

102 West Port
Edinburgh
EH3 9DN

8 Nelson Mandela Place
Glasgow
G2 1BT

The Green House
Beechwood Business Park North
Inverness
IV2 3BL

T: 0131 625 1500

E: info@audit-scotland.gov.uk

www.audit-scotland.gov.uk



For the attention of the trustees

21 April 2025

Nithsdale Connected Trust Funds

Letter to those charged with governance on the annual accounts for the year ended 31 March 2024

Introduction

1. As a consequence of the interaction of the Local Government (Scotland) Act 1973 with charities legislation, a full and separate audit of the annual accounts and independent auditor's report is required for each registered charitable trust irrespective of the value of its assets.

2. Dumfries and Galloway Council administers six such registered charities, disclosed in a single set of annual accounts (Nithsdale Connected Trust Funds). This is in accordance with the connected charities rules. The preparation and audit of annual accounts of registered charities is regulated by the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charities are:

- David Williamson Bequest: charity number - SC019381
- James Brown Bequest: charity number - SC019369
- Nivison Trust: charity number - SC019380
- Nivison Library Trust: charity number - SC019371
- Nivison Recreation Fund: charity number - SC019384
- W D Lorimer Trust: charity number - SC019383

3. In our 2023/24 Annual Audit Report for Dumfries and Galloway Council, we highlighted that the trustees of the Nithsdale Connected Trust Funds agreed to release the funds/investments to the Sanquhar Enterprise Company (a registered charity) with the transfer being legally executed in January 2024. The council contacted Office of the Scottish Charity Regulator (OSCR), who confirmed that accounts for the year 2023/24 were not required subject to the completion of a winding up application and evidence of the transfer being provided by 31 December 2024. However, officers advised us during 2024/25 that the winding up application was not completed by the deadline set by OSCR due to delays in the transfer of two sets of shares. As a result, the council was required to produce a set of accounts for the trusts for 2023/24 which we were required to audit alongside our 2024/25 audit work on the council. Officers anticipate that the winding up application will be submitted to OSCR in the coming months and therefore accounts for 2024/25 will not be required.

4. International Standard on Auditing 260 (ISA 260) requires auditors to communicate matters relating to the audit of the annual accounts to those charged with governance of a body in time to enable appropriate action.

5. This letter sets out for the trustees' consideration the relevant matters arising from the audit of Nithsdale Connected Trust Funds annual accounts for the year ended 31 March 2024 that require reporting under ISA 260. An audit of the annual accounts is not designed to identify all matters that may be relevant to those charged with governance. The report has been prepared for the use of the trustees and no responsibility to any third party is accepted.

Responsibilities and reporting

6. The trustees have primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices.

7. The trustees are also responsible for compliance with legislation and putting arrangements in place for governance and propriety that enable the charitable trust to successfully deliver its objectives.

8. Our responsibilities as independent auditors appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice](#) and supplementary guidance, and International Standards on Auditing in the UK.

9. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services.

Accounting and internal control systems

10. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the annual accounts.

Materiality

11. We apply the concept of materiality in planning and performing our audit. Materiality defines the maximum error that we are prepared to accept and still conclude that the annual accounts present a true and fair view. It helps assist our planning of the audit and allows us to assess the impact of any potential audit adjustments on the annual accounts.

12. Our initial assessment of materiality for the annual accounts is undertaken during the planning phase of the audit and were outlined in the Nithsdale Connected Trust Funds 2023/24 Annual Audit Plan circulated to all trustees on 31 March 2025. On receipt of the unaudited annual accounts, and following completion of audit testing, we reviewed our original materiality calculations and our revised materiality levels are set out in [Exhibit 1](#) overleaf.

