



Moray Council

Tuesday, 01 December 2020

NOTICE IS HEREBY GIVEN that a **Special Meeting** of the **Moray Council** is to be held at **remote locations via video conference**, on **Tuesday, 01 December 2020** at **14:00**.

BUSINESS

- 1 Sederunt**
- 2 Declaration of Group Decisions and Members Interests ***
- 3 2019-20 Annual Audit Report to Council 5 - 60**
- 4 Moray Council's Audited Annual Accounts for the 61 - 64**
Period 1 April 2019 to 31 March 2020
- 5 Moray Council's Connected Charities' Audited Accounts 65 - 96**
for the Period 1 April 2019 to 31 March 2020

Any person attending the meeting who requires access assistance should contact customer services on 01343 563217 in advance of the meeting.

GUIDANCE NOTES

- * **Declaration of Group Decisions and Members Interests** - The Chair of the meeting shall seek declarations from any individual or political group at the beginning of a meeting whether any prior decision has been reached on how the individual or members of the group will vote on any item(s) of business on the Agenda, and if so on which item(s). A prior decision shall be one that the individual or the group deems to be mandatory on the individual or the group members such that the individual or the group members will be subject to sanctions should they not vote in accordance with the prior decision. Any such prior decisions will be recorded in the Minute of the meeting.

THE MORAY COUNCIL

Moray Council

SEDERUNT

Councillor Shona Morrison (Chair)
Councillor Graham Leadbitter (Depute Chair)
Councillor George Alexander (Member)
Councillor James Allan (Member)
Councillor David Bremner (Member)
Councillor Frank Brown (Member)
Councillor Theresa Coull (Member)
Councillor John Cowe (Member)
Councillor Gordon Cowie (Member)
Councillor Paula Coy (Member)
Councillor Lorna Creswell (Member)
Councillor John Divers (Member)
Councillor Tim Eagle (Member)
Councillor Ryan Edwards (Member)
Councillor Claire Feaver (Member)
Councillor Donald Gatt (Member)
Councillor Marc Macrae (Member)
Councillor Aaron McLean (Member)
Councillor Maria McLean (Member)
Councillor Ray McLean (Member)
Councillor Louise Nicol (Member)
Councillor Laura Powell (Member)
Councillor Derek Ross (Member)
Councillor Amy Taylor (Member)
Councillor Sonya Warren (Member)
Councillor Walter Wilson (Member)

Clerk Name: Moira Patrick
Clerk Telephone:
Clerk Email: committee.services@moray.gov.uk



REPORT TO: SPECIAL MORAY COUNCIL ON 1 DECEMBER 2020

SUBJECT: 2019/20 ANNUAL AUDIT REPORT TO COUNCIL

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To provide Council with a copy of the External Auditor's Annual Audit Report to Council on the 2019/209 audit.
- 1.2 This report is submitted to the Council for consideration as a suite of reports on the Annual Audit and Accounts for 2019/20.

2. RECOMMENDATION

- 2.1 **It is recommended that the Council considers and notes the contents of the attached report from the Council's External Auditors.**

3. BACKGROUND

- 3.1 The Council's External Auditor, Audit Scotland, provides an Annual Report to those in charge of governance who are the Council and the Controller of Audit each year. This report is a significant document and covers:
 - The audit of the 2019/20 annual accounts
 - Financial management and sustainability
 - Governance and transparency
 - Value for Money
 - Findings which require action and management's response
- 3.2 A copy of the External Auditor's covering report is attached as **APPENDIX 1** for information and the report itself forms **APPENDIX 2** to this report. A representative of the Council's External Auditors will present the report at the meeting.

3.3 The report coincides with the completion of the Annual Audit of the Council's Annual Accounts, the deadline for which was extended this year in response to the covid-19 pandemic. The Council has received an unqualified Audit Opinion for 2019/20 on the Council's annual accounts and on the Connected Charities accounts.

3.4 The report includes an Action Plan (**APPENDIX 1** to the Auditor's Report) dealing with areas where the External Auditor has identified room for improvement. The most significant of these for the Council is financial sustainability, with the need to identify what savings will be made to meet the funding gaps anticipated in the short to medium term and a cross-Council transformation plan to generate the savings.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

This is referenced in **Appendix 1** to the report.

(b) Policy and Legal

The audit is conducted in terms of statutory powers afforded to Audit Scotland, the appointed External Auditor for the Council.

(c) Financial Implications

There are no issues arising directly from this report. The report notes that the current level of service provision is not financially sustainable.

(d) Risk Implications

The work undertaken by External Audit provides assurance to Members on the Council's performance management, financial statements and the actions taken by the Council to address significant matters arising out of the audit process.

(e) Staffing Implications

Preparation of the Council's annual financial statements requires significant resource input as part of the scheduled work of the accountancy team within Financial Services.

(f) Property

There are no property issues arising directly from this report.

(g) Equalities/Socio Economic Impact

There are no equalities issues arising directly from this report.

(h) Consultations

The content of the **APPENDIX 2** to this report has been discussed with CMT and relevant officers of the Council.

5. CONCLUSION

- 5.1 The annual audit by External Audit gives Council assurance that the Council's Financial Statements give a true and fair view of its financial position at 31 March 2020 and that appropriate internal control systems are in place. The Report to those in charge of governance details External Audit's findings and conclusions arising from the audit and the planned management actions to address matters which have been highlighted.**

Author of Report: Lorraine Paisey, Chief Financial Officer – Ext 3213
Background Papers: Attached
Ref: LP/LJC/

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Moray Council
High Street
Elgin
IV30 1BX

Moray Council 2019/20 Annual Audit Report

Independent auditor's report

1. Our audit work on the 2019/20 annual accounts of Moray Council and The Moray Council – Connected Charity Trust Funds is now substantially complete. Subject receipt of revised sets of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditors' reports on 1 December 2020 for the Council and for the charitable trusts. The proposed reports are attached at **Appendix A** (Council) and **Appendix B** (The Moray Council – Connected Charity Trust Funds). The proposed report for the Council includes an Emphasis of Matter paragraph.

Annual audit report

2. 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. We present for the Moray Council's consideration our draft annual report on the 2019/20 audit. Exhibit 4 'Significant findings from the audit of the financial statements' sets out the issues identified in respect of the annual accounts.
3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.
4. The report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

5. 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. Uncorrected misstatements are set out in Exhibit 4 of the attached annual audit report.

Fraud, subsequent events and compliance with laws and regulations

6. In presenting this report to Moray Council 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.

Representations from Chief Financial Officer and Trustees

7. As part of the completion of our audit, we are seeking written representations from the Chief Financial Officer and Trustees on aspects of the annual accounts, including the judgements and estimates made.
8. Draft letters of representation are attached at [Appendix C](#) (Council) and [Appendix D](#) (The Moray Council – Connected Charity Trust Funds). These should be signed and returned to us with the signed annual accounts prior to the independent auditor's reports being certified.

APPENDIX A: Council's Proposed Independent Auditor's Report

Independent auditor's report to the members of Moray Council and the Accounts Commission

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Moray Council and its group for the year ended 31 March 2020 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the group and council-only Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, and Cash-Flow Statements, the council-only Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Council Tax Income Account, the Non-Domestic Rate Income Account, the Trust Funds Income and Expenditure Account, the Trust Funds Balance Sheet, the Common Good Funds Income and Expenditure Account, the Common Good Funds Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the council and its group as at 31 March 2020 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

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 was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is 4 years. I am independent of the council and its group 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. Non-audit services prohibited by the Ethical Standard were not provided to the council. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter: Valuation of Land and Buildings

I draw attention to Note 6 'Assumptions made about the future and other major sources of estimation uncertainty' which describes the effects of material uncertainties, caused by

Covid-19, declared in the valuation report for land and buildings. My opinion is not modified in respect of this matter.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Chief Financial Officer and Moray Council for the financial statements

As explained more fully in the Statement of Responsibilities for the Annual Accounts, the Chief Financial Officer is 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 Chief Financial Officer 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 Chief Financial Officer is responsible for assessing the council'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 deemed inappropriate.

Moray Council is responsible for overseeing the financial reporting process.

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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting 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. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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.

Other information in the annual accounts

The Chief Financial Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. 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 matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary 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 statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement 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 Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

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.

Brian Howarth ACMA CGMA
Audit Director
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

APPENDIX B: Charities' Proposed Independent Auditor's Report

Independent auditor's report to the trustees of The Moray Council - Connected Charity Trust Funds and the Accounts Commission

Report 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 The Moray Council - Connected Charity Trust Funds for the year ended 31 March 2020 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 a summary of 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 charities as at 31 March 2020 and of their 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 of 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.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about ability of the charities to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date 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 determine 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 charities' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to achieve 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.

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.

Other information in the statement of accounts

The trustees are responsible for the other information in the statement of accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. 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 matters prescribed by the Accounts Commission or required by applicable law to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the statement of accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Report on other requirements

Opinion on matter prescribed by the Accounts Commission

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.

Maggie Bruce CA
Senior Audit Manager
Audit Scotland
1st Floor, Room F03
The Green House
Beechwood Business Park North
Inverness, IV2 3BL

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

APPENDIX C: Council Letter of Representation (ISA 580)

Brian Howarth
Audit Director
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
Nelson Mandela Place
Glasgow
G2 1BT

Date

Dear Brian,

Moray Council Annual Accounts 2019/20

1. This representation letter is provided about your audit of the annual accounts of Moray Council for the year ended 31 March 2020 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, and for expressing other opinions on the remuneration report, management commentary and the annual governance statement.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Chief Executive and Corporate Management Team, the following representations given to you in connection with your audit of Moray Council's annual accounts for the year ended 31 March 2020.

General

3. Moray Council and I have fulfilled our statutory responsibilities for the preparation of the 2019/20 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by Moray Council 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 annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (2019/20 Code), and in accordance with the requirements of Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003, and The Local Authority Accounts (Scotland) Regulations 2014.

6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of Moray Council and its group at 31 March 2020 and the transactions for 2019/20.

Accounting Policies & Estimates

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2019/20 Code where applicable. Where the 2019/20 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 Moray Council's circumstances and have been consistently applied.
8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

9. I have assessed Moray Council'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 Moray Council's ability to continue as a going concern.

Assets

10. Where a rolling programme of asset valuations has been used, I have satisfied myself that the carrying amount of assets at 31 March 2020 does not differ materially from that which would be determined if a revaluation had been carried out at that date.
11. I carried out an assessment at 31 March 2020 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.
12. I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2020.
13. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.
14. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

15. All liabilities at 31 March 2020 of which I am aware have been recognised in the annual accounts.

16. Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2020 of which I am aware where the conditions specified in the 2019/20 Code have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 March 2020. Where the effect of the time value of money is material, the amount of the provision has been discounted to the present value of the expected payments.
17. Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31 March 2020 or to reflect material changes in the assumptions underlying the calculations of the cash flows.
18. The accrual recognised in the financial statements for holiday untaken by 31 March 2020 has been estimated on a reasonable basis.
19. The pension assumptions made by the actuary in the IAS 19 report for Moray Council have been considered and I confirm that they are consistent with management's own view.
20. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Contingent liabilities

21. There are no significant contingent liabilities, other than those disclosed in Note 44 to the financial statements, arising either under formal agreement or through formal undertakings requiring disclosure in the accounts. All known contingent liabilities have been fully and properly disclosed, including any outstanding legal claims which have not been provided under the 2019/20 Code and IAS 37.

Fraud

22. I have provided you with all information in relation to:
 - my assessment of the risk that the financial statements may be materially misstated because 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

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

Related Party Transactions

24. All material transactions with related parties have been disclosed in the financial statements in accordance with the 2019/20 Code. I have made available to you the identity of all Moray Council's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

25. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014, and all required information of which I am aware has been provided to you.

Management Commentary

26. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

27. I confirm that Moray Council has undertaken a review of the system of internal control during 2019/20 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.
28. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2020, which require to be reflected.

Group Accounts

29. I have identified all the other entities in which Moray Council has a material interest and have classified and accounted for them in accordance with the 2019/20 Code. Any significant issues with the financial statements of group entities, including any qualified audit opinions, have been advised to you.

Events Subsequent to the Date of the Balance Sheet

30. All events subsequent to 31 March 2020 for which the 2019/20 Code requires adjustment or disclosure have been adjusted or disclosed.

Other Matters

- 31. Covid-19 impact.** I have reviewed the impact of Covid-19 on the financial statements and have reflected on the impact on property markets in Note 4 'Assumptions made about the future and other major sources of estimation uncertainty'. I am satisfied that all reasonable action has been taken to identify the impact of Covid-19 on the fair value of property (land and buildings) and that this has been disclosed appropriately in the financial statements.

Yours sincerely

Lorraine Paisey
Chief Financial Officer

APPENDIX D: Charities' Letter of Representation (ISA 580)

Maggie Bruce
Senior Audit Manager
Audit Scotland
1st Floor, Room F03
The Green House
Beechwood Business Park North
Inverness
IV2 3BL

Date

Dear Maggie,

The Moray Council - Connected Charity Trust Funds Trustees' Report and Financial Statements 2019/20

1. This representation letter is provided in connection with your audit of the financial statements of The Moray Council - Connected Charity Trust Funds for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of The Moray Council - Connected Charity Trust Funds, as at 31 March 2020 and their comprehensive income and expenditure for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Council, the following representations given to you in connection with your audit of The Moray Council - Connected Charity Trust Funds for the year ended 31 March 2020.

General

3. The Trustees and I have fulfilled our statutory responsibilities for the preparation of the 2019/20 Trustee's Report and financial statement. 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 charities have been recorded in the accounting records and are properly reflected in the financial statements.
4. The information given in the Trustees' Annual Report to the financial statements, presents a balanced picture of The Moray Council - Connected Charity Trust Funds and is consistent with the financial statements.
5. I am not aware of any uncorrected misstatements.

Financial Reporting Framework

6. The financial statements comply with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.
7. 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 Moray Council - Connected Charity Trust Funds for the year ended 31 March 2020 and the transactions for 2019/20.

Accounting Policies & Estimates

8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going Concern

9. The Trustees have assessed the ability of The Moray Council - Connected Charity Trust Funds to carry on as a going concern, and have disclosed in the financial statements, any material uncertainties that have arisen as a result.

Related Party Transactions

10. All transactions with related parties have been disclosed in the financial statements. 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 in order to comply with the requirements of FRS 8.

Events Subsequent to the Date of the Balance Sheet

11. There have been no material events since the date of the Balance Sheet which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
12. Since the date of the Balance Sheet no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate Governance

13. I confirm that a review of the system of internal control was during 2019/20. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

Fraud

14. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

Assets

15. The assets shown in the Balance Sheet at 31 March 2020 were owned by The Moray Council -Connected Charity Trust Funds. 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.

Liabilities

16. All liabilities at 31 March 2020 have been recognised in the financial statements.

Laws and Regulations

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

Yours sincerely

Graham Leadbitter
Trustee

Moray Council

2019/20 DRAFT Annual Audit Report



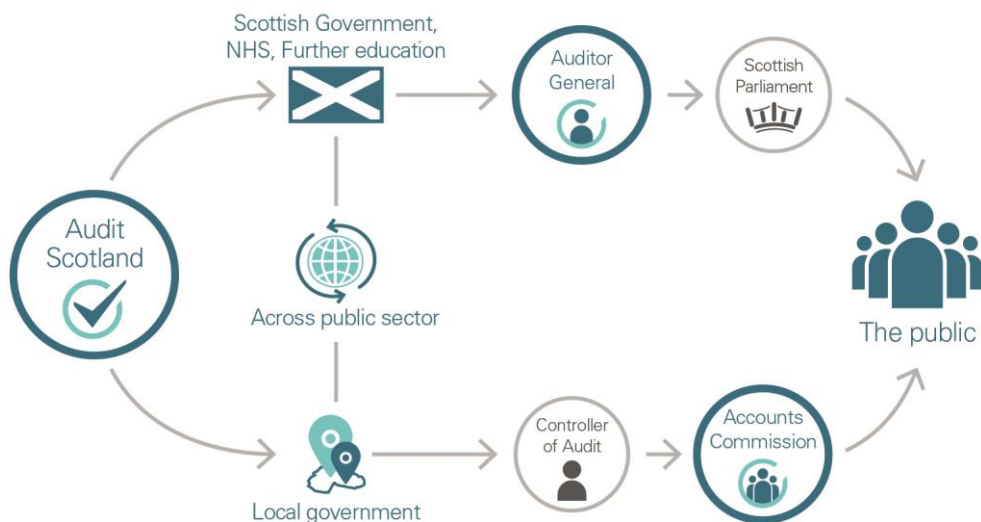
Prepared for the members of Moray Council and the Controller of Audit

November 2020

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- the Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- the Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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Key messages

2019/20 annual accounts

- 1 Our audit opinions on the annual accounts are unmodified.
- 2 An 'emphasis of matter' paragraph is included in the independent auditor's report to draw attention to the material uncertainty in property valuations caused by the Covid-19 pandemic.
- 3 The Council has included an adjustment of £7.6 million in the audited accounts, which reflects a more up-to-date assessment by the actuary of the pension liabilities, in July 2020, to reflect the Government's proposed remedy in response to the McCloud judgement.
- 4 Covid-19 impacted on the audit and delayed publication of the audited annual accounts by 2 months.

