South Lanarkshire Council Charitable Trusts (SC025089)

2024/25 Annual Audit Report

AUDIT SCOTLAND

Prepared for South Lanarkshire Council Charitable Trust
September 2025

Contents

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Key messages

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2 There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by South Lanarkshire Council Charitable Trusts.

Wider scope and Best Value audit

3 South Lanarkshire Council Charitable Trusts has effective and appropriate arrangements in place for Financial Sustainability and for securing Best Value.

Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of South Lanarkshire Council Charitable Trusts annual accounts and the wider scope areas specified in the Code of Audit Practice (2021).

2. The Annual Audit Report is addressed to South Lanarkshire Council Charitable Trusts and the Controller of Audit, and will be published on Audit Scotland's website in due course.

Appointed auditor and independence

3. Mark Ferris, of Audit Scotland, has been appointed as external auditor of South Lanarkshire Council Charitable Trusts for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Mark Ferris as engagement lead and the audit team are independent of South Lanarkshire Council Charitable Trusts in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from South Lanarkshire Council Charitable Trusts, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the Charitable Trust and its staff, particularly those involved in preparation of the annual accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope and responsibilities

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts and the Trustees Report.
- Concluding on the financial sustainability of South Lanarkshire Council Charitable Trusts.
- Reporting on South Lanarkshire Council Charitable Trusts arrangements for securing Best Value.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the body and the auditor. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts, and concluding on South Lanarkshire Council Charitable Trusts arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the body from its responsibilities outlined below.

9. The Annual Audit Report includes an agreed action plan at Appendix 1 setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

South Lanarkshire Council Charitable Trusts responsibilities

10. South Lanarkshire Council Charitable Trusts has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements for the body that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

Audit of the annual accounts

Main judgements

All audit opinions stated that the annual accounts were free from material misstatement.

There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by South Lanarkshire Council Charitable Trusts.

Audit opinions on the annual accounts

11. South Lanarkshire Council Charitable Trusts annual accounts were approved by the Risk and Audit Scrutiny Committee on 30 September 2025 and certified by the appointed auditor on 30 September 2025. The Independent Auditor's Report is included in South Lanarkshire Council Charitable Trusts annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.

Audit timetable

12. The unaudited annual accounts and all working papers were received on 26 June 2025 in accordance with the agreed audit timetable.

Audit Fee

13. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £2,000. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Materiality

14. The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual accounts.

15. Broadly, the concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

16. Materiality levels for the audit of South Lanarkshire Council Charitable Trusts were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual accounts. No changes were required to the materiality levels, which are outlined in Exhibit 1.

Exhibit 1

2024/25 Materiality levels for the body

Materiality	Charitable Trust
Materiality – set at 2 per cent of the benchmark.	£24,210
Performance materiality – set at 75 per cent of planning materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£18,158
Reporting threshold – all misstatements greater than the reporting threshold will be reported.	£1,210

Source: Audit Scotland

Significant findings and key audit matters

17. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance, which for South Lanarkshire Council Charitable Trusts is the Risk and Audit Scrutiny Committee.

18. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

19. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

20. There are no significant findings or key audit matters to report.

Qualitative aspects of accounting practices

21. ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of the body's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

Accounting policies

22. The appropriateness of accounting policies adopted by South Lanarkshire Council Charitable Trusts was assessed as part of the audit. These were considered to be appropriate to the circumstances of South Lanarkshire Council Charitable Trusts, and there were no significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Disclosures in the financial statements

23. The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate.

Significant matters discussed with management

24. All significant matters identified during the audit and discussed with the Charitable Trust's management have been reported in the Annual Audit Report.

Audit adjustments

25. There was one audit adjustment required to the financial statements to include £1,297 for cash and short-term maturity bonds in the investments balance which had been omitted from the unaudited accounts.

Significant risks of material misstatement identified in the Annual Audit Plan

26. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in Exhibit , (page 10).

Exhibit 2

Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
Fraud caused by management override of controls Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	The audit team will: • Evaluate the design and implementation of controls over journal entry processing. • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • Test journals entries, focusing on those that are assessed as higher risk. • Evaluate significant transactions outside the normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements.	Audit work performed found: • The design and implementation of controls over journal processing were appropriate. • No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting. • No significant issues were identified from testing of journal entries. • No significant issues were identified from transactions outside the normal course of business. • The controls in place for identifying and disclosing related party relationships and transactions were adequate. **Conclusion:** no evidence of fraud caused by management override of controls.

Source: Audit Scotland

Financial Sustainability and Best Value audit

Conclusion

The Charitable Trust has effective and appropriate arrangements in place for Financial Sustainability and for securing Best Value.

Audit approach to wider scope and Best Value

Wider scope

27. The Annual Audit Plan reported South Lanarkshire Council Charitable Trusts was considered to be a less complex body for the wider scope audit. Therefore, the wider scope audit does not cover all four wider scope areas and is instead limited to concluding on the financial sustainability of South Lanarkshire Council Charitable Trusts.

Duty of Best Value

28. The duty on auditors to consider the arrangements in place to secure Best Value applies to the body as it falls within section 106 of the Local Government (Scotland) Act 1973.

29. Consideration of the arrangements South Lanarkshire Council Charitable Trusts has in place to secure Best Value has been carried out alongside the wider scope audit.

Conclusions on Financial Sustainability

30. The audit work performed on the arrangements South Lanarkshire Council Charitable Trusts has in place for securing financial sustainability found that these were effective and appropriate. This judgement is evidenced by South Lanarkshire Council Charitable Trusts:

- having effective arrangements in place for identifying risks to financial sustainability over the medium and longer-term, and understanding medium and longer-term demand pressures that could impact on available resources.

Conclusions on Duty of Best Value

31. The audit work performed on the arrangements South Lanarkshire Council Charitable Trusts has in place for securing Best Value found these were effective and appropriate. This judgement is evidenced by:

- South Lanarkshire Council Charitable Trusts having well established and effective governance arrangements in place.
- the arrangements South Lanarkshire Council Charitable Trusts has in place to secure financial sustainability which help ensure the effective use of available resources.

South Lanarkshire Council Charitable Trusts (SC025089)

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