Exhibit 1

2023/24 materiality levels for the Nithsdale Connected Trust Funds

Charitable trust	Planning Materiality	Performance Materiality	Reporting Threshold
David Williamson Bequest (SC019381)	£nil (Based on 2 per cent of unaudited 2023/24 net asset value)	£nil (Based on 75 per cent of planning materiality)	£nil
James Brown Bequest (SC019369)	£nil (Based on 2 per cent of unaudited 2023/24 net asset value)	£nil (Based on 75 per cent of planning materiality)	£nil
Nivison Trust (SC019380)	£401 (Based on 2 per cent of unaudited 2023/24 net asset value)	£300 (Based on 75 per cent of planning materiality)	£20
Nivison Library Trust (SC019371)	£nil (Based on 2 per cent of unaudited 2023/24 net asset value)	£nil (Based on 75 per cent of planning materiality)	£nil
Nivison Recreation Fund (SC019384)	£nil (Based on 2 per cent of unaudited 2023/24 net asset value)	£nil (Based on 75 per cent of planning materiality)	£nil
W D Lorimer Trust (SC019383)	£nil (Based on 2 per cent of unaudited 2023/24 net asset value)	£nil (Based on 75 per cent of planning materiality)	£nil

Source: Audit Scotland

Significant risk identified at planning

13. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit, we identified one significant risk of material misstatement which could impact on the annual accounts. [Exhibit 2](#) (overleaf) sets out this risk together with the work we undertook to address it and our conclusions from this work.

Exhibit 2

Significant risk of material misstatement

Description of risk	Audit response to risk	Results and conclusion
<p>1. Risk of management override of controls</p> <p>Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>Test journals entries.</p> <p>Review of accounting estimates for management bias.</p> <p>Consider, and where required test, any significant transactions outside the normal course of business.</p>	<p>Results: No errors were identified from our testing of journal entries.</p> <p>Management have not made any judgements and estimates which would have a material impact on the financial statements of any of the trust funds.</p> <p>We reviewed transactions during the year - no issues were highlighted of significant transactions outside the normal course of business.</p> <p>Conclusion: There was no evidence of management override of controls from the work performed.</p>

Source: Audit Scotland

Significant findings from the audit in accordance with ISA 260

14. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the annual accounts to those charged with governance of a body in sufficient time to enable appropriate action. We present for the trustees our finding in [Exhibit 3](#).

Exhibit 3

Significant finding from the audit of the annual accounts

Finding	Resolution
<p>1. Operation of the trust funds</p> <p>The process of fully transferring the funds from the Nithsdale Connected Trust Funds to the Sanquhar Enterprise Company is ongoing and will be subject to the approval of the Scottish charity regulator, OSCR (see Paragraph 3).</p> <p>As at 31 March 2024, five trust funds with assets of £170,019 had been transferred over leaving one trust fund with assets of £20,050.</p>	<p>For information only.</p>

Finding	Resolution
It is anticipated that the remaining assets will transfer during 2025.	

Source: Audit Scotland

Unadjusted misstatements

15. 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.

16. We have no unadjusted misstatements to report.

Other matters

17. We are also required under ISAs (UK&I) to communicate to those charged with governance if we have anything to report on the following:

- matters related to fraud.
- matters related to laws and regulations.
- matters related to related parties.
- subsequent events.
- matters related to going concern.
- any significant facts that bear upon our independence and objectivity.

18. We have nothing to report in respect of the above matters.

Independent auditor's report

19. Our duties as auditors of the trust are to:

- express an opinion on whether the charity's annual accounts properly present the charity's financial position and are prepared in accordance with charities legislation
- read the trustees' annual report and express an opinion as to whether it is consistent with the financial statements

- report on other matters, by exception, to the trustees and to the Office of the Scottish Charity Regulator (OSCR).

20. Our audit work on the annual accounts of Nithsdale Connected Trust Funds is now substantially complete. Subject to the receipt of a revised set of annual accounts for final review, we anticipate being able to issue an unqualified audit opinion, in respect of the above bullets, in the independent auditor's following approval of the annual accounts (the proposed report is attached at [appendix A](#)).

Representations from management

21. As part of the completion of our audit, we are seeking written representations from Dumfries and Galloway Council's Chief Financial Officer on behalf of the trustees, on aspects of the annual accounts, including the judgements and estimates made.