Financial management and sustainability

- 5 Financial management is effective. The 2019/20 savings target of £10 million was exceeded and the Council reported a surplus for the year, adding £6.8 million to the general fund.
- 6 The Council invested more in capital projects during 2019/20 than in each of the previous four years, funded mainly from Scottish Government grants.
- 7 The unearmarked general fund reserve has increased to £15 million but may fall to £6 million by March 2021.
- 8 The net financial impact in 2020/21 of the Covid-19 pandemic is currently estimated at £7.4 million.
- 9 Medium-term financial plans have been revised due to Covid-19, but lack detailed savings plans and the progress against the Council's transformation plan was halted in a number of areas as a result of Covid-19.

Best Value, governance and transparency

- 10 The Best Value audit reported "serious concerns about the lack of sustained improvement in Moray Council over many years but noted recent progress is now being made towards some significant strategic decisions". The Council has prepared an action plan to address the recommendations in the Report and the Accounts Commission has requested a further follow-up report by the Controller of Audit by February 2022.
- 11 Overall governance arrangements are appropriate but have been impacted by the Covid-19 pandemic.
- 12 Political control of the Council continues to be finely balanced.
- 13 Covid-19 has impacted on performance reporting.

Introduction

1. This report summarises the findings arising from the 2019/20 audit of Moray Council (the Council) and its group. The scope of the audit was set out in our 2019/20 Annual Audit Plan which was presented to the Audit and Scrutiny Committee in October 2020. This report comprises the findings from:

- an audit of the annual accounts
- consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

Exhibit 1 Audit dimensions



Source: Code of Audit Practice 2016

2. The main elements of our audit work in 2019/20 have been:

- an audit of the annual accounts of the Council and its group and the statement of accounts of the section 106 charities administered by the Council including independent auditor's reports setting out our opinions
- a review of the Council's key financial systems
- an audit of the Council's arrangements to secure Best Value as reported in the Best Value Assurance Report published in August 2020.

3. Subsequent to the preparation of the Annual Audit Plan, in common with all public bodies, the Council has had to respond to the global coronavirus pandemic. Our approach to audit during these circumstances will be pragmatic, flexible and consistent. We issued a paper, [Covid-19 How public audit in Scotland is responding](#), setting out Audit Scotland's strategy and approach to our financial and

performance audit programmes. It provided detail about the scope, timing and areas of focus for our audit work.

Adding value through the audit

4. We add value to the Council through the audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability
- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides.

5. We aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.

Responsibilities and reporting

6. The Council has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. It is also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

7. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the Code of Audit Practice 2016 and supplementary guidance, and International Standards on Auditing in the UK. As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on the effectiveness of the Council's performance management arrangements, the suitability and effectiveness of corporate governance arrangements, the financial position and arrangements for securing financial sustainability and Best Value. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.

8. This report raises matters from our audit. The weaknesses and risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

9. Our annual audit report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, responsible officers and dates for implementation. It also updates on progress with outstanding actions from last year.

Auditor Independence

10. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and that the 2019/20 audit fee of £239,950 as set out in our Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

11. This report is addressed to both the Council and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course. We would like to thank the management and staff who have been involved in our work for their cooperation and assistance during the audit.

Part 1

Audit of 2019/20 annual accounts



Main judgements

Our audit opinions on the annual accounts of the Council, its group and the section 106 charities administered by the Council are unmodified.

An ‘emphasis of matter’ paragraph is included in the independent auditor’s report to draw attention to the material uncertainty in property valuations caused by the Covid-19 pandemic. We considered the significance of disclosures in other areas of uncertainty (pensions valuations) and concluded these were appropriate and the issues were less significant than the property valuation.

On 16 July 2020, the UK Government released a consultation document on the remedy to the issues identified by the McCloud case. The Council has included an adjustment of £7.6 million in the audited accounts, which reflects a more up to date assessment of the pension liabilities, in line with the proposed remedy.

Covid-19 impacted on the audit and delayed publication of the audited annual accounts by 2 months.

Further improvements could be made to the management commentary.

The annual accounts are the principal means of accounting for the stewardship of resources and performance.

Our audit opinions on the annual accounts are unmodified

12. The accounts for the Council and its group for the year ended 31 March 2020 were approved by the Moray Council on 1 December 2020 (TBC). We reported in the independent auditor’s report that the:

- financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- management commentary, annual governance statement and the audited part of the remuneration report were all consistent with the financial statements and properly prepared in accordance with the relevant regulations and guidance.

The Council identifies uncertainty in property valuations due to Covid-19

13. The “Emphasis of Matter” section in our Independent Auditor’s Report refers to the disclosures in note 6 of the financial statements, which identify a material valuation uncertainty in respect of property valuations, caused by the Covid-19 pandemic. Emphasis of Matter paragraphs are added to auditors’ reports where the auditor considers it necessary to draw user’s attention to matters which are fundamental to the understanding of the financial statements. Further information is contained in [Exhibit 4](#) below. The audit opinion is not modified in respect of this matter.

Covid-19 impacted on the audit of the annual accounts

14. In March 2020, in response to the global Covid-19 pandemic, Scotland went into lockdown. Since then Audit Scotland and the Council's finance staff have been working from home and we have, therefore, had to adapt our 'normal' audit approach and work together to develop new ways to audit remotely.

15. The Scottish Government has advised that it considers the provisions made in Schedule 6 of the Coronavirus (Scotland) Act 2020 to be sufficient to allow each local authority to determine its own revised timetable for the annual accounts. The unaudited accounts were received on 30 July 2020, which was one month later than the agreed audit timetable set out in our Annual Audit Plan. This delay was mutually agreed to help both Audit Scotland and the Council manage their staff resources during Covid-19.

16. Throughout the audit process there has been on-going discussions with Council staff and their support enabled the audit to proceed. However, the limitations of remote working did impact on our audit timetable and the audit took longer than normal to complete.

17. The working papers provided to support the unaudited accounts were of a reasonable standard. However, as we were unable to access Council systems directly, we often had to rely more on Council staff to obtain and present audit evidence at a time when Council staff were also dealing with the significant additional pressures from Covid-19.

No objections were received on the annual accounts

18. The Local Authority Accounts (Scotland) Regulations 2014 require a local authority to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on the website throughout the inspection period. The Council complied with the regulations and there were no objections to the 2019/20 annual accounts.

Our audit opinions on Section 106 charities were unmodified

19. Due to the interaction of section 106 of the Local Government in Scotland Act 1973 with the charities legislation, a separate independent auditor's report is required for the statement of accounts of each registered charity where members of the Council are sole trustees, irrespective of the size of the charity.

20. We received the connected charities' accounts in line with the original agreed timetable and after completing our audit we issued an unmodified audit opinion on the 2019/20 statement of accounts of The Moray Council – Connected Charity Trust Funds.

Plans to transfer to a single charitable trust continue

21. In previous years we have reported that the majority of the Council's section 106 charities have not disbursed any funds for many years and so it is unclear how they meet the public benefit requirement. The Council plans to transfer these trusts into a single trust 'The Moray Council Charitable Trust', which was registered with the Scottish Charity Regulator (OSCR) in August 2016. During 2019/20, no trusts were transferred. At the time of writing, OSCR has approved the transfer of 23 of the section 106 trusts to the single trust in 2020/21.

Whole of Government Accounts

22. In accordance with the WGA guidance we intend to complete the required assurance statement and submit it to the National Audit Office by the extended deadline of 4 December 2020.

Overall materiality is £3.7 million

23. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. On receipt of the unaudited annual accounts we reviewed our materiality levels and updated them as set out in [Exhibit 2](#).

Exhibit 2 Council materiality values

Materiality level	Amount
Overall materiality	£3.7 million
Performance materiality	£2.2 million
Reporting threshold	£150,000

24. We also set separate materiality levels for the Connected Charity Trust Funds as outlined in [Exhibit 3](#).

Exhibit 3 Connected Charity Trust Funds' materiality values

Materiality level	Amount
Overall materiality	£17,500
Performance materiality	£10,500
Reporting threshold	£1,000

Audit work addressed the main risks of material misstatement

25. Our Annual Audit Plan detailed the risks of material misstatement identified for the annual accounts of Moray Council, its group and the associated section 106 charities. We also highlighted any wider dimension audit risks identified. These risks influence our overall audit strategy, the allocation of staff resources to the audit and indicate how the efforts of the audit team were directed. These risks, the work we undertook to address them and our conclusions from this work are detailed in [Appendix 2](#).



We have a number of significant findings to report from the audit

26. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices covering accounting policies, accounting estimates and financial statements disclosures. The significant findings from the audit of the annual accounts are summarised in [Exhibit 4](#).

Exhibit 4

Significant findings from the audit of the financial statements

Issue	Resolution
<p>1. Property valuations and Covid-19 uncertainty</p> <p>The Balance Sheet includes property, plant and equipment with a total value of £928 million. The Council has a five-year rolling valuation programme as detailed in Note 16. The asset valuer has included a material uncertainty disclosure within the valuation report regarding the impact of Covid-19 on the valuation of land and buildings, and pointed out that a higher degree of caution should be attached to the valuations contained in the annual accounts than would normally be the case.</p> <p>Note 6 (Assumptions made about the future and other major sources of material uncertainty) to the accounts notes there is significant uncertainty in the property markets and that there is potential for the Council's property asset values to change significantly.</p>	<p>We added an Emphasis of Matter paragraph to the independent auditor's report because we believe the disclosure is fundamental to users' understanding of the accounts.</p> <p>The audit opinion is not modified in respect of this matter.</p>
<p>2. Pension scheme property valuations (Covid-19)</p> <p>The IAS19 report received from the actuary, Mercers, provided the year-end pension information for Moray Council. No additional uncertainty was identified in the IAS19 report on the asset values. However, the audited accounts of North East Scotland Pension Fund include a material valuation uncertainty note that covers the valuation of the Fund's UK property portfolio, due to the unprecedented set of circumstances caused by the Covid-19 pandemic.</p> <p>Note 6 (Assumptions made about the future and other major sources of material uncertainty) to the accounts notes there is significant uncertainty in the property markets and that there is potential for the value of the Council's share of the Pension Fund's property assets to change significantly.</p>	<p>We considered the basis of IAS 19 reporting and the extent of level 3 investments held by North East Scotland Pension Fund (these are the hardest to value as they are not frequently traded and are valued subjectively rather than by reference to market prices). We also considered the normal valuation uncertainty and the relative share of this risk borne by Moray Council.</p> <p>We concluded that the matter did not require an 'emphasis of matter' paragraph in our independent auditor's report.</p>
<p>3. Pension valuations – McCloud liability revision</p> <p>In January 2017 an employment tribunal ruled that a group of claimant judges had been subject to age discrimination when they were transferred to a new career average scheme, known widely as the McCloud case.</p> <p>On 16 July 2020, the UK Government released a consultation document on the remedy to the issues. This identified a proposed treatment for pension members affected.</p> <p>Following this, Mercers (actuary) contacted the Council to advise them that the proposed remedy indicated that the estimated liability included in the IAS19 report for 2019/20 should be reduced as the basis for determining who the remedy applied to was more onerous than the actuary's previous estimate.</p>	<p>The Council requested a revised valuation report from the actuary taking into account this remedy.</p> <p>The amendments resulted in a decrease of £7.6 million for the pension liability in the accounts.</p> <p>The audited accounts include the revised estimate for "McCloud".</p>

Issue	Resolution
<p>4. VAT rebate claim understated</p> <p>During 2019/20 the Council successfully reclaimed £1.8 million from HMRC by adopting partial exemption rules that enable the Council to not account for output VAT on sports and leisure services. Only £1 million of this was included in the unaudited accounts.</p>	<p>Net cost of services was overstated, and short-term debtors were understated by £0.7 million in the unaudited accounts.</p> <p>This misstatement has been corrected in the audited financial statements.</p>
<p>5. Misclassification of investments</p> <p>Cash and cash equivalents are investments that mature within 3 months or less of the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value. Audit testing of the £0.3 million of long-term investments identified that this balance had been incorrectly classified as it met the definition of cash and cash equivalents.</p>	<p>Long-term debtors were overstated, and cash and cash equivalents were understated by £0.3 million in the unaudited accounts.</p> <p>This misstatement has been corrected in the audited financial statements.</p>
<p>6. Accounting for non-current assets</p> <p>A reconciliation between the valuer's report and the fixed asset register (FAR) was not prepared until requested by audit. Once prepared, it identified that non-current assets and the revaluation reserve had been understated by £1 million in the unaudited accounts.</p> <p>Two assets were identified as belonging to the Common Good Fund during 2019/20 but not removed from the Council's fixed asset register. As a result, non-current assets and the revaluation reserve were overstated by £0.2 million.</p> <p>In addition, we noted that the valuer's report provided for audit purposes did not agree with the report used to prepare the unaudited accounts. The Council confirmed that the report provided to audit was the final version. As a result, non-current assets and the capital adjustment account were overstated by £0.4 million. Note this has not been corrected in the audited accounts.</p>	<p>The audited accounts have been updated for the first two points. However, due to an error in the processing of the correcting entries, non-current assets and the revaluation reserve are understated by £0.2 million in the audited accounts.</p> <p>The third point has not been amended in the audited accounts and is an unadjusted misstatement</p> <p> Recommendation 1 (refer appendix 1, action plan)</p>
<p>7. Accounting for non-charitable trust funds</p> <p>The accounting policies for the non-charitable trust funds state that they have been prepared in accordance with the Code. Audit testing noted that entries relating to depreciation, donated assets and revaluation movements had not been disclosed in accordance with the Code.</p>	<p>The Other Trust Funds' revenue balance and capital adjustment account are understated by £0.8 million and £0.6 million respectively, and the revaluation reserve and available for sale financial instruments reserve are overstated by £0.6 million and £0.8 million respectively. The audited accounts have not been amended to reflect these misstatements.</p> <p>Finance staff have agreed to revisit the operation and presentation of these reserves as part of the 2020/21 audit.</p> <p> Recommendation 2 (refer appendix 1, action plan)</p>

Issue	Resolution
<p>8. Management commentary</p> <p>Last year, we recommended that the Council should review its management commentary against the expectations set out in the Accounts Commission's Financial Overview report 2017/18. Improvements have been made this year but there is still scope to further improve the clarity of reporting for readers of the accounts.</p>	<p>We will discuss this further with the Council as part of our 2020/21 audit</p> <div data-bbox="869 387 917 448"> </div> <p>Recommendation 3 (refer appendix 1, action plan)</p>

Misstatements of £3.5 million were identified but we did not need to further revise our audit approach

27. Our audit identified misstatements of £3.5 million. The accounts were amended to reflect the majority of these; the unadjusted misstatements total £1.2 million ([Exhibit 4, points 6 and 7](#)). There was also an adjustment (£7.6 million) to an estimate which arose due to further information becoming available after the balance sheet date which allowed actuaries to make a more accurate estimate of pension cost based on the proposed remedy to McCloud ([Exhibit 4, point 3](#)).

28. The net effect of the adjustments made (including those below our clearly trivial threshold) was to increase the surplus on the provision of services, other comprehensive income and net assets by £0.5 million, £8.5 million and £9 million respectively. The general fund increased by £0.7 million, and unusable reserves by £8.3 million.

29. There are 3 uncorrected misstatements in the audited accounts ([Exhibit 4, points 6 and 7](#)). Had these adjustments been made, the surplus on the provision of services and net assets would have been reduced by £0.4 million and £0.2 million respectively and other comprehensive income would have increased by £0.2 million. There would be no impact on the general fund.

30. It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected although the final decision on making the correction lies with those charged with governance considering advice from senior officers and materiality. Management have not adjusted these as they consider they are not material to the users of the accounts.

31. There was one adjustment ([Exhibit 4, point 3](#)) that exceeded our performance materiality threshold. We concluded that this had been identified in its entirety and did not indicate further systemic error and so we did not need to revise our audit approach.

Limited progress has been made with prior year recommendations

32. The Council has made limited progress in implementing our prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with management, and are set out in [Appendix 1](#).

Part 2

Financial management



Main judgements

Financial management is effective. The 2019/20 savings target of £10 million was exceeded and the Council reported a surplus for the year, adding £7 million to the general fund.

The Council invested more in capital projects during 2019/20 than in each of the previous four years, funded mainly from Scottish Government grants.

Financial system controls generally operated effectively, but there were some weaknesses.

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively

The 2019/20 general fund budget was £204 million and included planned savings of £10 million and use of £5 million of reserves

33. In February 2019, the Council approved its net revenue general services budget (£204 million) for 2019/20. After council tax increases of 4.79%, the resulting budget gap of £15.3 million was to be funded from reserves (£5.2 million) and savings (£10.1 million). Following confirmation of the 2018/19 outturn position and other in-year adjustments, the budgeted use of reserves was reduced to £4.3 million.

Financial management and reporting are effective

34. As reported in our [Best Value Assurance Report](#), the Council receives good quality information about its finances. Regular budget monitoring reports are presented to the full Council or Policy and Resources Committee on a quarterly basis. These reports provide an overall picture of the budget position at service level, a forecast outturn position and good narrative explanations for significant variances against budget. Regular financial planning updates are also provided to members, these contain up-to-date financial forecasts and savings proposals as the next year's budget develops.

