriateness of actuarial assumptions.</li> <li>• Confirm pension valuations in actuarial report are correctly reflected within the 2016/17 accounts.</li> </ul>

Audit Risk	Management assurance	Planned audit work
<p><b>6 Accounting for the South Lanarkshire Integration Joint Board</b></p> <p>NHS Lanarkshire will require to have the financial statements of the Integration Joint Board available in sufficient time to allow incorporation into its group financial statements. Without proper planning there is a risk that the council will be unable to provide the necessary information within the timescales required by NHS Lanarkshire to meet its statutory sign-off deadline of 30 June 2017.</p>	<ul style="list-style-type: none"> <li>Financial monitoring information</li> <li>Strong working relationships between the council, NHS Lanarkshire and the Integration Joint Board.</li> </ul>	<ul style="list-style-type: none"> <li>Engage with the council and the auditors of NHS Lanarkshire and the Integration Joint Board to ensure that the information provided by the council is accurate and timeous.</li> <li>Obtain assurances from auditors of the Integration Joint Board over the accuracy of their financial statements.</li> </ul>
<p><b>7 Accounting for Integration Joint Board financial transactions</b></p> <p>The council continues to account for the income and expenditure of the social work services now provided through the Integration Joint Board. There is a risk of miscoding of income and expenditure between the council and the Integration Joint Board resulting in the figures in the accounts of the council and the IJB being incorrectly stated.</p>	<ul style="list-style-type: none"> <li>Sound control arrangements in place to ensure that income and expenditure relating to the Integration Joint Board is clearly identifiable.</li> </ul>	<ul style="list-style-type: none"> <li>Detailed testing on income and expenditure to ensure it has been correctly coded to either the council or the Integration Joint Board.</li> </ul>
<p><b>8 Relocation of University of West of Scotland campus</b></p> <p>The Council recently entered into an agreement with a private developer and with the University of West of Scotland (UWS) regarding the relocation of the UWS to the Eco Campus at Hamilton Technology Park. The council should consider whether any additional disclosure is required within the 2016/17 financial statements, under International Accounting Standard 37 - Provisions, Contingent Liabilities and Contingent Assets, in respect of these agreements and the risk of a future obligation on the authority.</p>	<ul style="list-style-type: none"> <li>Tight contractual agreements with private developer and UWS including arrangements for termination.</li> <li>Detailed financial 'Due Diligence' undertaken by senior finance officers on UWS and their ability to meet the contractual financial obligations prior to entering into contractual arrangement</li> </ul>	<ul style="list-style-type: none"> <li>Review terms of agreements with private developer and UWS.</li> <li>Consider possibility of future obligation / outflow and requirement for a contingent liability disclosure in 2016/17 accounts.</li> </ul>

Audit Risk	Management assurance	Planned audit work
<p><b>9 Highways Network Asset (HNA)</b></p> <p>HNA are to be recognised for the first time in the 2017/18 financial statements of councils. While this is not a risk to the 2016/17 financial statements, this is a new and complex area and there is a risk that South Lanarkshire Council does not have sound arrangements in place for adoption in 2017/18.</p>	<ul style="list-style-type: none"> <li>Representation and involvement in CIPFA / LASAAC working group for HNA.</li> <li>Early consideration of accuracy and completeness of HNA records including pilot work with Audit Scotland to ensure readiness for implementation.</li> </ul>	<ul style="list-style-type: none"> <li>Assess the accuracy and completeness of HNA records in preparation for future implementation.</li> <li>Review the arrangements in place to implement the new requirements.</li> </ul>
<b>Wider dimension risks</b>		
<p><b>10 Financial sustainability</b></p> <p>The council faces significant financial pressures from reductions in Scottish Government funding and increasing unavoidable costs. There is a risk that the council is not able to identify sustainable savings measures or meet cost pressures as they arise.</p>	<ul style="list-style-type: none"> <li>The council has appropriate mechanisms in place to ensure a balanced budget is proposed which includes consultation and challenge, and routine budget monitoring.</li> </ul>	<ul style="list-style-type: none"> <li>Review financial monitoring reports and the financial position.</li> <li>Review spending outturns against budget.</li> <li>Assess financial planning arrangements and financial governance and resource management arrangements as part of in-year Best Value work.</li> </ul>
<p><b>11 Impact of May 2017 Local Government elections</b></p> <p>The 2017 LG elections will result in changes to council membership. There is a risk of a loss of skills and experience amongst members. To ensure members understand their roles and have the necessary skills to make informed decisions and provide effective scrutiny, development and training will be required.</p>	<ul style="list-style-type: none"> <li>Well developed induction and training programmes for new members.</li> <li>Additional training and support for members of individual committees and forums.</li> <li>The Audit Scotland publication "How Councils Work" will be used as guidance.</li> </ul>	<ul style="list-style-type: none"> <li>Review of the council's induction and training arrangements for councillors following the elections.</li> <li>Assess the effectiveness of decision making and scrutiny arrangements as part of on-going Best Value audit work.</li> </ul>

