

East Lothian Council Audit and Governance Committee (Those Charged with Governance)

1 November 2022

Dr Bruce Fund Audit of 2021/22 Financial Statements

Independent auditor's report

1. Our audit work on the financial statements is now complete. We anticipate being able to issue an unqualified audit opinion in the independent auditor's report on 1 November 2022 (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. In accordance with the Charities Accounts (Scotland) Regulations 2006 an audit is required for all registered charities where the local authority is the sole trustee irrespective of the size of the charity. This is due to the interaction of Part VII of the Local Government (Scotland) Act 1973 and section 44 (1)(c) of the Charities and Trustees Investment (Scotland) Act 2005. The external auditor of East Lothian Council, Audit Scotland, continues as the appointed auditor of the relevant trust for the year ended 31 March 2022.

3. 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. The Audit and Governance Committee of East Lothian Council is identified as those charged with governance. The trustees of the charity are the elected officials of East Lothian Council (Musselburgh) in an ex-officio capacity.

4. The report sets out, for the Audit and Governance Committee's consideration, the matters arising from the audit of the Dr Bruce Fund Financial Statements for 2021/22 that require to be reported under ISA (UK) 260. We are drawing to your attention those matters we think are worthy of note, so that you can consider them before the financial statements are approved and certified.

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

Unadjusted misstatements

6. We also 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.

7. We have no unadjusted misstatements to be corrected.

Fraud, subsequent events and compliance with laws and regulations

8. In presenting this report to the Audit and Governance 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.

Representation from the Section 95 Officer

9. As part of the completion of the audit, we are seeking written representation from the Section 95 Officer (Executive Director for Council Resources) on aspects of the financial statements, including judgements and estimates made.

10. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Section 95 Officer with the signed annual accounts prior to the independent auditor's report being certified.

Appendix A: Proposed Independent Auditor's Report

Independent auditor's report to the trustees of the Dr Bruce Fund 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 of the Dr Bruce Fund for the year ended 31 March 2022 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 Financial Activities, the Balance Sheet and Notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of affairs of the Dr Bruce Fund as at 31 March 2022 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 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 Dr Bruce Fund 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.

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 Dr Bruce Fund'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.

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities, 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 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 trustees are responsible for assessing the Dr Bruce Fund'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 the trustees intend to discontinue the Dr Bruce Fund's operations, or have no realistic alternative but to do so.

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 Dr Bruce Fund is complying with that framework;
- identifying which laws and regulations are significant in the context of the Dr Bruce Fund;
- 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 Dr Bruce Fund'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. This description forms part of my auditor's report.

Reporting on other requirements

Other information

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

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of 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 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 other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report to the extent explicitly stated in the following opinion prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Trustees' Annual Report

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.

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.

Esther Scoburgh CPFA
Senior Audit Manager
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

Appendix B: Letter of Representation - ISA 580

Esther Scoburgh
Senior Audit Manager
Audit Scotland
102 Westport
Edinburgh
EH3 9DN

Dear Esther

Dr Bruce Fund Financial Statements 2021/22

1. This representation letter is provided in connection with your audit of the Financial Statements of the Dr Bruce Fund for the year ended 31 March 2022 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.

2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the trustees of the registered charitable trust where the sole trustees' are officers of East Lothian Council, in an ex-officio capacity, the following representations given to you in connection with your audit of the Dr Bruce Fund's Financial Statements for the year ended 31 March 2022.

General

3. I acknowledge my responsibility and that of East Lothian Council (as the administering authority) and I have fulfilled our statutory responsibility for the preparation of the 2021/22 financial statements. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the financial statements have been made available to you for the purposes of your audit. All transactions undertaken by the Dr Bruce Fund have been recorded in the accounting records and are properly reflected in the financial statements.

4. 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

5. The financial statements have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and the regulations 8(1), (2) and (3) of the Charities Accounts (Scotland) Regulations 2006.

6. 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 the registered charitable trust for the year ended 31 March 2022. I have ensured that the financial statements give a true and fair view of the financial position of the Dr Bruce Fund at 31 March 2022 and the transactions for 2021/22.

Accounting Policies and Estimates

7. All significant accounting policies applied are shown in the notes to the financial statements. The accounting policies are determined by the 2021/22 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 the Dr Bruce Fund's circumstances and have been consistently applied.

Going Concern Basis of Accounting

8. I have assessed the Dr Bruce Fund's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on the Dr Bruce Fund's ability to continue as a going concern.

Assets

9. The investments shown in the balance sheet at 31 March 2022 were owned by the registered charity. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements. There are no plans or intentions that are likely to affect the carrying value or classification of the assets within the financial statements.

10. I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2022.

Liabilities

11. All liabilities at 31 March 2022 of which I am aware have been recognised in the annual accounts.

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

Fraud

13. I have provided you with all information in relation to:

- my assessment of the risk that the financial statements may be materially misstated as a result of fraud
- any allegations of fraud or suspected fraud affecting the financial statements
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

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

Related Party Transactions

15. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements. I have made available to you the identity of all the Dr Bruce Fund's related parties and all the related party relationships and transactions of which I am aware.

Trustee's Annual Report

16. I confirm that the Trustees' Annual Report has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

17. I confirm that there are no issues or deficiencies in internal control that require to be disclosed. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2022, which require to be reflected.

Events Subsequent to the Date of the Balance Sheet

18. There have been no material events subsequent to 31 March 2022 which required adjustment in the financial statements or notes.

Yours sincerely

Sarah Fortune
Executive Director for Council Resources (Section 95 Officer)