The Highland Council

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Report	AS/30/13
No	

Audit and Scrutiny Committee – 26 September 2013

Audit of Local Authority Charities

Report by Director of Finance

Summary

The purpose of this report is to advise Members of the implications of changes to the audit requirements of local authority charities and, to consider the actions being taken by officers to mitigate the financial implications.

1. Background

- 1.1 The Highland Council administers eighty charities that are registered with the Office of the Scottish Charity Regulator (OSCR) which are for the benefit of various specific causes.
- 1.2 At 31 March 2013 the total value of these funds was £193,439. In reality many of these are of low value. An extract from the Council's accounts is attached as **Appendix 1** to this report.
- 1.3 The accounting for these charities is undertaken as part of the normal financial accounting for the Council. The Council does however submit summary accounts to OSCR annually. These comprise:-
 - Statement of Receipts and Payments
 - Statement of Balances
 - Trustees' Report
- 1.4 OSCR have required local authorities to move towards full compliance with the Charities Accounting Statement of Recommended Practice. This now requires a full audit of the financial statements.
- 1.5 At present, because the Charity Accounts form part of The Highland Council's Accounts, the Charities' audits have been incorporated within the audit work and audit fee undertaken for the Council.
- 1.6 Under the latest proposal, a separate audit will be required for each of the eighty charities. This will entail a full testing of transactions of each of these charities, and an audit opinion provided for each. The audit resources required for this additional work are significant.
- 1.7 Compliance with the Charities Accounts (Scotland) Regulations 2006 requires

full compliance with the accounting and auditing parts of the Regulations from 2013/14. Due to the interaction of section 106 of the Local Government (Scotland) Act 1973 with the Charities Regulations a full audit is required from 2013/14 of all registered charities where the local authority is the sole trustee irrespective of the size of the charity.

1.8 The appointed auditor for The Highland Council is Audit Scotland.

2. Discussion

- 2.1 The audit time, and therefore cost, is not yet quantified, but will be significant.
- 2.2 Officers are currently looking at options for mitigating the implications. These include:-
 - (1) options for winding up charities for which there are no, or minimal balances
 - (2) merging charities which share a common trust purpose

It is hoped that by undertaking these mitigating actions that the financial cost of audit will be reduced significantly. Where charities are merged the application/distribution of funds would be on a geographical basis.

3. Implications

- 3.1 Financial implications are highlighted in the above report.
- 3.2 There are no legal, equalities, climate change/Carbon Clever or risk implications to highlight in this report.

Recommendation

Members are asked to note the implications of changes and to consider actions being taken to mitigate the financial implications.

Designation: Director of Finance

Date: 16 September 2013

Author: Derek Yule

Background Papers: None

TRUST FUNDS UNAUDITED STATEMENT OF ACCOUNTS 2012/13

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CHARITABLE TRUSTS

Highland Council administers eighty registered Scottish Charities which are for the benefit of various specific causes. At 31 March 2013 the balances and investments held are as follows:

31 March 2013	Investments	at cost	બ	r		1	500	155	ı	101	,	1		39	ı	ı	944	ı	I	717	ı	ŀ	1	ı	ı	ı	589
31 Mai	Fund	Balance	બ	ı	923	1	526	882	7,652	113	78	742	ı	668	I	ı	4,588	2,268	598	2,442	2,811	ı	ı	17,360	ı	1	644
	Scottish	Charity	Number	1768	3192	4447	4881	5071	7158	8916	8950	9516	10505	10813	11444	12300	12410	12475	12682	13277	16232	16326	16486	17126	18287	18296	18297
		Charity		Beatrice Oilfield Trust – Naim	John Rutherford Trust for Poor of Kildonan	John Robert Campbell Bequest for the Poor of Parish of Lairg	Miss E Kemp bequest for Poor of Rosemarkie	Grantown War Memorial Fund	West Coast of Ross-Shire (Mainland) Distress Fund	John Martin Trust for Christmas dinner for the poor of Invergordon	McCulloch Bequest for the Poor of Durness	John Couper Bequest for Poor of Helmsdale	Miss Margaret A Ross Charity Fund	Coull Mortification	James Asher's Charitable Trust	William Murray Morgan Caithness Village Amenities Fund	Donald Cameron of Erracht Bequest for Poor of Kilmallie	John Rose Troup Charitable Trust	Grigor Bequest for Confirmed Invalids	Duncan Cameron Trust for Poor of Abernethy	Grigor Bequest for Poor of Parish of Cawdor	Miss Margaret A MacLeod Bequest	Hugh Wilson Trust	Highland Heart Fund	Miss Magdalene Duff Fraser Mortification	Jonathan Anderson Mortification for Poor	Frederick Klein Mortification
31 March 2012	Investments	at cost	બ	ı	ı	I	500	155	1	101	I	I	1	39	I	I	944	ı	ı	717	ı	ı	ı	ı	1	ı	589
31 Ma	Fund	Balance	દ્મ	ı	917	ı	517	878	7,906	117	77	737	ı	662	1	I	4,521	2,255	594	2,405	2,795	r	ı	17,259	1	ı	616