22. The draft letter of representation in respect of the charitable trust is attached at [appendix B](#). This should be signed and returned to us by Dumfries and Galloway Council's Chief Financial Officer on behalf of the trustees, together with the signed annual accounts prior to the independent auditor's report being certified.

Concluding remarks

23. We would like to thank officers for their assistance and co-operation during the audit process.

24. If you would like to discuss any matters contained in this letter, please contact me on 0131 625 1934 or plindsay@audit-scotland.gov.uk.

Peter Lindsay CPFA
Senior Audit Manager
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow, G2 1BT

Appendix A: Proposed independent auditors report – registered charities (this heading to be removed when copied over)

Independent auditor's report to the trustees of Nithsdale Connected Trust Funds 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 statement of accounts of Nithsdale Connected Trust Funds for the year ended 31 March 2024 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 Receipts and Payments Account, the Statement of Balances 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 a receipts and payments basis.

In my opinion the accompanying financial statements:

- properly present the receipts and payments of the charities for the year ended 31 March 2024 and their 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 charities 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 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.

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:

- using my understanding of the local government sector and charity sector to identify that the Local Government (Scotland) Act 1973, Charities and Trustee Investment (Scotland) Act 2005 and The Charities Accounts (Scotland) Regulations 2006 are significant in the context of the charities;
- inquiring of the Trustees as to other laws or regulations that may be expected to have a fundamental effect on the operations of the charities;
- inquiring of the Trustees concerning the charities' policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on 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 charities' 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 Charity 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 108 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.

Peter Lindsay CPFA
Senior Audit Manager
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

21 April 2025

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

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Appendix B: Letter of representation (to be printed on client headed paper)

Peter Lindsay CPFA
Audit Scotland
4th Floor, The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

21 April 2025

Dear Peter

Nithsdale Connected Trust Funds

Annual accounts of Nithsdale Connected Trust Funds for the year ended 31 March 2024

This representation letter is provided in connection with your audit of the annual accounts of Nithsdale Connected Trust Funds for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the annual accounts properly present the financial position of each of these registered charitable trusts as at 31 March 2024 and their receipts and payments for the period 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 2024.

General

I acknowledge my responsibility, 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 annual accounts. All other records and information have been made available to you.

The information given in the Trustees Annual Report presents a balanced picture of the registered trusts and is consistent with the financial statements.

I confirm that there are no uncorrected misstatements.

Financial reporting framework

The annual accounts have been prepared in accordance with the requirements of Local Government (Scotland) Act 1973 including all relevant presentation and disclosure requirements. The annual accounts 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 annual accounts of all matters necessary for them to properly present the transactions and state of affairs of the registered trusts for the year ended 31 March 2024.

Accounting policies

The annual accounts have been prepared on a receipts and payments basis in accordance with applicable regulations and the founding documents of the charitable trusts.

Assets

The cash fund and investments shown in the statement of balances at 31 March 2024 were owned by the charities. Assets are free from any lien, encumbrance, or charge.

Related party transactions

All transactions with related parties have been disclosed in the annual accounts. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure.

Going concern

The trustees have assessed the ability of the registered charitable trust to carry on as a going concern, and have disclosed in the annual accounts, any material uncertainties that have arisen as a result.

Governance

The business of the charitable trust is recorded in the systems of Dumfries and Galloway Council. As section 95 officer for Dumfries and Galloway Council, I confirm that there are no issues or deficiencies in internal control that require to be disclosed within the annual accounts of the charitable trusts.

Fraud

I have considered the risk that the annual accounts may be materially misstated because of fraud or irregularity. There have been no actual or alleged frauds or irregularities involving trustees or staff of Dumfries and Galloway Council that could affect the annual accounts of the charitable trusts.

Events subsequent to the balance sheet date

Since 31 March 2024, no events or transactions have occurred which, though properly excluded from the annual accounts, are of such importance that they should be brought to your notice.

Yours sincerely

Paul Garrett

Chief Financial Officer, Dumfries and Galloway Council, for and on behalf of the trustees of Nithsdale Connected Trust Funds