The Council reported a surplus of £9 million for 2019/20, compared to a deficit of £19.5 million in the previous year

35. The Council made a surplus of £9 million on the provision of services in 2019/20, compared to a deficit of £19.5 million for the previous year. This turnaround was achieved through delivery of £2.5 million of additional savings (£12.6 million compared to £10.1 million budget) and better than expected funding and income including: council tax income (£0.8 million), Business Rates Incentivisation Scheme (BRIS) retention (£1.9 million), a one-off VAT refund (£1.8 million), additional revenue grant funding (£4.2 million) and capital grants and contributions (£4.9 million).

The general fund (excluding HRA) increased by £7 million compared to a budgeted decrease of £5 million

36. The Council budgeted to use £5.2 million of the general fund to balance its budget in 2019/20. The Council actually added £6.8 million to its general fund balance. This represents an improvement of £12 million on the budgeted use of these reserves. The Council also planned to release £0.7 million from its repair and renewal fund to help fund services but this was not required in 2019/20.

37. The outturn report notes that the majority of Council services reported a net underspend against the revised budget at 31 March 2020. Overspends were reported for health and social care (including additional year end funding provided to Moray Integration Joint Board £0.8 million) and loans charges (£0.4 million). The report also notes that there were significant variances in some services (Education, Children's Services, Housing & Property) between the projected outturn at 31 December 2019 and the actual outturn and that these services will be reviewed to identify any areas for potential additional savings. The 2020/21 budget has been updated to reflect additional net recurring savings of £0.2 million.

The housing revenue account balance increased by £1 million during 2019/20

38. The Council is required by legislation to maintain a separate housing revenue account (HRA) and to ensure that rents are set to a level which will at least cover the costs of its social housing provision.

39. The budgeted gross expenditure for the HRA in 2019/20 was £19.4 million. This was mostly funded from council house rents.

40. The Council recorded a surplus on HRA services of £3.6 million in 2019/20. After applying the statutory accounting adjustments and transfers from reserves (£2.6 million), the HRA balance increased by £1 million. This leaves a cumulative surplus of £2.2 million to be carried forward to future years.

The Council invested more in capital projects during 2019/20 than in each of the previous four years

41. In February 2019, the Council approved the 2019/20 Capital Plan totalling £96 million. Amendments were made to the Capital Plan throughout the financial year to give a final approved Capital Plan of £92 million (£69 million for general services and £23 million for HRA), as timings for major projects became clearer.

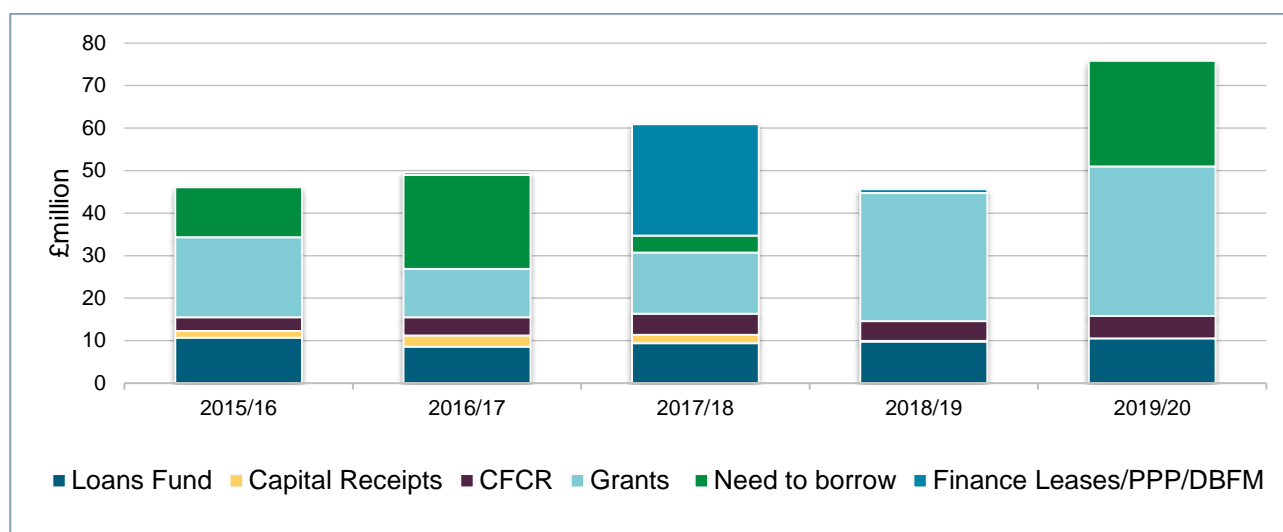
42. The Council spent £76 million on capital projects during 2019/20 ([Exhibit 5](#)), more than in any of the previous four years. Over £12 million was invested in new council houses and £6 million in improving the current housing stock. Within general services, the majority of expenditure was within Education Services including the new Lossiemouth High and Linkwood Primary schools.

The majority of the capital programme was funded through capital grants from the Scottish Government

43. [Exhibit 5](#) sets out how capital expenditure was funded during the year. For 2019/20, the majority of funding was from Scottish Government grants. This was mainly due to increased capital grant received to fund the new Lossiemouth High School. The Council's underlying need to borrow increased by £25 million during 2019/20.

Exhibit 5

Sources of finance for capital expenditure



Source: Moray Council annual accounts

Capital receipts have been used to fund exit packages resulting from the Council's transformation projects

44. Scottish Ministers permit councils to use capital receipts to fund projects designed to transform service delivery to reduce costs and/or reduce demand, or both. The Council used £0.5 million of its capital receipts to fund exit packages resulting from the Council's transformation projects in 2019/20.

Financial system controls generally operated effectively, but there were some weaknesses

45. As part of our audit we identify and assess the key internal controls in those accounting systems which we regard as significant to produce the financial statements. Our objective is to gain assurance that the body has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

46. We concluded that key controls were operating effectively with the exception of payroll validation checks, the completion of the housing rents reconciliation and authorisation of journals. We revised our audit approach in response to the weaknesses identified to enable us to obtain sufficient assurance to conclude on the 2019/20 annual accounts. No issues were identified from the additional testing undertaken.



Recommendation 4

The Council should ensure that a robust payroll validation process is introduced across all services, and any differences on the annual housing rents reconciliation are timeously investigated and cleared.

Part 3

Financial sustainability



Main judgements

2020/21 savings targets are less than last year, and are still made up of many small amounts.

The net financial impact in 2020/21 of the Covid-19 pandemic is currently estimated at £7.4 million.

The unearmarked general fund reserve has increased to £15 million but may fall to £6 million by March 2021.

Medium-term financial plans have been revised due to Covid-19 but lack detailed savings plans. Progress against the Council's transformation plan was halted in a number of areas as a result of Covid-19.

Financial sustainability looks forward to the medium and long term to consider whether the Council is planning effectively to continue to deliver its services or the way in which they should be delivered.

2020/21 savings targets are less than last year, but are still made up of many small amounts

47. In March 2020, the Council approved a 2020/21 revenue budget of £212 million. After council tax increases of 4.84% and the use of £2 million of capital receipts to fund investment in change, the resulting budget gap is to be funded by savings (£3.1 million) and reserves (£2.3 million). The Council has a history of delivering or exceeding its savings target and this has contributed to the savings target for 2020/21 being considerably less than in 2019/20, but as in previous years, the planned savings for 2020/21 are made up of many small amounts. The most significant saving is £0.4 million from the Council's Improvement and Modernisation Programme. Planned savings includes £0.6 million of temporary savings for 2020/21.

The net financial impact in 2020/21 of the Covid-19 pandemic is currently estimated at £7.4 million

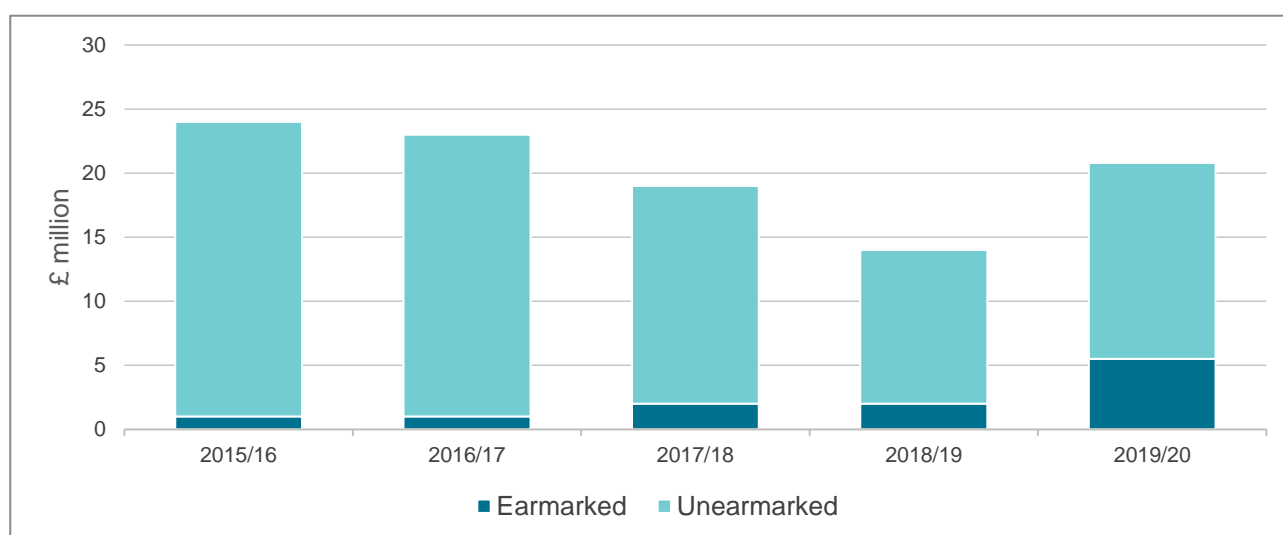
48. A short-term financial plan was presented to the Council meeting on 2 September 2020 which projected additional costs incurred responding to and recovering from the Covid-19 pandemic of £7.4 million. The Council has identified that unless savings can be generated, or further funding is received from the Scottish Government the cost will be funded from reserves. Moray Council has identified that the use of reserves to help cover Covid-19 costs is supported by COSLA and is part of the Scottish Government expectations.

The unearmarked general fund reserve has increased to £15 million but may fall again to £6 million by March 2021 due to the impact of Covid-19

49. The Council's approved reserve strategy is to hold £5 million as minimum unearmarked reserves. The general fund balance has increased from £14 million in 2018/19 to £21 million in 2019/20. The unearmarked portion of the total general fund reserve also increased from £12.3 million to £15.3 million.

50. [Exhibit 6](#) provides a summary of earmarked and unearmarked general reserve balances since 31 March 2016. This shows that 2019/20 was the first time in a number of years that the general fund balance had increased. This provided the Council with an improved financial sustainability position. However, as a result of the projected funding gap due to the Covid-19 pandemic the balance may fall to £6.3 million by March 2021. This would leave the Council with very little headroom over the minimum amount and could increase pressure on the Council to deliver transformational savings.

Exhibit 6 General fund balances



Source: Council's Financial Statements

The Council has set aside more in 2019/20 to fund transformation

51. During 2019/20, members agreed to set aside £2.9 million in an earmarked reserve to be used to help the Council meet the priorities set out in the Corporate Plan. It is intended that any one-off expenditure which assists the achievement of financial sustainability (such as exit packages) will be funded from this earmarked reserve. This is in addition to the £0.7 million set aside in December 2018 to fund transformation projects.

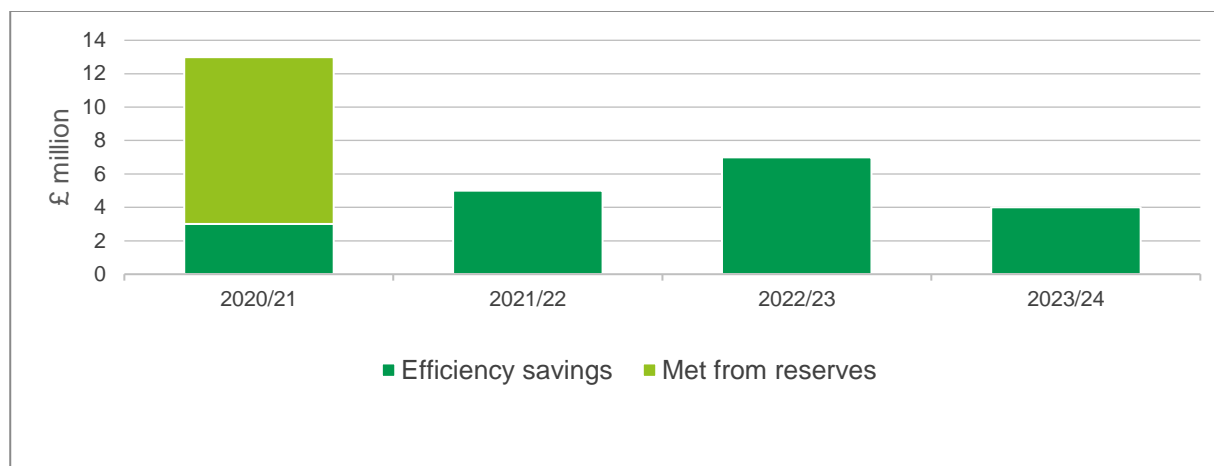
Medium-term financial plans have been revised due to Covid-19, but lack detailed savings plans

52. Current projections indicate that the Council faces significant funding gaps for 2020/21 – 2022/23. After the planned use of reserves in 2020/21, these gaps will have to be funded from efficiency savings. [Exhibit 7](#) shows the projected funding gap to 2022/23 reflecting the additional financial challenges the Council faces due to the implications of the Covid-19 pandemic. The Council has yet to detail the actions that will achieve this level of savings. The Council has identified that

looking to 2021/22 and beyond, they will be unable to continue to rely on cumulative small-scale savings and they must focus on transformation of service delivery through progress of the Improvement and Modernisation Plan (IMP).

Exhibit 7

Identified funding gaps 2020/21 – 2023/24



Source: Council's Short-Term Financial Planning

Progress against the Council's transformation plan was impacted by Covid-19

53. In previous years we have reported that the Council was developing an Improvement and Modernisation Programme (IMP) to deliver the transformational change required to achieve medium- and long-term financial sustainability. In our [Best Value Assurance Report](#) we noted that progress in developing projects to transform Education and Integrated Children's Services had been slower than expected and that as these services account for nearly half of the Council's net expenditure, transforming how these are delivered is essential to achieving financial sustainability.

54. Work in progressing the IMP was halted in a number of areas as a result of Covid-19, with the Head of Transformation being redeployed to assist in managing the response to the pandemic. As a result of these delays and in recognition of the long-term nature of this work, the Head of Transformation post has been extended for another 12 months. The Council has acknowledged the need to identify the issues and opportunities arising from the pandemic as a first step to updating the IMP. A further update on the IMP will be reported to the Education, Communities and Organisational Development Committee in November 2020.



Recommendation 5

The Council needs to increase the pace of delivery of its Improvement and Modernisation Programme so that it can deliver the savings necessary to deliver sustainable services.

Part 4

Governance and transparency



Main Judgements

Overall governance arrangements are appropriate but have been impacted by the Covid-19 pandemic.

Political control of the Council continues to be finely balanced.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making and transparent reporting of financial and performance information.

Overall governance arrangements are appropriate, but have been impacted by the Covid-19 pandemic

55. As part of our audit process we are continually assessing the governance arrangements within the Council. Up until March 2020, our previous year's conclusion was still relevant: that appropriate governance arrangements are in place to support decision making.

56. On 25 March 2020 the Council agreed revised governance arrangements that would be implemented in response to the Covid-19 pandemic. The Council's committee structure was suspended with the Chief Executive being granted temporary delegated authority for critical decisions that would normally require committee approval. At this meeting the Council agreed to form a temporary Emergency Cabinet of 7 Councillors reflecting the political balance of the Council.

57. Council services have been significantly affected and all staff were asked to work from home where possible. Restricted services operated in areas such as household waste, housing repairs and registrations. Alternative arrangements were put in place to support those children in receipt of free school meals.

58. The Council established an emergency Incident Management Team (IMT), chaired by the Chief Executive, to determine the extent of the emergency; agree strategy, tactics and priorities both in the short and long term; initiate and deliver response actions; ensure a comprehensive log of events and record of costs is maintained; and to prepare to take over and lead the recovery and renewal phase. The IMT met 23 times between 10 March and 12 May.

59. On 15 May 2020, the IMT was reconstituted as a Response and Recovery Management Team (RRMT) with responsibility for continuing to respond to the pandemic and to plan and co-ordinate the recovery and renewal including redeployment of staff across functions and services, and provision of ICT for critical functions.

60. On 17 June 2020, a full Council meeting was held remotely for the first time and webcast live to the public. The Council approved an amendment to the standing orders to permit future Council and committee meetings to meet remotely and for the Emergency Cabinet to remain in place.

61. Covid-19 has exacerbated many pre-existing risks and challenges facing public bodies in areas such as financial sustainability and service demand pressures. We recognise that audit committees have a crucial role to play in providing effective scrutiny and challenge as they help public bodies focus on important aspects of the business and maintain effective oversight of spending, performance and governance arrangements. As public bodies manage their business during this global pandemic, the role of audit committees becomes even more important. We recently issued a [Guide for audit and risk committees](#) which draws on our recent experience of auditing public bodies during this pandemic.