## The audit of trusts registered as Scottish charities

**4.** Members of South Lanarkshire Council are sole trustees for three trusts, registered as Scottish charities, with total assets of some £1.2 million.

**5.** The preparation and audit of financial statements of registered charities is regulated by the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The 2006 regulations require charities to prepare annual accounts, and require an accompanying auditor's report where any legislation requires an audit. The Local Government (Scotland) Act 1973 specifies the audit requirements for any trust fund where some or all members of a council are the sole trustees. Consequently, a full and separate audit and

independent auditor's report is required for each registered charity where members of the council are sole trustees, irrespective of the size of the charity.

6. Based on our discussions with staff and initial planning work undertaken we have identified the audit risks set out in [Exhibit 2](#).

## Exhibit 2

Audit Risk	Management assurance	Planned audit work
<p><b>1 Governing documentation</b></p> <p>South Lanarkshire Council is unable to locate the governing documentation for its charitable trusts. As a consequence we are unable to establish the governance framework of the charitable trusts. There is a risk that the trusts are not operating in line with their objectives.</p>	<ul style="list-style-type: none"> <li>The risk that expenditure does not meet the charitable objectives of the trust is mitigated as the purpose of the Trust has continued to be determined either through Trust deeds where they exist, historic data from demitting authorities or consistent custom and practice over many years.</li> <li>Following previous audit advice the Council is engaged with OSCR around review and modernisation of trusts.</li> </ul>	<ul style="list-style-type: none"> <li>Review available deeds of trust.</li> <li>Liaise with the Legal Team to ascertain progress on the review of charitable trusts.</li> <li>Assess appropriateness of actions by Trustees to resolve this issue.</li> </ul>

## Reporting arrangements

7. The annual audit plan, the outputs set out in [Exhibit 3](#) and any other outputs on matters of public interest will be published on Audit Scotland's website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

8. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft reports will be issued to the relevant officer(s) to confirm factual accuracy.

9. We will provide an independent auditor's report to South Lanarkshire Council and the Accounts Commission setting out our opinion on the financial statements and other matters on which we are required to provide an opinion. We will provide members and the Controller of Audit with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the course of the audit.

## Exhibit 3

### 2016/17 Audit outputs

Audit Output	Target date	Risk and Audit Scrutiny Forum / Executive Committee Date
Interim management report	30 June 2017	tbc*
Annual audit report	29 September 2017**	tbc*
Independent auditor's report	29 September 2017**	tbc*

\* Programme of committee meetings beyond Local Government elections in May still to be determined.

\*\* These dates represent the certification deadline for the 2016/17 accounts. However, we will agree an audit timetable to report the findings from the audit to those charged with governance prior to the certification of the accounts.

## Audit fee

**10.** The agreed audit fee for the 2016/17 audit of South Lanarkshire Council is £490,490. In determining the audit fee we have taken account of the risk exposure of South Lanarkshire Council, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited financial statements, with a complete working papers package, on 30 June 2017.

**11.** We have also agreed an audit fee of £3,996 for the audit of trusts registered as Scottish charities.

**12.** The combined fee represents a significant reduction (£39,785) over that charged in 2015/16.

**13.** Where our audit cannot proceed as planned, for example through late receipt of unaudited financial statements or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises outwith our planned audit activity.

## Responsibilities

### Executive Committee and Chief Executive

**14.** Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

**15.** The audit of the financial statements does not relieve management or the Executive Committee, as those charged with governance, of their responsibilities.

### Appointed auditor

**16.** Our responsibilities as independent auditors are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice, and guided by the auditing profession's ethical guidance.