TRUST FUNDS UNAUDITED STATEMENT OF ACCOUNTS 2012/13

31 March 2013	Fund Investments Balance at cost		1	8	1	ı	1	I	ı	525 505	I F	F 1	987 1,009	F	I I	l B	1	876 -	2,857 1,493	1,165 800	14,987 283	618 442	376 359	1,105 1,050	225 105	9,363 2,834	13,592 2,350	1,577 503	818 -
	Scottish F	L	18298	18299	18300	18301	18302	18303	18305	18306	18307	18308	18309	18310	18311	18312	18313	18723		18725 1		18727	18728	18729 1	18730	18731 9	18732 13	18733 1	18734
	Charity	Claire	Robert Fraser Mortification	Thomas Fraser Mortification	Evan Baillie Mortification	John Burnett Mortification	Mrs Isabella Gollan Mortification	Mrs Martha Gibson Mortification	Robert Smith Mortification	Mrs Jane Masson Bequest	Dr John Mackintosh Bequest	William Macgregor Bequest	F W Grant Bequest	William Galloway Macdonald Bequest	George Melvin Bequest	Louis Ormond Fyvie Bequest	George Wilson Barron Bequest	William Davidson Bequest	Miss Adeleine Florence Henderson Bequests	William Murray Bequest for Poor of Wick	William Murray Bequest for Wick Library	Murray (Olrig) Bequest	Oswald (Dunnet) Bequest	Davidson - Cumming Bequest		Alexander Wares Bequest for Poor	George Swanson Trust	James Cormack Bequest	John Sutherland Poor Coopers Fund
31 March 2012	Investments	al cust £	ı	ı	ı	ı	ı	ı	t	505	ı	ı	1,009	ı	ı	ł	,	ı	1,492	800	283	442	359	1,050	105	2,833	2,350	503	ı
31 Ma	Fund	E E	1	ı	ı	t	I	I	ı	525	ı	t	980	I	1	ł	ı	871	2,813	1,135	14,892	740	419	1.070	224	9,288	13.527	1,553	813

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TRUST FUNDS UNAUDITED STATEMENT OF ACCOUNTS 2012/13

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31 March 2013	Fund	Balance	બ	336	161	53	210	2,009	1	803	841	12,721	2,566	529	667	316	192	133	366	366	228	108	I	185	301	1,881	497	26,513	ı	,	39,705	10,386	193,439
	Scottish	Charity	Number	18735	18736	18737	18738	18739	18740	18995	18997	18999	19557	19558	19559	19561	19562	19563	19564	19565	19566	19567	19568	19569	19570	19694	19695	19696	19697	25079	28254	28500	•
		Charity		John Jacobus Harper Trust	Thomas L Rettie Bequest for Poor	Jane Cormack Bequest	John Sutherland (Fish Curer) Poor Fund	Sir Josiah H Symon Poor Fund	John Miller Bequest	Miss L E M Rose Bequest	Nairnshire Boot Fund	Miss Emma M Fraser Bequest for the Poor of Nairn	Knockie Trust Fund	Duncan MacBean Bequest	Kennedy Trust for Poor	John Fraser Bequest	Hugh Leslie Bequest	George Murray Senior Coal Fund	David Thomson Bequest for poor	Alex Thomson Bequest for poor	David Thomson Bequest for Ex-Seaforth Highlanders	Ronald Ross Bequest	D Duff Bequest	George MacLeod Bequest	Tain War Memorial Fund	Dr Donald Grant Legacy	George Harvey Trust	Miss Margaret Charlotte Stuart Legacy	Earl of Seafield Bequest for Poor in portions of Cromdale Parish	Highland Council Charitable Trusts	Gairloch High School Howard Doris Fund	Highland Regional Children's Panel 20th Anniversary Trust Fund	Total Charitable Trusts
31 March 2012	Investments	at cost	બ	137	I	I	ı	ı	I	300	800	5,000	r	95	60	300	I	12	ţ	I	r	46	t	I	19	500	200	1,171	1	I	T	ı	23,446
31 Mai	Fund	Balance	પ્ર	335	160	53	209	1,997	1	785	805	12,614	2,551	390	660	310	192	131	364	364	227	110	,	184	298	1,822	487	26,432	I	I	39,485	10,326	192,397

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