Business continuity planning arrangements require to be updated to reflect the lessons learned from lockdown

62. In previous years, we have recommended that the Council review its business continuity arrangements to ensure that they are up-to-date and fit for purpose. This work has yet to be concluded due to resourcing issues. The Council has confirmed that it will review its approach to business continuity planning during 2020/21 and that this will include lessons learned from the Covid-19 pandemic. We will continue to monitor progress in this area as part of our 2020/21 audit.



Recommendation 6

The Council should review its business continuity planning arrangements to ensure that they are up to date and fit for purpose. Lessons learnt from the pandemic should also be incorporated.

Political control of the Council continues to be finely balanced

63. In our [Best Value Assurance Report](#) we noted that political control was finely balanced at a time when the Council needs to work constructively to make some difficult strategic decisions.

64. In September 2020, a councillor left the SNP minority administration reducing their number to eight, one less than the Conservative Group. A motion to change the Convener and Leader of the Council (and hence the administration) and adopt a weighted cabinet governance structure was defeated at the Council meeting on 28 October 2020. The balance of representation of the Council's committees is due to be reviewed at the next meeting of the Council on 17 November 2020.

The Council is open and transparent in the way it conducts its business

65. Prior to March 2020 members of the public were able to attend Council and other committee meetings as well as accessing agendas, papers and minutes on the Council's website. The move to remote committee meetings has restricted direct attendance however the relevant papers were still available on the website to support transparency.

66. The Council's website also allows the public to access a wide range of information including current service updates and restrictions due to Covid-19, advice for individuals and businesses and how to contact the Council or make a complaint. The Council also makes the register of members' interests and the annual accounts available on the website.

Standards of conduct and arrangements for the prevention and detection of fraud and error are appropriate

67. The Council has a range of established procedures for preventing and detecting fraud and irregularity including a whistleblowing policy, anti-fraud strategy and codes of conduct for members and officers. As part of our audit, we reviewed these documents and noted that the Money Laundering Policy had not been reviewed for a number of years. Otherwise these were appropriate, readily available to staff and regularly reviewed to ensure they remain relevant and current.



Recommendation 7

The Council should ensure that the money laundering guidance is updated.

The Council has taken appropriate steps to progress the January 2019 NFI matches

68. The Council demonstrated a good level of engagement with the most recent NFI exercise. 3,398 individual matches were identified, of which 711 investigations have been completed. In line with the NFI guidance, the Council adopted a risk-based approach to the NFI matching exercise, scanning all recommended matches and then testing those assessed as higher risk. To date, a total of five errors (4 housing benefits and 1 duplicate payment) have been found with a cumulative value of £34,298, all of which is being recovered. A final report on the outcomes from the 2019 exercise is due to be submitted to the Audit and Scrutiny Committee in January 2021.

Part 5

Best Value



Main judgements

The Best Value audit reported serious concerns about the lack of sustained improvement in Moray Council over many years but noted recent progress is now being made toward some significant strategic decisions. The Council has prepared an action plan to address the recommendations in the Report and the Accounts Commission has requested a further follow-up report by February 2022.

Covid-19 has impacted on performance reporting.

Best Value is concerned with using resources effectively and continually improving services.

The recent Best Value Assurance Report noted serious concerns about the lack of sustained improvement in Moray Council over many years

69. Best value is assessed over the audit appointment, as part of the annual audit work. In addition, a Best Value Assurance Report (BVAR) for each council will be considered by the Accounts Commission at least once in this period. The [BVAR report for the Council](#) was published in August 2020.

70. The BVAR said:

- the Council has received six Best value Reports since 2006 consistently highlighting Best Value issues and slow progress in addressing these. This has continued, since 2015, with political instability and lack of focus resulting in a slow pace of change. Recent progress is now being made toward some significant strategic decisions
- recent progress includes a corporate management team restructure, committee structure review, new performance management framework and a review of the learning estate strategy. Most of these are still at an early stage. Progress against the Council's transformation plan has so far been limited
- the Council's financial position is extremely challenging, and it continues to rely on lots of small savings and using reserves to balance its budget. This is unsustainable over the medium term and the Council is at risk of depleting its general fund reserves in four years
- performance reporting focuses on each service, but it is difficult to see how this contributes to the Council achieving its overall priorities. The Council is implementing its revised performance management framework and is developing wider corporate indicators
- performance relative to other councils has deteriorated over the past five years, particularly in educational attainment. Overall, Moray is one of the

lowest performing Scottish local authorities, a significant decline since 2014/15 when Moray was placed 12th. The Council has put in place additional measures to give young people more opportunities to improve attainment.

- Council properties are in poor condition predominately because the condition of Moray's learning estate is the worst in Scotland. The Council has previously found it difficult to make decisions regarding key assets, but it is now starting to work together to agree and implement strategies.
- workforce morale is good and staff commitment to change is positive, but staff survey responses have identified wider workload issues. The capacity of staff to deliver change has been identified as a limiting factor in several areas in this report. This represents a significant risk in delivering Best value going forward.
- the strategic focus of the Community Planning Partnership (CPP) on outcome and performance has also been slow to improve, though the CPP demonstrated good partnership working in addressing issues in children's services.
- the Council demonstrates some good progress in implementing community empowerment and has developed a corporate engagement strategy to involve communities in the future of Council services.

The Council has prepared an action plan to address the recommendations in the Best Value Assurance Report

71. At its meeting on 7 October 2020 the Council noted the recommendations within the BVAR and agreed to set up a member/officer working group to develop the action plan including performance measures. The resulting action plan was approved by the Council on 28 October 2020. Progress against the action plan will be reported to a meeting of the Council every eight weeks.

The Accounts Commission has requested a further follow-up report

72. The Accounts Commission has requested a further report by the Controller of Audit no later than February 2022. Six of the nine priorities included in the action plan are targeted for completion by the end of the 2021 calendar year with the remaining three being targeted for completion in each of the following three years.

Covid-19 has impacted on performance reporting

73. The Accounts Commission issued a revised 2018 Statutory Performance Information Direction in December 2018 which requires a council to report:

- its performance in improving local public services provided by the council (on its own and with its partners and communities), and progress against agreed desired outcomes
- its own assessment and independent audit assessments of how it is performing against its duty of Best Value, and how it plans to improve these assessments and how it (with its partners where appropriate) has engaged with and responded to its diverse communities.

74. We commented on issues with the existing performance reporting arrangements in our [Best Value Audit Report](#).

75. Both performance reporting and progress with implementing the new performance management framework were impacted by the Covid-19 outbreak, with the performance team diverted to support the provision of Covid-19-related data. We noted that:

- quarter 4 (2019/20) performance reporting was delayed, with reports only recently having been submitted to service committees in November 2020. The Q4 reports incorporate both Q3 and Q4 data
- the most recent [National Benchmarking Overview Report 2018/19](#) by the Improvement Service has not been submitted to members. Performance against the 2018/19 Local Government Benchmarking Framework (LGBF) indicators is considered by specific services and reported to their respective committees, but analysis of the Council's overall performance at a corporate level has not been undertaken
- the annual public performance report against the Corporate Plan (due for publication in July 2020) has been delayed until January 2021
- the Council's set of key performance indicators (KPIs) is currently being revisited to realign it with the Corporate priorities.

76. We will continue to monitor progress and will report our findings in the follow-up report to the BVAR which will be presented to the Accounts Commission no later than February 2022.

National performance audit reports

77. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2019/20, Audit Scotland published a number of reports were issued which may be of interest to the Council. These are outlined in [Appendix 3](#).

78. The Council has a process in place to ensure that findings from national reports are reviewed, and where relevant, presented to the Audit and Scrutiny Committee. This reporting includes an assessment of current arrangements and the identification of actions to be taken to apply good practice examples highlighted in the reports.

Appendix 1

Action plan 2019/20

No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Accounting for non-current assets</p> <p>Audit testing identified a number of errors in how revaluations had been included in the unaudited accounts.</p> <p>Risk: assets are incorrectly classified and accounted for within the financial statements.</p>	<p>Procedures for accounting for revaluations of non-current assets should be reviewed. A reconciliation between the valuer's report/spreadsheet and the fixed asset register (FAR) should be prepared and included in the working papers package.</p> <p>Exhibit 4, point 6</p>	<p>Recommendation accepted: procedure will be reviewed. A reconciliation between the valuer's report and FAR will be prepared as part of the year end working papers,</p> <p>Responsible officer:</p> <p>Principal Accountant</p> <p>Agreed date: 31 March 2021</p>
2	<p>Accounting for non-charitable trusts</p> <p>Audit testing noted that entries relating to depreciation, donated assets and revaluation movements had not been disclosed in accordance with the Code. These entries were not material to our opinion this year.</p> <p>Risk: the accounts for the non-charitable trust funds are materially misstated.</p>	<p>The Council should review how it accounts for non-charitable trusts to ensure full compliance with the Code.</p> <p>Exhibit 4, point 7</p>	<p>Recommendation accepted. We will review how we account for non-charitable trusts.</p> <p>Responsible officer:</p> <p>Principal Accountant</p> <p>Agreed date: 31 March 2021</p>
3	<p>Management commentary</p> <p>The management commentary requires further improvement to fully meet the expectations outlined in the Accounts Commission's Financial Overview report 2017/18.</p> <p>Risk: there is a risk that the Council's management commentary does not effectively communicate its performance.</p>	<p>The Council should review its management commentary against the expectations set out in Audit Scotland's Financial Overview 2017/18 report and the recommended good practice example (Comhairle Nan Eilean Siar).</p> <p>Exhibit 4, point 8</p>	<p>The Council will review the management commentary against specific issues raised during the audit of the 2019/20 accounts and also to ensure concessions made for the pandemic are not carried forward into future years</p> <p>Responsible officer:</p> <p>Chief Financial Officer</p> <p>Agreed date: 31 May 2021</p>
4	<p>Internal controls</p> <p>There is a lack of a robust payroll validation exercise to provide assurance over the staff costs incurred by services. The</p>	<p>The Council should ensure that a robust payroll validation process is introduced across all services, and any</p>	<p>The actions needed to ensure that robust payroll validation takes place have been identified and a work plan will be agreed.</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>annual housing rents reconciliation contained a small unreconciled difference again this year.</p> <p>Risks: payroll information is inaccurate and not identified by service departments resulting in incorrect payments; housing rents are misstated in the accounts.</p>	<p>differences on the annual housing rents reconciliation are timeously investigated and cleared.</p> <p>Paragraphs 45 & 46</p>	<p>The housing rent reconciliation process will be reviewed.</p> <p>Responsible officers:</p> <p>Head of HR, ICT and OD</p> <p>Chief Financial Officer</p> <p>Agreed date: 31 March 2021</p>
5	<p>Financial sustainability</p> <p>Progress with the Council's Improvement and Modernisation Programme has been delayed due to Covid-19. Current projections indicate that the Council faces significant funding gaps for 2020/21 – 2022/23 the majority of which will need to be funded by savings.</p> <p>Risk: the Council is unable to agree and implement a sustainable model for service delivery.</p>	<p>The Council needs to increase the pace of delivery of its Improvement and Modernisation Programme so that it can deliver the savings necessary to deliver sustainable services</p> <p>Paragraphs 53 & 54</p>	<p>The council will review the Improvement and Modernisation Programme, incorporating lessons learnt from the response and recovery to Covid-19 to produce a prioritised programme of work that is adequately resourced to accelerate progress.</p> <p>Responsible officer:</p> <p>Head of Transformation</p> <p>Agreed date: 28 February 2021</p>
6	<p>Business continuity planning</p> <p>In previous years we have reported that business continuity plans were not in place for all services and that others were not up to date. Work is still ongoing in this area.</p> <p>Risk: the Council cannot continue 'business as usual' in the event of a key systems failure.</p>	<p>The Council should review its business continuity planning arrangements to ensure that they are up to date and fit for purpose. Lessons learnt from the pandemic should also be incorporated.</p> <p>Paragraph 62</p>	<p>The Council will be asked to consider and approve the extent to which business continuity plans should be developed ensuring that resources directed to this task are proportionate to the risk and the reasonable foreseeability of business disruption occurring.</p> <p>Responsible officer:</p> <p>Head of Environmental and Commercial Services</p> <p>Agreed date: 30 June 2021</p>
7	<p>The Money Laundering Policy had not been reviewed for a number of years.</p> <p>Risk: the policy is not up to date so does not reflect any changes in legislation or best practice.</p>	<p>The Council should ensure that the money laundering guidance is updated.</p> <p>Paragraph 67</p>	<p>The Council will review the Money Laundering policy</p> <p>Responsible officer:</p> <p>Chief Financial Officer</p> <p>Agreed date: 30 June 2021</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
8	<p>Public performance reporting</p> <p>Preparation of the 2019/20 Public Performance Report has been delayed due to Covid-19. Publication is now planned for January 2021.</p> <p>Risk: the Council cannot demonstrate that it is delivering Best Value from its resources.</p>	<p>The Council should publish its 2019/20 Public Performance Report by the end of January 2021.</p> <p>b/f3</p>	<p>The Council plans to publish its 2019/20 PPR by the end of January 2021.</p> <p>Responsible officer:</p> <p>Strategy and Performance Manager</p> <p>Agreed date: 31 January 2021</p>
9	<p>Compliance with the charity test</p> <p>No progress was made with transferring section 106 trusts to the single trust in 2019/20. Since April 2020, OSCR has approved the transfer of 23 of the remaining trusts.</p> <p>Risk: the charitable trusts do not meet the charity test as they are not providing public benefit</p>	<p>The Council should complete its transfer of the 23 trusts during 2020/21.</p> <p>b/f 4</p>	<p>The Council plans to complete its transfer of the 23 trusts during 2020/21.</p> <p>Responsible officer:</p> <p>Legal Services Manager</p> <p>Agreed date: 31 March 2021</p>

Follow up of prior year recommendations

b/f 1	Capitalisation of borrowing costs	<p>The Council should review its procedures for the capitalisation of borrowing costs to ensure that they meet the requirements of the Code.</p>	<p>Partially completed</p> <p>The Council reviewed its procedures during 2019/20 and capitalised £0.7 million of interest on borrowing in the accounts. The amount of borrowing used in the calculation (£33.7 million) exceeded the amount used to fund general fund capital expenditure (£28.9 million) but the in-year impact of this was less than our clearly trivial threshold.</p> <p>No recommendation for 2019/20 as not a significant issue. We will discuss any impact on 2020/21 as part of our planning process.</p>
b/f 2	Management commentary	<p>The Council should review its management commentary against the expectations set out in Audit Scotland's Financial Overview 2017/18 report and the recommended good</p>	<p>In progress</p> <p>We noted some improvements in the Management Commentary but there is more to be done if it is to meet the expectations set</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
		practice example (Comhairle Nan Eilean Siar). We also note that the Highland Council reports this information in a more graphical presentation.	out Audit Scotland's Overview report. Recommendation 3
b/f 3	Public performance reporting	The Council should prepare and publish an annual council-wide performance report and publish it on its website.	Partially completed The 2018/19 Public Performance Report (PPR) is available on the Council's website. Preparation of the 2019/20 PPR has been delayed due to Covid-19 and is due to be published in January 2021. Recommendation 8
b/f 4	Compliance with the charity test	The Council should progress the transfer of trusts into the new trust set up in August 2016 so that available funds can be used for the public benefit.	In progress No trusts were transferred in 2019/20 but OSCR has approved the transfer of 23 of the section 106 trusts to the single trust in 2020/21. Recommendation 9
b/f 5	Financial sustainability	The Council needs to agree a medium- and long-term financial plan for the delivery of sustainable services. In order to achieve this, it needs to build on the existing strands of work and the reform matrix to agree a significant and cross-Council transformation plan.	Completed Medium-term financial plans are in place but lack detailed savings plans.
b/f 6	Performance measures	The Council should review its outcome measures and develop clear milestones and targets against which to measure its performance in delivering its priorities. Supporting plans should also be developed which clearly link to the LOIP and Corporate Plan 2023 and which support the Council's need for transformation and redesign of services.	Partially completed The Council are continuing to make progress against this recommendation with a new Corporate Plan in place since March 2020. Service plans are still in development as of November 2020. Performance reporting has continued at service level during 2019/20 against the old plans and we understand that key performance indicators are being revisited to bring them



No.	Issue/risk	Recommendation	Agreed management action/timing
			<p>into line with the priorities in the new Corporate Plan.</p> <p>We will monitor progress on this as part of the follow up of the Best Value Assurance Report.</p>
b/f 7	Management capacity	<p>Management capacity should be reviewed to ensure that it is sufficient to deliver the transformational change programme required to deliver financial sustainability in addition to 'business as usual'.</p>	<p>Partially completed</p> <p>A management restructure was implemented during 2019/20. Additional fixed term posts, including a Head of Transformation, were established to help support transformational change. The Council acknowledges that more needs to be done and plans to review capacity (and the working of CMT & SMT) as part of the BVAR action plan.</p> <p>We will monitor progress on this as part of the follow up of the Best Value Assurance Report</p>
b/f 8	Business continuity planning	<p>The Council should review its business continuity planning arrangements to ensure that they are up to date and fit for purpose.</p>	<p>In progress</p> <p>This work has yet to be concluded due to resourcing issues. The Council has confirmed that it will review its approach to business continuity planning during 2020/21 and that this will include lessons learned from the Covid-19 pandemic.</p> <p>Recommendation 6</p>

Appendix 2

Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
1 Risk of management override of controls Auditing Standards require that audits are planned to consider the risk of material misstatement caused by fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position disclosed in the financial statements for Moray Council and the connected charitable trusts.	Detailed testing of journal entries. Review of accounting estimates. Focused testing of accruals and prepayments. Identification and evaluation of significant transactions that are outside the normal course of business.	Results: we did not identify any significant issues within our work on journals. Our testing of accruals and prepayments did not identify any errors and there were no significant transactions outside the normal course of business. Conclusion: no issues were identified that indicate management override of controls
2 Risk of fraud in income recognition As set out in ISA 240, there is a presumed risk of fraud in the recognition of income. Moray Council receives a significant amount of income from several sources including income from fees and charges. The extent and complexity of income means that, in accordance with ISA240, there is an inherent risk of fraud.	Detailed testing of revenue transactions focusing on the areas of greatest risk. Walkthrough of key controls over council tax, NDR and housing rent income.	Results: we did not identify any significant issues from our testing of income controls and transactions. Conclusion: no fraud issues were identified.
3 Risk of fraud in expenditure As most public-sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. Moray Council incurs significant expenditure in areas such as welfare benefits and social care payments where there is an inherent risk of fraud. The majority of expenditure incurred by the connected charitable trusts relates to grant payments	Walkthrough of key controls over social care payments. Detailed testing of expenditure including social care payments, housing benefit transactions, and grant payments made by the charitable trusts.	Results: we did not identify any significant issues from our testing of expenditures controls and transactions. Conclusion: no fraud issues were identified.