**17.** Auditors in the public sector give an independent opinion on the financial statements. We aim to support improvement and accountability by reviewing and

reporting on arrangements to manage performance, regularity and use of resources.

# Audit scope and timing

## Financial statements

**18.** The statutory financial statements audit will be the foundation and source of much of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of South Lanarkshire Council and the associated risks which could impact on the financial statements
- obtaining assurances from the outgoing auditors on the opening balances in the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation as well as understanding how South Lanarkshire Council will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of the audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

**19.** We will give an opinion on the financial statements as to whether they:

- give a true and fair view of the state of affairs of the council and its group as at 31 March 2017 and of the income and expenditure of the council and its group for the year then ended
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union and interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom
- 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 other relevant legislation.

## Materiality

**20.** Materiality defines the maximum error that we are prepared to accept and still conclude that our audit objective has been achieved. It helps assist our planning of the audit and allows us to assess the impact of any audit adjustments to the financial statements. We calculate materiality at different levels as described below. The calculated materiality values for South Lanarkshire Council are set out in [Exhibit 4](#).



## Exhibit 4

### Materiality values

Materiality level	Amount
<b>Planning materiality</b> - This is the calculated figure we use in assessing the overall impact of potential audit adjustments to the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2016 (based on the most recent audited accounts).	£10.7 million
<b>Performance materiality</b> - This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgment we have set performance materiality at 50% of planning materiality.	£5.4 million
<b>Reporting threshold</b> - We are required to report to those charged with governance on all unadjusted misstatements in excess of predetermined reporting threshold. This has been calculated at 1% of planning materiality.	£0.1 million

21. We also set separate materiality levels for the audits of the three sets of connected charities accounts, as detailed below.

## Exhibit 5

### Trust materiality values

Trust	Planning materiality*	Performance materiality	Reporting threshold**
South Lanarkshire Council Charitable Trusts	£10,000	£5,000	£100
South Lanarkshire Council Educational Trusts	£1,500	£750	£100
East Kilbride Technology Centre Trust	£300	£150	£100

\* Based on the latest audited accounts and set at 1% total funds for the year ended 31 March 2016, rounded up as considered appropriate.

\*\* In view of the amounts involved, we have set the reporting threshold at £100.

22. Items can be material by nature, rather than value; for example, a failure to comply with legislation. We review other information published with the financial statements including the management commentary, annual governance statement and the remuneration report. We will report to the council as necessary.

### Timetable

23. An agreed timetable is included at [Exhibit 6](#), which takes account of submission requirements and planned Risk and Audit Scrutiny Forum / Executive Committee dates.

## Exhibit 6

### Financial statements timetable

 Key stage	 Date
Consideration of unaudited financial statements by those charged with governance	tbc*
Latest submission date of unaudited financial statements with complete working papers package	30 June 2017
Latest date for final clearance meeting with officers	tbc*
Agreement of audited unsigned financial statements; Issue of annual audit report	29 September 2017**
Latest date for issue of independent auditor's report	29 September 2017**
Latest date for signing of whole of government accounts return	2 October 2017

\* Programme of committee meetings beyond Local Government elections in May still to be determined.

\*\* These dates represent the certification deadline for the 2016/17 accounts. However, we will agree an audit timetable to report the findings from the audit to those charged with governance prior to the certification of the accounts.

## Internal Audit

**24.** Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process we carry out an assessment of the internal audit function at audited bodies.

### Adequacy of Internal Audit

**25.** South Lanarkshire Council's internal audit function is provided by their internal audit section led by the Audit and Compliance Manager. Our assessment of the internal audit function concluded that it has sound documentation standards and reporting procedures in place and complies with the main requirements of the Public Sector Internal Audit Standards (PSIAS).

### Areas of reliance

**26.** Under International Standard on Auditing 610 - Using the work of internal auditors and International Standard on Auditing 330 - The Auditor's Response to Assessed Risks we are permitted to place reliance on the work of internal audit in prior periods for up to three years. We have therefore reviewed internal audit's work programmes for 2014/15-2016/17 to identify areas where we can potentially place reliance on their work.

