

Dundee City Council Section 106 Charities

2024/25 Annual Audit Report



Prepared for Dundee City Council Section 106 Charities and the Controller of Audit
September 2025

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Key messages

Audit of the annual accounts

- 1** All audit opinions stated that the annual accounts were free from material misstatement.
 - 2** There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by the Dundee City Council Charitable Trusts, Lord Provost of Dundee Charity Fund and Fleming Trust.
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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 Dundee City Council Charitable Trusts, Lord Provost of Dundee Charity Fund and Fleming Trust annual accounts.
2. The Annual Audit Report is addressed to Dundee City Council Charitable Trusts, Lord Provost of Dundee Charity Fund and Fleming Trust, hereafter referred to as 'the Trusts' and the Controller of Audit and will be published on Audit Scotland's website in due course.

Appointed auditor and independence

3. Fiona Owens, of Audit Scotland, has been appointed as external auditor of the Trusts for the period from 2024/25 until 2026/27. As reported in the Annual Audit Plan, Fiona Owens as engagement lead and the audit team are independent of the 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 the Trusts, including no provision of non-audit services.

Scope of the audit

4. Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with the charity's legislation, a separate independent auditor's report is required for the statement of accounts of each registered charity administered by the council, irrespective of the size of the charity.
5. The council administers seven charities registered under section 106 but is only required to produce three sets of accounts covering these. The Dundee City Council Charitable Trusts (incorporating four trust funds), and the Lord Provost of Dundee Charity Fund accounts were both prepared on a receipts and payments basis. The Fleming Trust accounts were required to be prepared on an accruals basis due to the size and asset base of the trust. The movement in the funds held by these charities during the year is shown in [Exhibit 1](#).
6. Our duties as auditors of the charities administered by Dundee City Council are to:

- express an opinion on whether the charity's financial statements 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).

Exhibit 1

Movement in funds held by charities administered by Dundee City Council

Charitable Trust Fund	Scottish Charity Number	Opening balance at 1 April 2024 - £	Closing balance at 31 March 2025 - £
Belmont Trust Estate	SC018900	2,397,704	2,461,704
Camperdown Estate	SC018899	3,046,768	3,081,268
William Dawson Estate Trust	SC018920	195,917	196,215
Hospital Fund	SC018896	1,199,981	1,236,066
Total funds of Dundee City Council Charitable Trusts		6,837,370	6,975,253
Lord Provost of Dundee Charity Fund	SC027022	39,956	51,131
Fleming Trust	SC052182	8,738,171	8,932,056

Source: Trustees report and accounts for the year ended 31 March 2025

Acknowledgements

7. We would like to thank the Trusts and its staff, particularly those involved in preparation of the annual accounts, for their cooperation and assistance during the audit.

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 the Dundee City Council Charitable Trusts, Lord Provost of Dundee Charity Fund and Fleming Trust.

Audit opinions on the annual accounts

8. The trusts annual accounts were approved by the Scrutiny Committee on 24 September 2025 and certified by the appointed auditor on 29 September 2025. The Independent Auditor's Report is included in the Trusts annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



Audit timetable

9. The unaudited annual accounts and all working papers were received on 30 May 2025 in accordance with the agreed audit timetable.

Audit Fee

10. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £8,100. 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

11. 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.

12. 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.

13. Materiality levels for the audit of the 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. Materiality levels were updated and these can be seen in [Exhibit 2](#).

Exhibit 2

2024/25 Materiality levels for the trusts

Materiality	Dundee City Council Charitable Trusts	Lord Provost Charity Fund	Fleming Trust
Planning materiality: 2 per cent of net assets	£137,000	£1,020	£175,000
Performance materiality: 75 per cent of planning materiality	£103,000	£765	£131,00
Reporting threshold: 5 per cent of planning materiality	£7,000	£50	£9,000

Source: Audit Scotland

Significant findings and key audit matters

14. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance, which for the Trusts is the Trustees via the Dundee City Council Scrutiny Committee.

15. 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.

16. 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.

17. The significant findings and key audit matters to report are outlined in [Exhibit 3](#).

Exhibit 3
Significant findings and key audit matters

Significant findings and key audit matters	Outcome
Fleming Trust - Legal Fees At the time of producing the unaudited accounts, the legal fees incurred for the year were unknown and omitted. An invoice was subsequently received.	Management corrected the audited 2024/25 annual accounts for Fleming Trust to reflect this expenditure. This resulted in a decrease in Net Income of £2,627, with a compensating reduction in Net Assets.

Source: Audit Scotland

Qualitative aspects of accounting practices

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

Accounting policies

19. The appropriateness of accounting policies adopted by the Trusts was assessed as part of the audit. These were considered to be appropriate to the circumstances of the 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).

Accounting estimates

20. Accounting estimates are used in number of areas in the Trusts financial statements, including the valuation of land and buildings assets. Audit work considered the process management of the Trusts has in place around making accounting estimates, including the assumptions and data used in making the estimates, and the use of any management experts. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.
- There was no evidence of management bias in making the accounting estimates.

Disclosures in the financial statements

21. The adequacy of disclosures in the financial statements was assessed as part of the audit and these were found to be appropriate.

Significant matters discussed with management

22. All significant matters identified during the audit and discussed with the Trusts management have been reported in the Annual Audit Report.

Audit adjustments

23. Audit adjustments were required to the financial statements of Fleming Trust to correct misstatements that were identified from the audit. Details of all audit adjustments are outlined in [Exhibit 4](#).

24. No audit adjustments were required to the financial statements of Dundee City Council Charitable Trusts or Lord Provost of Dundee Charity Fund greater than the reporting threshold of £7,000 or £50 respectively.

Exhibit 4

Audit adjustments

Details	Financial statements lines impacted	Statement of Financial Activities		Balance Sheet	
		Dr	Cr	Dr	Cr
Audit adjustments to financial statements		£	£	£	£
1. Legal Fees (Fleming Trust)					
	Legal Fees	2,627			
	Creditors falling due within one year				2,627

Source: Audit Scotland

25. Management of the Trusts processed audit adjustments for all misstatements identified greater than the reporting threshold. As a result, there are no uncorrected misstatement to report.

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 5](#).

Exhibit 5**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. • Test journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end. • 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. • Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias.	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. • No significant issues were identified with changes to methods and underlying assumptions used to prepare accounting estimates and there was no evidence of management bias. Conclusion: no evidence of fraud caused by management override of controls.

Dundee City Council Section 106 Charities

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