Audit risk	Assurance procedure	Results and conclusions
where there is also an inherent risk of fraud.		
4 Risk of error in areas of estimation and judgement There is a significant degree of subjectivity in the measurement and valuation of the material account areas of non-current assets and pensions. The extent of judgement involved increases the risk of material misstatement and requires a specific audit focus.	Assessment of the scope, independence and competence of the professionals engaged in providing estimates for non-current assets and pensions. Review of the appropriateness of actuarial results including comparison with other councils. Review of officers' arrangements for ensuring the completeness and accuracy of professional estimations for non-current assets and pensions. Walkthrough of the processes for determining valuations. Review of actual experience of significant estimates made in the prior year.	Results: Estimations and judgements within the annual accounts were based on the most recent information. The additional uncertainty caused by the Covid-19 pandemic has been adequately disclosed within the accounts. The pensions valuation has been revised following proposals to remedy the issues raised by the McCloud case, that emerged after 31 March 2020 Conclusion: An 'emphasis of matter' paragraph has been included in the independent auditor's report to draw attention to the additional uncertainty in property valuations.

The Moray Council – Connected Charity Trust Funds

5 Compliance with the charity test 20 of the Council's 31 charitable trusts have not disbursed any funds in the last five years and so it is unclear how they meet the public benefit requirement set out in guidance issued by the Officer of Scottish Charity Regulator (OSCR).	Review of progress made with reorganising existing trust funds, identify those that do not meet the public benefit requirement and report through the Annual Audit Report and to OSCR as appropriate.	Results: no charitable trusts were transferred into the 'The Moray Council Charitable Trust' during 2019/20. OSCR has approved the transfer of 23 of the section 106 trusts to the single trust in 2020/21 as a result of work which began in 2019/20. Conclusion: limited progress has been made in this area during 2019/20.
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Risks identified from the auditor's wider responsibility under the Code of Audit Practice

6 Risk to financial sustainability The current level of service provision is not financially sustainable, and the Council has relied on reserves to bridge its annual funding gap for the last 4 years. This cannot continue as unearmarked general fund reserves are projected to be reduced to below the minimum level considered prudent by the Head of Financial Services by 31 March 2022. Reserves of £2.3 million will be required to balance the	Review the 2020/21 revenue budget, required savings and use of reserves. Review progress made in developing the Council's Improvement and Modernisation Programme for the redesign and transformation of Council services particularly in relation to transformation of Education and Children's Services. Once approved, review the Council's medium- and long-term financial strategy.	Results: the Council's usable reserves increased by £9.2 million during 2019/20, which improved the financial outlook, however, additional costs due to Covid-19, estimated at £7.4 million during 2020/21, will be funded from reserves. Current projections indicate that the financial outlook remains very challenging. The Improvement and Modernisation Programme (IMP) was halted due to Covid-19 and the Head of Transformation redeployed to other duties. Work
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Audit risk	Assurance procedure	Results and conclusions
<p>2020/21 budget in addition to savings of £3.1 million. Further substantial savings will be required for 2021/22 (£4.2 million) and 2022/23 (£7.4 million).</p> <p>A significant number of the Council's properties (mainly schools) are in poor condition and the Council cannot afford the £142 million investment required to bring schools up to a satisfactory standard.</p> <p>There is a risk that the Council is unable to agree and implement a sustainable financial model for service delivery.</p>		<p>is underway to consider the impact of Covid-19 on the IMP.</p> <p>A medium-term financial plan is in place, but it lacks detailed savings plans.</p> <p>Conclusion: the Council has yet to agree and implement a sustainable financial model for service delivery.</p> <p>Progress in transforming key services such as Education and Integrated Children's Services has been delayed due to Covid-19.</p> <p>Additional costs associated with Covid-19 increase the pressure on the Council to make additional savings or further deplete reserves.</p>
<p>7 Weaknesses in control environment</p> <p>In previous years we have reported control weaknesses across a few systems. The lack of payroll validation is a concern given the extent of expenditure incurred on staff costs. There is a risk that payroll information is inaccurate and is not identified by service departments resulting in incorrect payments.</p>	<p>Review and testing of key controls within payroll and HR associated with the recruitment of employees and the maintenance of the Council's establishment.</p> <p>Detailed testing of changes in staff costs (new starts, leavers, promotions, etc) to ensure these are accurately processed.</p>	<p>Results: our work confirmed that payroll validation controls are not yet operating as expected, however increased substantive testing of staff costs did not identify any issues.</p> <p>Conclusion: assurance was obtained from substantive procedures to support the audit opinion.</p>

Appendix 3

Summary of national performance reports 2019/20

 2019/20 Reports		
	Apr	
Social security: Implementing the devolved powers	 May	
Scotland's colleges 2019	 Jun	 Enabling digital government
	Jul	
NHS workforce planning - part 2	 Aug	
Finances of Scottish universities	 Sept	
NHS in Scotland 2019	 Oct	
	Nov	
Local government in Scotland: Financial overview 2018/19	 Dec	
Scotland's City Region and Growth Deals	 Jan	 Privately financed infrastructure investment: The Non-Profit Distributing (NPD) and hub models
	Feb	
	Mar	 Early learning and childcare: follow-up

Moray Council

2019/20 DRAFT Annual Audit Report

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REPORT TO: SPECIAL MORAY COUNCIL ON 1 DECEMBER 2020

SUBJECT: MORAY COUNCIL'S AUDITED ANNUAL ACCOUNTS FOR THE PERIOD 1 APRIL 2019 TO 31 MARCH 2020

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT & FINANCE)

1. REASON FOR REPORT

- 1.1 To submit to the Council the Audited Annual Accounts for the Moray Council for the year ended 31 March 2020.
- 1.2 This report is submitted to the Council to ensure the deadline for signing the accounts by 30 November is met and for consideration as a suite of reports on the Annual Audit and Accounts for 2019/20.

2. RECOMMENDATION

2.1 It is recommended that the Council:

- (a) considers the Audited Annual Accounts for the financial year 2019/20; and
- (b) approves that the Annual Accounts are signed, having regard to the Annual Report from the external auditor considered earlier at this meeting.

3. BACKGROUND

- 3.1 The unaudited Annual Accounts were submitted to a meeting of the Emergency Cabinet Council on 1 July 2020 (paragraph 9 of the Minute refers). A copy of the Audited Annual Accounts for 2019/20 is available on as an other meeting document on this agenda. The signed accounts will be posted to the Council's website following this meeting.
- 3.2 As a result of the audit process a number of changes have been made to the Core Statements. These are described below.

- 3.3 The North East Scotland Pension Fund's appointed actuaries provided IAS 19 figures for inclusion in the accounts which reflected the implications of the McCloud judgement and these were incorporated into the unaudited accounts. On 16 July 2020 the UK Government issued a consultation document with their proposed remedy for the McCloud judgement and the actuaries revised their IAS 19 figures to reflect the remedy. The revised figures are incorporated in the audited accounts. This has resulted in a decrease in the Pension Liability of £7.602m. This impacted on the Comprehensive Income and Expenditure Statement (CIES) by increasing the re-measurement of the net defined liability. This also affected the Movement in Reserves Statement (MIRS) to increase the unusable reserves value; the Balance Sheet for the long term pension liability and pension reserve, along with the associated notes and group accounts.
- 3.4 During the audit an error was found in the revaluations of Property, Plant and Equipment (PPE). This has increased the value of PPE on the balance sheet by £0.845m. This has also impacted on the CIES by increasing the Surplus on the Revaluation of Property, Plant & Equipment; the MIRS by increasing the unusable reserves value, and the Balance Sheet for the Revaluation Reserve.
- 3.5 One asset had a depreciation charge for the year which resulted in a negative value for that asset. This charge has now been reversed. This has increased the value of PPE on the balance sheet by £0.028m. It has also impacted on the CIES by decreasing the Cost of Services; the MIRS by decreasing the Statutory adjustments line, and the Balance Sheet for the Capital Adjustment Account.
- 3.6 During the year two assets were transferred from the Council to the Common Good, but were not derecognised from the Council's accounts. This has been amended in the Audited Accounts and has decreased the value of PPE on the balance sheet by £0.186m. It has also impacted on the CIES by increasing other operating expenditure by £0.190m and the balance Sheet for the Capital Adjustment Account and the Revaluation Reserve.
- 3.7 The Short Term Debtors figure in the Balance Sheet has been amended by £0.709m. The reasons for this are: the amount of the HB Debtor included in the accounts was incorrect and had to be increased by £0.080m; an Education Grant was included in debtors in error and was removed which decreased debtors by £0.048m. A VAT Refund wasn't included in Debtors and should have been which has increased Debtors by £0.677m. This has also increased the cost of Services in the CIES, and the General Fund Balance.
- 3.8 In addition to the above, the Group Core Statements were amended due to the IAS 19 pension fund liability relating to the Grampian Valuation Joint Board and amendments in Moray Leisure accounts, which has reduced the liability on the share of associates reserves by £0.033m.
- 3.9 Other presentational amendments were made to the accounts but did not have any impact on the core statements.

- 3.10 This year the accounts were prepared under extremely trying circumstances due to lockdown restrictions imposed as a result of the Covid-19 pandemic, resulting in minimal access to financial systems. The accountancy staff prepared the accounts remotely and should be commended for their hard work in doing so.
- 3.11 The Council's External Auditors have given the Council an unqualified opinion in the Independent Auditor's Report which can be found on pages 111 to 113 of the Accounts.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The audited Annual Accounts have been completed within the target timescale.

(b) Policy and Legal

According to Paragraph 10 (1) of the Local Authority Accounts (Scotland) Regulations 2014, a Local Authority is required to submit its Audited Accounts to the Council each year and state that a local authority must meet to consider the Audited Accounts and aim to approve them no later than 30 September immediately following the financial year to which they relate. The Coronavirus (Scotland) Act, and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003), the regulations have been relaxed in response to the COVID-19 pandemic but the relaxations mainly relate to the timing on the audit and the consideration date was delayed until 30 November 2020.

The review by the External Auditors of the Council's Accounts is in accordance with the Council's Code of Corporate Governance and ensures that the Council complies with established policies, procedures, laws and regulations.

(c) Financial implications

Several amendments to the accounts were identified as part of the audit process. These have had the impact of increasing the Council's General Fund balance by £0.710m. This means that the free General Fund Balance, available for use by the Council is now £15.349m. The Pension Liability and corresponding reserve have decreased by £7.602m as a result of updated information on the impact of the remedy to the McCloud ruling. Other amendments affected the Group Accounts by reducing the pension fund liability by £0.033m.

(d) Risk Implications

There are no risk issues arising directly from this report. The work undertaken by Audit Scotland provides assurance to the Committee that the Accounts for 2019/20 give a true and fair view of the financial position and expenditure and income of the Council and its group for the year.

(e) Staffing Implications

Many staff throughout the Council provide information for the inclusion in the Annual Accounts.

(f) Property

There are no property issues arising directly from this report.

(g) Equalities/Socio Economic Impact

There are no equalities issues arising directly from this report.

(h) Consultations

None.

CONCLUSION

- 5.1 The Council's External Auditor has issued an opinion with no qualifications for the 2019/20 Annual Accounts which means that the audited financial statements give a true and fair view of the financial position and expenditure and income of the Council and its group for the year.**

Author of Report: Lorraine Paisey, Chief Financial Officer – Ext 3213
Background Papers: Held in Financial Services
Ref:



REPORT TO: SPECIAL MORAY COUNCIL ON 1 DECEMBER 2020

SUBJECT: MORAY COUNCIL'S CONNECTED CHARITIES' AUDITED ANNUAL ACCOUNTS FOR THE PERIOD 1 APRIL 2019 TO 31 MARCH 2020

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT & FINANCE)

1. REASON FOR REPORT

- 1.1 To submit to the Council the audited Annual Accounts for Moray Council's Connected Charities for the year ended 31 March 2020.
- 1.2 This report is submitted to the Council to ensure the deadline for signing the accounts by 30 November is met and for consideration as part of a suite of reports on the annual audit and accounts for 2019/20.

2. RECOMMENDATION

It is recommended that the Council considers and approves the audited Annual Accounts for the Connected Charities for the financial year 2019/20.

3. BACKGROUND

- 3.1 Moray Council (all 26 councillors) acts as sole trustee for the administration of 30 small charitable trusts, which are all registered with the Office of the Scottish Charities Regulator (OSCR).
- 3.2 Section 106 of the Local Government (Scotland) Act 1973 applies the accounting and auditing requirement of the Act to any trust fund where an authority or some members of the authority are the sole trustees. As section 106 requires an audit, the appointments of local authority auditors include the provision of an auditor's report for charitable funds covered by that section.

- 3.3 Regulation 7 of the Charities Accounts (Scotland) Regulations permits charities that have a common purpose or shared management to prepare a single set of “connected charities” accounts. Moray Council acts as sole trustee to 30 individual small charitable trusts. On the basis of this shared management arrangement, it has been agreed with the Council’s auditors that the financial result of the 38 individual small charitable trusts can be consolidated into a single set of accounts for audit purpose.
- 3.4 A copy of the Connected Charities Audited Annual Accounts for 2019/20 is attached as **APPENDIX 1** to this report.
- 3.5 The audit process highlighted only minor presentational changes, which have been amended in the final document. None of these changes had an impact on Trust Fund balances.
- 3.6 The External Auditors have given the Council an unqualified opinion in the Independent Auditors’ Report, which can be found on pages 22 – 24 of the Accounts.
- 3.7 The report to trustees states that the Council should continue with its planned re-organisation of the trusts in order to maximise the use of the funds available.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The audited Annual Accounts have been completed within the target timescale.

(b) Policy and Legal

According to Paragraph 6 (1) of the Local Authority Accounts (Scotland) Regulations 1985, a Local Authority is required to submit its Audited Accounts to the Council each year.

The review by the External Auditors of the council’s Accounts is in accordance with the council’s Code of Corporate Governance and ensures that the council complies with established policies, procedures, laws and regulations.

(c) Financial implications

The revisions made to the accounts were only presentational and had no impact on the balances held in the Trust Funds.

(d) Risk Implications

There are no risk issues arising directly from this report. The work undertaken by Audit Scotland provides assurance to the council that the Connected Charity Accounts for 2019/20 give a true and fair view of the financial position and expenditure and income of the council for the year.

(e) Staffing Implications

Staff throughout the council provide information for the inclusion in the annual Statement of Accounts.

(f) Property

There are no property issues arising directly from this report.

(g) Equalities/Socio Economic Impact

There are no equalities issues arising directly from this report.

(h) Consultations

None.

5. CONCLUSION

- 5.1 The council's External Auditor has issued an opinion with no qualifications for the 2019/20 Connected Charities' Annual Accounts which means that the audited financial statements give a true and fair view of the financial position and expenditure and income of the council's Connected Charities for the year.**

Author of Report: Lorraine Paisey, Chief Financial Officer – Ext 3213
Background Papers: Held in Financial Services
Ref:

AUDITED

**The Moray Council - Connected Charity Trust Funds
Trustees' Report and Financial Statements
For the year ended 31 March 2020**

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Trustees' Annual Report

Objectives and Activities

Moray Council acts as sole trustee for 30 Connected Charity Trust Funds listed below which have charitable status and are registered with the Office of the Scottish Charity Regulator (OSCR).