**27.** To support our audit opinion on the financial statements we plan to place formal reliance on the following planned internal audit reviews:

- 2016/17 Finance and Corporate - E-invoicing
- 2016/17 Internal controls (Direct Awards)
- 2016/17 User verification
- 2016/17 Housing and Technical - debtors system
- 2015/16 Internal control - self-approvers function within iProc
- 2014/15 E-tendering
- 2014/15 Payroll
- 2014/15 Accounts Payable

**28.** In respect of our wider dimension audit responsibilities we also plan to consider other areas of internal audit work including:

- 2016/17 Information governance
- 2016/17 City Deal
- 2016/17 Risk based procurement
- 2016/17 NFI
- 2016/17 IT Audit Scotland
- 2016/17 Welfare Reform (universal credits)
- 2015/16 Financial planning
- 2015/16 Social Work - Asset Management
- 2014/15 Cash Counts
- 2014/15 Procedural checks on expenses

### Audit dimensions

**29.** Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 7](#). Our annual conclusions on these four dimensions will contribute to an overall assessment and assurance on best value.

---

### Exhibit 7

#### Audit dimensions




---

### Financial sustainability

**30.** As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on the body's financial sustainability in the medium and longer term. We will carry out work and conclude on the following in 2016/17:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term
- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps

## Financial management

**31.** Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively including:

- arrangements in place to ensure systems of internal control are operating effectively
- the effectiveness of the budgetary control system in reporting accurate and timely financial performance
- whether financial capacity and skills are adequate
- whether appropriate and effective arrangements for the prevention and detection of fraud and corruption have been established, including the processing of National Fraud Initiative data matches.

## Governance and transparency

**32.** Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making, and transparent reporting of financial and performance information. We will assess:

- whether governance arrangements are appropriate and operating effectively
- whether there is effective scrutiny, challenge and transparency of decision-making (including for services delivered by (or in partnership with) other bodies such as the integration joint board)
- the quality and timeliness of financial/performance reporting.

## Value for money

**33.** Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether the council can provide evidence that it is delivering value for money in its use of resources, has a focus on improvement and that there is a clear link to the outcomes delivered.

## Best Value

**34.** The Accounts Commission agreed the overall framework for a new approach to auditing Best Value in June 2016. The introduction of the new approach coincides with the new five year audit appointments. Auditors will use the revised framework for their audit work from October 2016.

**35.** A key feature of the new approach is that it integrates Best Value into the wider scope annual audit, which will influence audit planning and reporting. Best Value will be assessed comprehensively over the five year audit appointment, both through the on-going annual audit work and also through discrete pieces of work to look at specific areas. Conclusions and judgements on Best Value will be reported through:

- the Annual Audit Report
- an Annual Assurance and Risks report that the Controller of Audit will provide to the Commission setting out findings from across all 32 Scottish councils
- a Best Value Assurance Report (BVAR) for each council that will be considered by the Accounts Commission at least once in a five year period.

**36.** The first six councils on which a BVAR will be published during the first year of the new approach are listed at [Exhibit 8](#). Reports will be considered by the Accounts Commission between May 2017 and March 2018.

---

## Exhibit 8

### 2016/17 Best Value Assurance Reports

Clackmannanshire Council	Orkney Islands Council
East Renfrewshire Council	Renfrewshire Council
Inverclyde Council	West Lothian Council

---

**37.** The work planned in South Lanarkshire Council this year will focus on the council's arrangements for demonstrating Best Value in financial and service planning, financial governance and resource management. The work will be integrated into the audit approach and will be reported in the annual audit report.

**38.** Audit Scotland are also the appointed auditors for NHS Lanarkshire and as part of the 2016/17 audit activity the audit team are currently completing a review of delayed discharges which may involve discussions with council staff.

### Independence and objectivity

**39.** Auditors appointed by Audit Scotland must comply with the Code of Audit Practice. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has in place robust arrangements to ensure compliance with these standards including an annual "fit and proper" declaration for all members of staff. The arrangements are overseen by the Assistant Auditor General, who serves as Audit Scotland's Ethics Partner.

**40.** The engagement lead for South Lanarkshire Council is Fiona Mitchell-Knight, Assistant Director. The engagement lead for the charitable trusts is Dave Richardson, Senior Audit Manager. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of South Lanarkshire Council or the trusts.

### Quality control

**41.** International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.

**42.** The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews, internal quality reviews and engages external bodies to conduct independent quality reviews.

**43.** As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

# South Lanarkshire Council

## Annual Audit Plan 2016/17

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)

For the latest news, reports and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
T: 0131 625 1500 E: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)