The policy relating to the reinvestment of income in, and disbursement from, Trust Funds was amended on 8 October 2013. The policy was amended to allow disbursement of capital from Trust Funds in accordance with the trust deed, provided there is unanimity amongst the trustees. For all other trusts the whole annual income of the trust will be available for disbursement in accordance with the trust deed, provided sufficient funds are maintained to meet commitments.

The following table gives the OSCR charity registration number, the charity name and an indication of the purpose of each Trust. The only activity carried out by each of the Trusts in relation to those purposes is the making of grants.

Charity Number	Charity Name	Purpose
SC019010	Lord Braco Mortification for Benefit of Poor	The prevention and relief of poverty amongst decayed merchants of Elgin. Such individuals may apply to the trust fund for a grant. Only merchants resident in Elgin are eligible.
SC019011	General Alves Fund for Poor	The relief of poverty for residents of Elgin aged over 65. Such individuals may apply to the trust fund for a grant. Only residents in Elgin are eligible.
SC019012	Ritchie Charity Fund for Poor	The relief of poverty amongst single and widowed women of Elgin aged over 50. Such individuals may apply to the trust fund for a grant. Only women resident in Elgin are eligible.
SC019013	John Martin Charity Fund	The prevention and relief of poverty by providing shoes for children and assistance to elderly residents of Elgin. Such individuals may apply to the trust fund for a grant. Only residents in Elgin are eligible.
SC019014	Dr William Geddes Charity Fund	The relief of poverty amongst residents of Elgin by providing shoes. Only residents of Elgin are eligible.
SC019016	Hospital Master for Auchray (Cumine of Auchray)	To provide assistance for decayed or broken merchants who are inhabitants or burgesses in the burgh of Elgin. Such individuals may apply to the trust fund for a grant. Only merchants resident in Elgin are eligible.
SC019017	Moray and Nairn Educational Trust	To provide assistance to persons who have been resident in Moray and Nairn for the last five years and to organisations belonging to the former counties of Moray and Nairn for: <ul style="list-style-type: none">•bursaries for attendance at a Scottish University or central institution• grants for adult education•provision and maintenance of sports facilities for the benefit of young people•travel grants for educational purposes
SC019018	JW Dunlop Bequest	The relief of poverty.
SC019019	Mrs Jessie Younie Legacy	The relief of poverty of aged and infirm women of Elgin. Such individuals may apply to the trust fund for a grant. Only residents of Elgin are eligible.
SC019020	Miss Fletcher Bequest	To provide assistance to ladies in need through age and ill health in Elgin. Such individuals may apply to the trust fund for a grant. Only ladies resident in Elgin are eligible.
SC019021	Robina Pringle Bequest	The relief of poverty. The trust fund provides assistance to those in financial hardship and ill health in Elgin. Such individuals may apply to the trust fund for a grant. Only residents of Elgin are eligible.

Trustees' Annual Report (continued)

Charity Number	Charity Name	Purpose
SC019022	John & Robina Pringle of Elgin Benevolent Fund	The relief of poverty amongst people of Elgin aged 60 or over. Such individuals may apply to the trust fund for a grant. Only residents of Elgin are eligible.
SC019023	Margaret Brander Fund	The relief of poverty amongst widows and spinsters of Bishopmill. Such individuals may apply to the trust fund for a grant. Only residents of Bishopmill are eligible.
SC019024	Miss Eliza Jane Grant Fund	The relief of poverty by providing shoes for children in Elgin and Bishopmill and assisting people over the age of 65 in Bishopmill. Such individuals may apply to the trust fund for a grant. Only residents of Elgin and Bishopmill are eligible.
SC019026	Keith Nursing Trust Fund	To support the sick, infirm and elderly people of Keith with assistance for nourishment, medical and surgical appliances and home comforts. Such individuals may apply to the trust fund for a grant. Only residents of Keith are eligible.
SC019033	Keith Poor Householders Fund (Keith Nursing Trust Fund)	The relief of poverty for residents of the burgh of Keith and provision of financial assistance for funerals. Such individuals may apply to the trust fund for a grant. Only residents of Keith are eligible.
SC019037	Rev John Archibald Dunbar - Dunbar Bequest	The relief of poverty amongst people of Findhorn aged over 65. Such individuals may apply to the trust fund for a grant. Only residents of Findhorn are eligible.
SC019038	Provost of Forres Poor Fund	The relief of poverty amongst residents of Forres. Such individuals may apply to the trust fund for a grant. Only residents of Forres are eligible.
SC019045	Robert Anderson Trust	The relief of poverty for men of Forres aged 65 or over. Such individuals may apply to the trust fund for a grant. Only residents of Forres are eligible.
SC019046	Johnathan Anderson Trust for Relief of Poor	The relief of poverty for residents of Forres. Such individuals may apply to the trust fund for a grant. Only residents of Forres are eligible.
SC019047	James Dick & Taylor Mortifications for Poor of Forres	The relief of poverty for residents of Forres. Such individuals may apply to the trust fund for a grant. Only residents of Forres are eligible.
SC019048/49	Baillie Alexander Smith Coal Bequest & Dick Coal Fund	The relief of poverty by providing coal for residents of Forres. Such individuals may apply to the trust fund for a grant. Only residents of Forres are eligible.
SC019065	Castlehill Trust	To support in the upkeep, maintenance and management of Castlehill, Forres.
SC019066	Grant Park Trust	To support in the upkeep, maintenance and management of Grant Park, Forres.
SC019067	Alexander Ferrier Legacy	Supporting the upkeep and maintenance of parks, provision of seats and benches in the parks and supporting public and charitable purposes for the people of Dufftown.
SC019068	George Boyd Anderson Bequest	To support improvements to the community of Lossiemouth. Individuals and groups may apply to the trust fund for a grant. Only people resident in Lossiemouth are eligible.
SC019069	Mr & Mrs William J Watt Dufftown Food Fund	The relief of poverty amongst residents of Dufftown by providing groceries. Such individuals may apply to the trust fund for a grant. Only residents of Dufftown are eligible.
SC019070	John Munro Trust for Public Baths	To maintain public baths in the burgh of Elgin.
SC019071	Robert Young Trust	The relief of poverty for men in Forres aged over 65. Such individuals may apply to the trust fund for a grant. Only residents of Forres are eligible.
SC046791	The Moray Council Charitable Trust	Single Trust created for the reorganisation of existing funds that are restricted or have been fulfilled as far as possible. The trust purposes must follow those of the reorganised trusts.

Trustees' Annual Report (continued)

The Council agreed to a trust reorganisation process at a meeting on 14 November 2012; to create a single charitable Trust which would enable the reorganisation and transfer of assets of existing small charities held by the Council whose purposes could no longer be met.

The Moray Council Charitable Trust was created in August 2016 with the objective of reorganising existing trust funds that are frustrated, perhaps due to limited funds or out of date purposes, into one large trust, split into geographical areas then split again into charitable purposes. The Trusts being transferred into the single charitable trust will be utilised, as far as possible, in a manner consistent with the original Trust purposes.

This will create many ring fenced funds within the single Trust, but will enable the resources of these trusts to be applied to better effect for charitable purposes rather than remaining in a frustrated trust that cannot be used.

Applications are made to OSCR to reorganise and transfer the assets of existing qualifying Trusts into the new single charitable Trust, over a period of time.

Achievements and Performance

During the year 28 grants were made, totalling £12,727. There were 27 grant payments made to 36 individuals at a value of £12,639 disbursed through the Moray and Nairn Educational trust, which includes means tested grants for education within Moray and Nairn, and bursaries for attendance at further education institutions in Scotland. The other grant, totalling £88 was paid out of the John Munro Trust for Public Baths as a contribution towards the running costs of public swimming pools.

Financial Review

The Moray and Nairn Educational Trust is an endowment fund, with income from investments allocated to an unrestricted fund of the trust. All other funds are unrestricted. This differentiation of funds is an essential feature in the presentation of a charity's statement of financial activities (SoFA) and balance sheet.

The trust funds use the Moray Council's bank account for financial transactions and the balance is invested in the Council's Loans Fund for which it earns interest on the balance. It was agreed at a Special meeting of Moray Council on 28 June 2018 that a two year fixed interest rate of 1.57% be applied for the years 2018/19 and 2019/20. Income received during the year was £24,881 (2018/19 £22,704). This was made up of £6,477 interest received from the Council's Loans Fund and £18,404 of dividend income (2018/19 £6,533 and £16,171 respectively).

Grants totalling £12,727 were paid out during the year (2018/19 £18,941). There were 2 grants returned to the Moray and Nairn Educational trust relating to 2018/19 at a total of £508, and Note 4 is net of the £508 returned payments. Governance costs for the year were £6,485 (2018/19 £6,449).

The Trust Funds have no specific reserves policy other than noted above regarding disbursement of capital and annual income. For many of the trust funds, the terms of the trust deed are very restrictive and this has resulted in a gradual accumulation of reserves over time. In the event that an individual trust fund falls into deficit, the trustees will consider whether it is likely that the deficit is temporary and can be recovered. If deficit recovery is considered unlikely, the Trust is effectively wound up and an application will be made to OSCR to remove them from the Scottish Charity Register.

The revenue reserves held at 31 March 2020 were £869,161 (31 March 2019 £937,782).

Plans for Future Periods

The next stage of reorganisation is to continue the applications to OSCR seeking approval to transfer the agreed trusts into TMCCT.

Trustees' Annual Report (continued)

Structure, Governance and Management

The trustees of the funds are the councillors listed on page 5. The trustees of the funds are the local Councillors who are appointed at local government elections and by-elections. A local election for all councillors was held on 4 May 2017. A by-election for Elgin City North was held on 13 July 2017. A by-election for Keith and Cullen was held on 22 November 2019.

The trust funds are governed using the same governance framework that is applicable to the Council. This framework includes the principles:

- taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- engaging with local people and other stakeholders to ensure robust public accountability.

Statement of trustees' responsibilities

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

The law applicable to charities in Scotland requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under that law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at anytime the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the Moray Council's website in so far as it relates to the charity. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

The Connected Charity Trusts Auditor is:

Audit Scotland
1st Floor, Room F03
The Green House
Beechwood Business Park North
Inverness
IV2 3BL

Trustees' Annual Report (continued)

Reference and Administrative details

The financial statements of the charities listed on pages 1-2 are included in this report.

Trustees

In terms of the "Trustees" of the Connected Charity Trust Funds, the guidance provided by OSCR is that those who have "general control and management" of the charity are the charity trustees. Decisions regarding the general control and management of the Connected Charity Trust Funds are made by the Policy and Resources Committee of the Council, which has delegated authority from the Council in this regard; but ultimately control rests with the full Council of elected members. We have therefore interpreted the above guidance as meaning all elected members are charity trustees.

All of the trustees for the financial statements are normally elected or re-elected at local government elections. By-elections are held to elect new members, on the occasions of elected members vacating their positions, who automatically become trustees.

Names of Trustees in financial year 2019/20

Councillor George Alexander
Councillor James Allan
Councillor David Bremner
Councillor Frank Brown
Councillor Theresa Coull
Councillor John Cowe
Councillor Gordon Cowie
Councillor Paula Coy
Councillor Lorna Creswell
Councillor John Divers
Councillor Tim Eagle
Councillor Ryan Edwards
Councillor Claire Feaver
Councillor Donald Gatt
Councillor Louise Nicol
Councillor Graham Leadbitter
Councillor Marc Macrae
Councillor Aaron McLean
Councillor Maria McLean
Councillor Ray McLean
Councillor Shona Morrison
Councillor Amy Taylor
Councillor Laura Powell (elected 29 November 2019)
Councillor Derek Ross
Councillor Ron Shepherd (retired 4 October 2019)
Councillor Sonya Warren
Councillor Walter Wilson

Principal Address of the Trust Funds is:

The Moray Council
Council Offices
High Street
Elgin
IV30 1BX

Signed by one trustee on behalf of all the trustees:

Councillor Graham Leadbitter

Statement of Financial Activities for the year ended 31 March 2020

	Notes	2019/20 Unrestricted £	2019/20 Endowment £	2019/20 Total Funds £	2018/19 Total Funds £
Income and endowments from:					
Investments	3	24,881	-	24,881	22,704
Other	6	-	-	-	4,821
Total		24,881	-	24,881	27,525
Expenditure on:					
Awarding of Grants	4	18,704	-	18,704	25,390
Other		-	-	-	9,735
Total		18,704	-	18,704	35,125
Net gains/(losses) on investments	5	-	(74,798)	(74,798)	7,471
Net movement in funds		6,177	(74,798)	(68,621)	(129)
Total funds brought forward at 1 April		311,636	626,146	937,782	937,911
Total funds carried forward at 31 March		317,813	551,348	869,161	937,782

All results derive from continuing operations.

There is no material difference between the funds carried forward for the financial year stated above and their historical cost equivalents, with the exception of the Fixed Asset Investments which are carried at fair value.

All gains and losses recognised in the year are included in the statement of financial activities.

Balance Sheet as at 31 March 2020

	Notes	2019/20 £	2018/19 £
Fixed Assets:			
Investments	5	443,347	518,145
Current assets:			
Loan Fund Balance		429,770	423,331
Debtors	7	1,317	1,071
		<u>431,087</u>	<u>424,402</u>
Liabilities:			
Creditors: amounts falling due within one year	8	(5,273)	(4,765)
Net current assets		425,814	419,637
Total net assets or liabilities		<u>869,161</u>	<u>937,782</u>
The funds of the charity:			
Endowment Funds		551,348	626,146
Unrestricted Funds		317,813	311,636
Total charity funds		<u>869,161</u>	<u>937,782</u>

The notes on pages 8 to 21 form part of these financial statements.

Councillor Graham Leadbitter

The unaudited Financial Statements were issued on 31 May 2020.

The audited Financial Statements were authorised for issue by the Trustees on

Notes to the Financial Statements

Note 1 Statement of Financial Activities for the year ended 31 March 2020

	Notes	Lord Braco Mortification for Benefit of Poor SC019010 2019/20 Unrestricted £	General Alves Fund for Poor SC019011 2019/20 Unrestricted £	Ritchie Charity Fund for Poor SC019012 2019/20 Unrestricted £	John Martin Charity Fund SC019013 2019/20 Unrestricted £	Dr William Geddes Charity Fund SC019014 2019/20 Unrestricted £	Hospital Master for Auchray (Cumine of Auchray) SC019016 2019/20 Unrestricted £	Moray and Nairn Educational Trust SC019017 2019/20 Unrestricted £	Moray and Nairn Educational Trust SC019017 2019/20 Endowment £	JW Dunlop Bequest SC019018 2019/20 Unrestricted £	Mrs Jessie Younie Legacy SC019019 2019/20 Unrestricted £
Income and endowments from:											
Investment Income	3	12	63	29	4	29	2,004	20,204	-	17	21
Other	6	-	-	-	-	-	-	-	-	-	-
Total		12	63	29	4	29	2,004	20,204	-	17	21
Expenditure on:											
Awarding of Grants	4	63	64	63	64	63	109	16,400	-	63	64
Purchase of Investments		-	-	-	-	-	-	-	-	-	-
Total		63	64	63	64	63	109	16,400	-	63	64
Other recognised gains and losses											
Loss on investment assets	5	-	-	-	-	-	-	-	(74,798)	-	-
Net movement in funds		(51)	(1)	(34)	(60)	(34)	1,895	3,804	(74,798)	(46)	(43)
Reconciliation of funds:											
Total funds brought forward at 1 April 2019		770	4,091	1,831	193	1,829	130,959	7,317	626,146	1,076	1,328
Total funds carried forward at 31 March 2020		719	4,090	1,797	133	1,795	132,854	11,121	551,348	1,030	1,285

	Notes	Miss Fletcher Bequest SC019020 2019/20 Unrestricted £	Robina Pringle Bequest SC019021 2019/20 Unrestricted £	John & Robina Pringle of Elgin Benevolent Fund SC019022 2019/20 Unrestricted £	Margaret Brander Fund SC019023 2019/20 Unrestricted £	Miss Eliza Jane Grant Fund SC019024 2019/20 Unrestricted £	Keith Nursing Trust Fund SC019026 2019/20 Unrestricted £	Keith Poor Householders Fund (Keith Nursing Trust Fund) SC019033 2019/20 Unrestricted £	Rev John Archibald Dunbar - Dunbar Bequest SC019037 2019/20 Unrestricted £	Provost of Forres Poor Fund SC019038 2019/20 Unrestricted £	Robert Anderson Trust SC019045 2019/20 Unrestricted £
Income and endowments from:											
Investment Income	3	77	20	56	87	34	355	50	55	59	10
Other	6	-	-	-	-	-	-	-	-	-	-
Total		77	20	56	87	34	355	50	55	59	10
Expenditure on:											
Awarding of Grants	4	64	63	65	65	63	67	237	64	65	63
Purchase of Investments		-	-	-	-	-	-	-	-	-	-
Total		64	63	65	65	63	67	237	64	65	63
Other recognised gains and losses											
Loss on investment assets	5	-	-	-	-	-	-	-	-	-	-
Net movement in funds		13	(43)	(9)	22	(29)	288	(187)	(9)	(6)	(53)
Reconciliation of funds:											
Total funds brought forward at 1 April 2019		5,046	1,250	3,601	5,613	2,199	23,154	3,207	3,555	3,789	596
Total funds carried forward at 31 March 2020		5,059	1,207	3,592	5,635	2,170	23,442	3,020	3,546	3,783	543

Notes to the Financial Statements

Note 1 Statement of Financial Activities for the year ended 31 March 2020 (continued)

		Johnathan Anderson Trust for Relief of Poor	James Dick & Taylor Mortifications for Poor of Forres	Baillie Alexander Smith Coal Bequest & Dick Coal Fund	Castlehill Trust	Grant Park Trust	Alexander Ferrier Legacy	George Boyd Anderson Bequest	Mr and Mrs William J Watt Dufftown Food Fund	John Munro Trust for Public Baths	Robert Young Trust
		SC019046 2019/20	SC019047 2019/20	SC019048/49 2019/20	SC019065 2019/20	SC019066 2019/20	SC019067 2019/20	SC019068 2019/20	SC019069 2019/20	SC019070 2019/20	SC019071 2019/20
Notes		Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £
Income and endowments from:											
	3	158	165	132	9	54	257	528	4	154	220
	6	-	-	-	-	-	-	-	-	-	-
Total		158	165	132	9	54	257	528	4	154	220
Expenditure on:											
	4	65	66	65	141	65	66	69	63	206	66
		-	-	-	-	-	-	-	-	-	-
Total		65	66	65	141	65	66	69	63	206	66
Other recognised gains and losses											
	5	-	-	-	-	-	-	-	-	-	-
Net movement in funds		93	99	67	(132)	(11)	191	459	(59)	(52)	154
Reconciliation of funds:											
Total funds brought forward at 1 April 2019		10,283	10,715	8,579	547	3,462	16,792	34,375	240	9,997	14,337
Total funds carried forward at 31 March 2020		10,376	10,814	8,646	415	3,451	16,983	34,834	181	9,945	14,491

		The Moray Council Charitable Trust SC046791 2019/20	Total Unrestricted funds 2019/20	Total Endowment funds 2019/20
Notes		Unrestricted £	£	£
Income and endowments from:				
	3	14	24,881	-
	6	-	-	-
Total		14	24,881	-
Expenditure on:				
	4	63	18,704	-
		-	-	-
Total		63	18,704	-
Other recognised gains and losses				
	5	-	-	(74,798)
Net movement in funds		(49)	6,177	(74,798)
Reconciliation of funds:				
Total funds brought forward at 1 April 2019		905	311,636	626,146
Total funds carried forward at 31 March 2020		856	317,813	551,348

Notes to the Financial Statements

Note 1 Statement of Financial Activities for the year ended 31 March 2019

	Notes	Lord Braco Mortification for Benefit of Poor SC019010 2018/19 Unrestricted £	General Alves Fund for Poor SC019011 2018/19 Unrestricted £	Ritchie Charity Fund for Poor SC019012 2018/19 Unrestricted £	John Martin Charity Fund SC019013 2018/19 Unrestricted £	Dr William Geddes Charity Fund SC019014 2018/19 Unrestricted £	Hospital Master for Auchray (Cumine of Auchray) SC019016 2018/19 Unrestricted £	Moray and Nairn Educational Trust SC019017 2018/19 Unrestricted £	Moray and Nairn Educational Trust SC019017 2018/19 Endowment £	JW Dunlop Bequest SC019018 2018/19 Unrestricted £	Mrs Jessie Younie Legacy SC019019 2018/19 Unrestricted £
Income and endowments from:											
Investment Income	3	14	63	30	5	30	1,960	17,988	-	19	22
Other	6	-	-	-	-	-	-	-	4,821	-	-
Total		14	63	30	5	30	1,960	17,988	4,821	19	22
Expenditure on:											
Awarding of Grants	4	59	60	60	59	60	79	17,083	-	60	59
Purchase of Investments		-	-	-	-	-	-	-	9,735	-	-
Total		59	60	60	59	60	79	17,083	9,735	60	59
Other recognised gains and losses											
Gains on investment assets	5	-	-	-	-	-	-	-	7,471	-	-
Net movement in funds		(45)	3	(30)	(54)	(30)	1,881	905	2,557	(41)	(37)
Reconciliation of funds:											
Total funds brought forward at 1 April 2018		815	4,088	1,861	247	1,859	129,078	6,412	623,589	1,117	1,365
Total funds carried forward at 31 March 2019		770	4,091	1,831	193	1,829	130,959	7,317	626,146	1,076	1,328

	Notes	Miss Fletcher Bequest SC019020 2018/19 Unrestricted £	Robina Pringle Bequest SC019021 2018/19 Unrestricted £	John & Robina Pringle of Elgin Benevolent Fund SC019022 2018/19 Unrestricted £	Margaret Brander Fund SC019023 2018/19 Unrestricted £	Miss Eliza Jane Grant Fund SC019024 2018/19 Unrestricted £	Keith Nursing Trust Fund SC019026 2018/19 Unrestricted £	Keith Poor Householders Fund (Keith Nursing Trust Fund) SC019033 2018/19 Unrestricted £	Rev John Archibald Dunbar - Dunbar Bequest SC019037 2018/19 Unrestricted £	Provost of Forres Poor Fund SC019038 2018/19 Unrestricted £	Robert Anderson Trust SC019045 2018/19 Unrestricted £
Income and endowments from:											
Investment Income	3	78	21	56	86	35	348	50	56	59	11
Other	6	-	-	-	-	-	-	-	-	-	-
Total		78	21	56	86	35	348	50	56	59	11
Expenditure on:											
Awarding of Grants	4	60	59	60	60	59	62	60	61	60	59
Purchase of Investments		-	-	-	-	-	-	-	-	-	-
Total		60	59	60	60	59	62	60	61	60	59
Other recognised gains and losses											
Gains/Losses on investment assets	5	-	-	-	-	-	-	-	-	-	-
Net movement in funds		18	(38)	(4)	26	(24)	286	(10)	(5)	(1)	(48)
Reconciliation of funds:											
Total funds brought forward at 1 April 2018		5,028	1,288	3,605	5,587	2,223	22,868	3,217	3,560	3,790	644
Total funds carried forward at 31 March 2019		5,046	1,250	3,601	5,613	2,199	23,154	3,207	3,555	3,789	596

Notes to the Financial Statements

Note 1 Statement of Financial Activities for the year ended 31 March 2019 (continued)

		Johnathan Anderson Trust for Relief of Poor	James Dick & Taylor Mortifications for Poor of Forres	Baillie Alexander Smith Coal Bequest & Dick Coal Fund	Castlehill Trust	Grant Park Trust	Alexander Ferrier Legacy	George Boyd Anderson Bequest	Mr and Mrs William J Watt Dufftown Food Fund	John Munro Trust for Public Baths	Robert Young Trust
		SC019046 2018/19	SC019047 2018/19	SC019048/49 2018/19	SC019065 2018/19	SC019066 2018/19	SC019067 2018/19	SC019068 2018/19	SC019069 2018/19	SC019070 2018/19	SC019071 2018/19
Notes		Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £	Unrestricted £
Income and endowments from:											
Investment Income	3	159	162	130	11	54	253	613	6	152	217
Other	6	-	-	-	-	-	-	-	-	-	-
Total		159	162	130	11	54	253	613	6	152	217
Expenditure on:											
Awarding of Grants	4	62	61	59	100	60	62	6,568	58	61	61
Purchase of Investments		-	-	-	-	-	-	-	-	-	-
Total		62	61	59	100	60	62	6,568	58	61	61
Other recognised gains and losses											
Gains/Losses on investment assets	5	-	-	-	-	-	-	-	-	-	-
Net movement in funds		97	101	71	(89)	(6)	191	(5,955)	(52)	91	156
Reconciliation of funds:											
Total funds brought forward at 1 April 2018		10,186	10,614	8,508	636	3,468	16,601	40,330	292	9,906	14,181
Total funds carried forward at 31 March 2019		10,283	10,715	8,579	547	3,462	16,792	34,375	240	9,997	14,337

		The Moray Council Charitable Trust SC046791 2018/19	Total Unrestricted funds 2018/19	Total Endowment funds 2018/19
Notes		Unrestricted £	£	£
Income and endowments from:				
Investment Income	3	16	22,704	-
Other	6	-	-	4,821
Total		16	22,704	4,821
Expenditure on:				
Awarding of Grants	4	59	25,390	-
Purchase of Investments		-	-	9,735
Total		59	25,390	9,735
Other recognised gains and losses				
Gains on investment assets	5	-	-	7,471
Net movement in funds		(43)	(2,686)	2,557
Reconciliation of funds:				
Total funds brought forward at 1 April 2018		948	314,322	623,589
Total funds carried forward at 31 March 2019		905	311,636	626,146

Notes to the Financial Statements

Note 2 Balance Sheet as at 31 March 2020

		Lord Braco Mortification for Benefit of Poor	General Alves Fund for Poor	Ritchie Charity Fund for Poor	John Martin Charity Fund	Dr William Geddes Charity Fund	Hospital Master for Auchray (Cumine of Auchray) SC019016 2019/20 £	Moray and Nairn Educational Trust	JW Dunlop Bequest	Mrs Jessie Younie Legacy	Miss Fletcher Bequest
	Notes	SC019010 2019/20 £	SC019011 2019/20 £	SC019012 2019/20 £	SC019013 2019/20 £	SC019014 2019/20 £	SC019016 2019/20 £	SC019017 2019/20 £	SC019018 2019/20 £	SC019019 2019/20 £	SC019020 2019/20 £
Fixed Assets											
Investments	5	-	-	-	-	-	-	443,347	-	-	-
Current Assets											
Loans Fund Balance		777	4,148	1,854	191	1,852	132,912	121,361	1,088	1,343	5,117
Debtors	7	-	-	-	-	-	-	1,317	-	-	-
		777	4,148	1,854	191	1,852	132,912	122,678	1,088	1,343	5,117
Liabilities:											
Creditors: amounts falling due within one year	8	(58)	(58)	(57)	(58)	(57)	(58)	(3,556)	(58)	(58)	(58)
		(58)	(58)	(57)	(58)	(57)	(58)	(3,556)	(58)	(58)	(58)
Net Current Assets		719	4,090	1,797	133	1,795	132,854	119,122	1,030	1,285	5,059
Total net assets or liabilities		719	4,090	1,797	133	1,795	132,854	562,469	1,030	1,285	5,059
The funds of the charity:											
Endowment Funds		-	-	-	-	-	-	551,348	-	-	-
Unrestricted Funds		719	4,090	1,797	133	1,795	132,854	11,121	1,030	1,285	5,059
Total charity funds		719	4,090	1,797	133	1,795	132,854	562,469	1,030	1,285	5,059

		Robina Pringle Bequest	John & Robina Pringle of Elgin Benevolent Fund	Margaret Brander Fund	Miss Eliza Jane Grant Fund	Keith Nursing Trust Fund	Keith Poor Householders Fund (Keith Nursing Trust Fund)	Rev John Archibald Dunbar - Dunbar Bequest	Provost of Forres Poor Fund	Robert Anderson Trust	Johnathan Anderson Trust for Relief of Poor
	Notes	SC019021 2019/20 £	SC019022 2019/20 £	SC019023 2019/20 £	SC019024 2019/20 £	SC019026 2019/20 £	SC019033 2019/20 £	SC019037 2019/20 £	SC019038 2019/20 £	SC019045 2019/20 £	SC019046 2019/20 £
Fixed Assets											
Investments	5	-	-	-	-	-	-	-	-	-	-
Current Assets											
Loans Fund Balance		1,264	3,650	5,693	2,228	23,499	3,078	3,604	3,841	601	10,434
Debtors	7	-	-	-	-	-	-	-	-	-	-
		1,264	3,650	5,693	2,228	23,499	3,078	3,604	3,841	601	10,434
Liabilities:											
Creditors: amounts falling due within one year	8	(57)	(58)	(58)	(58)	(57)	(58)	(58)	(58)	(58)	(58)
		(57)	(58)	(58)	(58)	(57)	(58)	(58)	(58)	(58)	(58)
Net Current Assets		1,207	3,592	5,635	2,170	23,442	3,020	3,546	3,783	543	10,376
Total net assets or liabilities		1,207	3,592	5,635	2,170	23,442	3,020	3,546	3,783	543	10,376
The funds of the charity:											
Endowment Funds		-	-	-	-	-	-	-	-	-	-
Unrestricted Funds		1,207	3,592	5,635	2,170	23,442	3,020	3,546	3,783	543	10,376
Total charity funds		1,207	3,592	5,635	2,170	23,442	3,020	3,546	3,783	543	10,376

Notes to the Financial Statements

Note 2 Balance Sheet as at 31 March 2020 (continued)

	James Dick & Taylor Mortifications for Poor of Forres	Baillie Alexander Smith Coal Bequest & Dick Coal Fund	Castlehill Trust	Grant Park Trust	Alexander Ferrier Legacy	George Boyd Anderson Bequest	Mr and Mrs William J Watt Dufftown Food Fund	John Munro Trust for Public Baths	Robert Young Trust	The Moray Council Charitable Trust	TOTAL
	SC019047 2019/20 £	SC019048/49 2019/20 £	SC019065 2019/20 £	SC019066 2019/20 £	SC019067 2019/20 £	SC019068 2019/20 £	SC019069 2019/20 £	SC019070 2019/20 £	SC019071 2019/20 £	SC046791 2019/20 £	2019/20 £
Notes											
Fixed Assets											
Investments	5	-	-	-	-	-	-	-	-	-	443,347
Current Assets											
Loans Fund Balance		10,872	8,704	473	3,509	17,041	34,892	238	10,044	14,549	429,770
Debtors	7	-	-	-	-	-	-	-	-	-	1,317
		10,872	8,704	473	3,509	17,041	34,892	238	10,044	14,549	431,087
Liabilities:											
Creditors: amounts falling due within one year	8	(58)	(58)	(58)	(58)	(58)	(58)	(57)	(99)	(58)	(5,273)
		(58)	(58)	(58)	(58)	(58)	(58)	(57)	(99)	(58)	(5,273)
Net Current Assets		10,814	8,646	415	3,451	16,983	34,834	181	9,945	14,491	425,814
Total net assets or liabilities		10,814	8,646	415	3,451	16,983	34,834	181	9,945	14,491	869,161
The funds of the charity:											
Endowment Funds		-	-	-	-	-	-	-	-	-	551,348
Unrestricted Funds		10,814	8,646	415	3,451	16,983	34,834	181	9,945	14,491	317,813
Total charity funds		10,814	8,646	415	3,451	16,983	34,834	181	9,945	14,491	869,161

Notes to the Financial Statements

Note 2 Balance Sheet as at 31 March 2019

		Lord Braco Mortification for Benefit of Poor	General Alves Fund for Poor	Ritchie Charity Fund for Poor	John Martin Charity Fund	Dr William Geddes Charity Fund	Hospital Master for Auchray (Cumine of Auchrav) SC019016 2018/19 £	Moray and Nairn Educational Trust	JW Dunlop Bequest	Mrs Jessie Younie Legacy	Miss Fletcher Bequest
	Notes	SC019010 2018/19 £	SC019011 2018/19 £	SC019012 2018/19 £	SC019013 2018/19 £	SC019014 2018/19 £	SC019016 2018/19 £	SC019017 2018/19 £	SC019018 2018/19 £	SC019019 2018/19 £	SC019020 2018/19 £
Fixed Assets											
Investments	5	-	-	-	-	-	-	518,145	-	-	-
Current Assets											
Loans Fund Balance		815	4,136	1,876	238	1,874	131,004	117,634	1,121	1,373	5,091
Debtors	7	-	-	-	-	-	-	1,071	-	-	-
		815	4,136	1,876	238	1,874	131,004	118,705	1,121	1,373	5,091
Liabilities:											
Creditors: amounts falling due within one year	8	(45)	(45)	(45)	(45)	(45)	(45)	(3,387)	(45)	(44)	(45)
		(45)	(45)	(45)	(45)	(45)	(45)	(3,387)	(45)	(44)	(45)
Net Current Assets		770	4,091	1,831	193	1,829	130,959	115,318	1,076	1,329	5,046
Total net assets or liabilities		770	4,091	1,831	193	1,829	130,959	633,463	1,076	1,329	5,046
The funds of the charity:											
Endowment Funds		-	-	-	-	-	-	626,146	-	-	-
Unrestricted Funds		770	4,091	1,831	193	1,829	130,959	7,317	1,076	1,328	5,046
Total charity funds		770	4,091	1,831	193	1,829	130,959	633,463	1,076	1,328	5,046
		Robina Pringle Bequest	John & Robina Pringle of Elgin Benevolent Fund	Margaret Brander Fund	Miss Eliza Jane Grant Fund	Keith Nursing Trust Fund	Keith Poor Householders Fund (Keith Nursing Trust Fund)	Rev John Archibald Dunbar - Dunbar Bequest	Provost of Forres Poor Fund	Robert Anderson Trust	Johnathan Anderson Trust for Relief of Poor
	Notes	SC019021 2018/19 £	SC019022 2018/19 £	SC019023 2018/19 £	SC019024 2018/19 £	SC019026 2018/19 £	SC019033 2018/19 £	SC019037 2018/19 £	SC019038 2018/19 £	SC019045 2018/19 £	SC019046 2018/19 £
Fixed Assets											
Investments	5	-	-	-	-	-	-	-	-	-	-
Current Assets											
Loans Fund Balance		1,295	3,646	5,658	2,244	23,199	3,252	3,600	3,834	641	10,328
Debtors	7	-	-	-	-	-	-	-	-	-	-
		1,295	3,646	5,658	2,244	23,199	3,252	3,600	3,834	641	10,328
Liabilities:											
Creditors: amounts falling due within one year	8	(45)	(45)	(44)	(45)	(44)	(44)	(45)	(44)	(45)	(45)
		(45)	(45)	(44)	(45)	(44)	(44)	(45)	(44)	(45)	(45)
Net Current Assets		1,250	3,601	5,614	2,199	23,155	3,208	3,555	3,790	596	10,283
Total net assets or liabilities		1,250	3,601	5,614	2,199	23,155	3,208	3,555	3,790	596	10,283
The funds of the charity:											
Endowment Funds		-	-	-	-	-	-	-	-	-	-
Unrestricted Funds		1,250	3,601	5,613	2,199	23,154	3,207	3,555	3,789	596	10,283
Total charity funds		1,250	3,601	5,613	2,199	23,154	3,207	3,555	3,789	596	10,283

Notes to the Financial Statements

Note 2 Balance Sheet as at 31 March 2019 (continued)

		James Dick & Taylor Mortifications for Poor of Forres	Baillie Alexander Smith Coal Bequest & Dick Coal Fund	Castlehill Trust	Grant Park Trust	Alexander Ferrier Legacy	George Boyd Anderson Bequest	Mr and Mrs William J Watt Dufftown Food Fund	John Munro Trust for Public Baths	Robert Young Trust	The Moray Council Charitable Trust	TOTAL
	Notes	SC019047 2018/19 £	SC019048/49 2018/19 £	SC019065 2018/19 £	SC019066 2018/19 £	SC019067 2018/19 £	SC019068 2018/19 £	SC019069 2018/19 £	SC019070 2018/19 £	SC019071 2018/19 £	SC046791 2018/19 £	2018/19 £
Fixed Assets												
Investments	5	-	-	-	-	-	-	-	-	-	-	518,145
Current Assets												
Loans Fund Balance		10,760	8,623	592	3,507	16,837	34,500	284	10,040	14,380	949	423,331
Debtors	7	-	-	-	-	-	-	-	-	-	-	1,071
		10,760	8,623	592	3,507	16,837	34,500	284	10,040	14,380	949	424,402
Liabilities:												
Creditors: amounts falling due within one year	8	(45)	(45)	(45)	(45)	(45)	(126)	(45)	(44)	(44)	(44)	(4,765)
		(45)	(45)	(45)	(45)	(45)	(126)	(45)	(44)	(44)	(44)	(4,765)
Net Current Assets		10,715	8,578	547	3,462	16,792	34,374	239	9,996	14,336	905	419,637
Total net assets or liabilities		10,715	8,578	547	3,462	16,792	34,374	239	9,996	14,336	905	937,782
The funds of the charity:												
Endowment Funds		-	-	-	-	-	-	-	-	-	-	626,146
Unrestricted Funds		10,715	8,579	547	3,462	16,792	34,375	240	9,997	14,337	905	311,636
Total charity funds		10,715	8,579	547	3,462	16,792	34,375	240	9,997	14,337	905	937,782

Notes to the Financial Statements

	Lord Braco Mortification for Benefit of Poor		General Alves Fund for Poor		Ritchie Charity Fund for Poor		John Martin Charity Fund		Dr William Geddes Charity Fund		Hospital Master for Auchray (Cumine of Auchray)		Moray and Nairn Educational Trust	
	SC019010		SC019011		SC019012		SC019013		SC019014		SC019016		SC019017	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
	Unrestricted		Unrestricted		Unrestricted		Unrestricted		Unrestricted		Unrestricted		Unrestricted	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Note 3 Investment Income														
Interest earned on loans pool balances	12	14	63	63	29	30	4	5	29	30	2,004	1,960	1,800	1,817
Dividend income	-	-	-	-	-	-	-	-	-	-	-	-	18,404	16,171
	<u>12</u>	<u>14</u>	<u>63</u>	<u>63</u>	<u>29</u>	<u>30</u>	<u>4</u>	<u>5</u>	<u>29</u>	<u>30</u>	<u>2,004</u>	<u>1,960</u>	<u>20,204</u>	<u>17,988</u>
Note 4 Awarding of Grants														
Grants Paid	-	-	-	-	-	-	-	-	-	-	-	-	12,131	12,603
Governance Costs:														
Accountancy and Legal costs	5	15	6	15	6	15	7	15	6	15	51	34	786	758
Audit of Financial Statements	58	45	58	45	57	45	57	45	57	45	58	45	3,483	3,722
Other costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>63</u>	<u>60</u>	<u>64</u>	<u>60</u>	<u>63</u>	<u>60</u>	<u>64</u>	<u>60</u>	<u>63</u>	<u>60</u>	<u>109</u>	<u>79</u>	<u>16,400</u>	<u>17,083</u>
	Moray and Nairn Educational Trust		JW Dunlop Bequest		Mrs Jessie Younie Legacy		Miss Fletcher Bequest		Robina Pringle Bequest		John & Robina Pringle of Elgin Benevolent Fund		Margaret Brander Fund	
	SC019017		SC019018		SC019019		SC019020		SC019021		SC019022		SC019023	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
	Endowment		Unrestricted		Unrestricted		Unrestricted		Unrestricted		Unrestricted		Unrestricted	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Note 3 Investment Income														
Interest earned on loans pool balances	-	-	17	19	21	22	77	78	20	21	56	56	87	86
Dividend income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>17</u>	<u>19</u>	<u>21</u>	<u>22</u>	<u>77</u>	<u>78</u>	<u>20</u>	<u>21</u>	<u>56</u>	<u>56</u>	<u>87</u>	<u>86</u>
Note 4 Awarding of Grants														
Grants Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Governance Costs:														
Accountancy and Legal costs	-	-	5	15	6	15	6	15	5	15	7	15	7	15
Audit of Financial Statements	-	-	58	45	58	44	58	45	58	45	58	45	58	44
Other costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>63</u>	<u>60</u>	<u>64</u>	<u>59</u>	<u>64</u>	<u>60</u>	<u>63</u>	<u>60</u>	<u>65</u>	<u>60</u>	<u>65</u>	<u>59</u>

Notes to the Financial Statements

	Miss Eliza Jane Grant Fund		Keith Nursing Trust Fund		Keith Poor Householders Fund (Keith Nursing Trust Fund)		Rev John Archibald Dunbar - Dunbar Bequest		Provost of Forres Poor Fund		Robert Anderson Trust		Johnathan Anderson Trust for Relief of Poor	
	SC019024		SC019026		SC019033		SC019037		SC019038		SC019045		SC019046	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
	Unrestricted		Unrestricted		Unrestricted		Unrestricted		Unrestricted		Unrestricted		Unrestricted	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Note 3 Investment Income														
Interest earned on loans pool balances	34	35	355	348	50	50	55	56	59	59	10	11	158	159
Dividend income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	34	35	355	348	50	50	55	56	59	59	10	11	158	159
Note 4 Awarding of Grants														
Grants Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Governance Costs:														
Accountancy and Legal costs	5	15	10	17	179	15	6	15	7	15	5	15	7	16
Audit of Financial Statements	58	45	57	44	58	44	58	45	58	44	58	45	58	45
Other costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	63	60	67	61	237	59	64	60	65	59	63	60	65	61
	James Dick & Taylor Mortifications for Poor of Forres		Baillie Alexander Smith Coal Bequest & Dick Coal Fund		Captain Fleetwood Thorne Bequest		Castlehill Trust		Grant Park Trust		Alexander Ferrier Legacy		George Boyd Anderson Bequest	
	SC019047		SC019048/49		SC019060		SC019065		SC019066		SC019067		SC019068	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
	Unrestricted		Unrestricted		Unrestricted		Unrestricted		Unrestricted		Unrestricted		Unrestricted	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Note 3 Investment Income														
Interest earned on loans pool balances	165	162	132	130	-	-	9	11	54	54	257	253	528	613
Dividend income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	165	162	132	130	-	-	9	11	54	54	257	253	528	613
Note 4 Awarding of Grants														
Grants Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	6,338
Governance Costs:														
Accountancy and Legal costs	8	16	7	15	-	-	83	24	7	15	8	17	11	105
Audit of Financial Statements	58	45	58	45	-	-	58	45	58	45	58	45	58	126
Other costs	-	-	-	-	-	-	-	31	-	-	-	-	-	-
	66	61	65	60	-	-	141	100	65	60	66	62	69	6,569

Notes to the Financial Statements

	Mr and Mrs William J Watt Dufftown Food Fund		John Munro Trust for Public Baths		Robert Young Trust		The Moray Council Charitable Trust		Total Unrestricted funds	Total Endowment funds	TOTAL	
	SC019069		SC019070		SC019071		SC046791					
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2019/20	2019/20	2018/19
	Unrestricted		Unrestricted		Unrestricted		Unrestricted					
	£	£	£	£	£	£	£	£	£	£		£
Note 3 Investment Income												
Interest earned on loans pool balances	4	6	154	152	220	217	14	16	6,477	-	6,477	6,533
Dividend income	-	-	-	-	-	-	-	-	18,404	-	18,404	16,171
	<u>4</u>	<u>6</u>	<u>154</u>	<u>152</u>	<u>220</u>	<u>217</u>	<u>14</u>	<u>16</u>	<u>24,881</u>	<u>-</u>	<u>24,881</u>	<u>22,704</u>
Note 4 Awarding of Grants												
Grants Paid	-	-	88	-	-	-	-	-	12,219	-	12,219	18,941
Governance Costs:												
Accountancy and Legal costs	6	14	19	16	8	16	6	15	1,285	-	1,285	1,318
Audit of Financial Statements	57	45	99	44	58	44	57	44	5,200	-	5,200	5,100
Other costs	-	-	-	-	-	-	-	-	-	-	-	31
	<u>63</u>	<u>59</u>	<u>206</u>	<u>60</u>	<u>66</u>	<u>60</u>	<u>63</u>	<u>59</u>	<u>18,704</u>	<u>-</u>	<u>18,704</u>	<u>25,390</u>

Notes to the Financial Statements

Note 5 Investments

There is only one trust with investments; Moray and Nairn Educational Trust (SCO19017). The investments are all unit trusts managed in line with the investment policy of the trust. Investments are included at fair value as at the balance sheet date. The return on investment is made up of the income derived from the investment (e.g. interest and dividends) and any gain or loss in the market value of the investment. If a charity sells an investment, a gain or loss on the carrying amount of the asset is realised upon its disposal. Where a charity retains an investment, an unrealised gain or loss on the carrying amount of the investment may arise at the balance sheet date. During 2018/19 an investment was redeemed, with proceeds allocated to the Moray and Nairn Educational Trust. The adjustment to investment redeemed figure in 2019/20 is to correct the opening value in Balance Sheet at 1 April 2019 by the value of the investment redeemed in 2018/19.

Trust law applies different rules to endowment funds. In an endowment, trustees cannot add the income from investments to the endowment capital; the income from the investment is allocated to the unrestricted fund. However, any gain or loss on investment is attributed to the endowment capital.

The gain/(loss) on Revaluation figure includes the movement in the market value of all investments held by the trust.

SoFA - Movement in the Available for Sale Reserve	2019/20	2018/19
	£	£
Write out AFS balance of redeemed Investment	-	(4,385)
Add: Net (loss)/gain on revaluation	(84,263)	2121
Add: Additions to investments at cost	-	9735
Add: Adj to investment redeemed	9465	-
	(74,798)	7,471
Net gains/(losses) on investments		
Balance Sheet	2019/20	2018/19
	£	£
Opening Balance	518,145	515,754
Less: Disposals at carrying value	-	(9,465)
Add: Net (loss)/gain on revaluation	(84,263)	2,121
Add: Additions to investments at cost	-	9,735
Add: Adj to investment redeemed	9,465	-
	443,347	518,145
Balance sheet value of Investments		

Note 6 Other Income (SoFA)

Other income is the gain on redemption of the investment that closed in the year.

	2019/20	2018/19
	£	£
Proceeds on redemption of investment	-	9,901
<u>Write out balance sheet values:</u>		
Endowment Investment Fund	-	(9,465)
Available for Sale Financial Instrument Reserve	-	4,385
Gain on redemption (SoFA)	-	4,821

Note 7 Debtors

	2019/20	2018/19
	£	£
Investment income - Moray and Nairn Educational Trust	1,317	1,071
	1,317	1,071

Notes to the Financial Statements (continued)

Note 8 Creditors: amounts falling due within one year

	2019/20	2018/19
	£	£
Audit fee 2019/20	5,200	-
Audit fee 2018/19	-	5,100
Grant award due - Moray & Nairn	73	-
Returned cheque	-	(335)
	<u>5,273</u>	<u>4,765</u>

Note 9 Financial Instruments

The trust funds only have financial assets and financial liabilities of a kind that qualify as basic financial instruments per FRS 102. Basic financial instruments are recognised at transaction value. The financial instruments disclosed in the Balance Sheet are made up of the following categories:

	2019/20	2018/19
	£	£
Debtors		
Financial Assets carried at contract amounts	1,317	1,071
Loans Fund Balances	<u>429,770</u>	<u>423,331</u>
Total Debtors	<u>431,087</u>	<u>424,402</u>
Creditors		
Financial Liabilities carried at contract amounts	<u>5,273</u>	<u>4,765</u>
Total Creditors	<u>5,273</u>	<u>4,765</u>

Note 10 Related Parties

The trust funds use Moray Council's bank account for all transactions and the balance is invested in the Council's loans fund, for which it earns interest. There are no other outstanding balances due to or from Moray Council at 31 March 2020. The trustees are required by the Charities SORP to disclose material transactions with related parties; bodies or individuals that have the potential to control or influence the Trusts Funds, or to be controlled or influenced by the Trust Funds. The amounts paid by the Connected Charities to Moray Council for support services, including legal and finance costs, in 2019/20 was £1,285 (2018/19 £1,318).

Note 11 Trustee Remuneration, Benefits and Expenses

None of the trustees of the Trust Funds and no associated person connected with any of them have received any remuneration or any other benefit for their services. Further, no directly incurred expenses were reimbursed to the trustees during the year.

Note 12 Staff Costs and Emoluments

The Trust Funds have no employees and have not incurred any staff costs or emoluments.

Note 13 External Audit Costs

The Connected Charities incurred £5,200 of statutory audit fees for the audit of the Connected Charities Trustees Report and Financial Statements for the year ended 31 March 2020. This cost has been accrued in 2019/20 and allocated to each trust (£5,100 2018/19).

Notes to the Financial Statements (continued)

Note 14 Accounting Policies

Basis of Preparation

The financial statements for the charitable trusts have been prepared in accordance with the Charities: Statement of Recommended Practice 2015, commonly referred to as the SORP, in accordance with the Financial Reporting Standard 102 (FRS 102), which is effective for accounting periods beginning after 1 January 2015. The financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at fair value, in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The financial statements are prepared on a going concern basis, and in accordance with applicable United Kingdom accounting standards. The principal accounting policies have been applied consistently throughout the year.

In line with Regulation 7 of the 2006 Regulations, these financial statements have been prepared on the basis that the Trust funds for which it acts as sole Trustee are connected charities. As such the financial statements for the individual charities have been prepared on a collective basis for the Council.

An amendment to the Charities SORP (FRS 102) issued by the Financial Reporting Council and published in February 2016 states the requirement for larger charities to prepare a statement of cash flow. The charitable trusts are not classed as a large charity and so a cash flow statement has not been prepared this year.

Fund Accounting

Unrestricted funds are spent or applied at the discretion of the trustees to further any of the charity's purposes.

Endowment funds represent those assets which must be held permanently by the charity. Income generated from endowment funds held for investment must be spent on furthering its charitable purposes.

Incoming Resources

Investment income and other income is accounted for in the period in which the charity is entitled to the receipt and the amount can be measured with reasonable certainty.

Resources expended

Expenditure is included in the financial statements on an accruals basis and recognised when the activity takes place and not simply when the cash payment is made.

Governance costs include the costs of the preparation and examination of statutory financial statements; legal advice to trustees on governance or constitutional matters and costs of administering grants.

Investments

Investments are included at fair value at the balance sheet date in accordance with the principles of the SORP.

Investment gains and losses include any gain or loss on the sale of investments and any gain or loss resulting from revaluing investments to fair value at the end of the period.

Other Matters

The Connected Charities is an arrangement that enables the trust funds for which Moray Council are sole trustees, and which are individually registered with OSCR, to be brought together and included in the Connected Charities Trustees' Report and Financial Statements. As registered charities, they are entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charities primary objectives, if these profits and surpluses are applied solely for charitable purposes.

The connected charities are a Public benefit entity as defined by FRS 102 in that their primary objective is to make grants to the individuals or community groups rather than with a view to providing a financial return to trustees. The Charitable Activities of the trusts are making grants in accordance with the trust deeds and in agreement of the Trustees.

There are no judgements, apart from those involving estimations, that the trustees have made in the process of applying the entity's accounting policies that have a significant effect on the amounts recognised in the accounts.

There are no key assumptions concerning the future, or other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Independent Auditor's Report

Independent auditor's report to the trustees of The Moray Council - Connected Charity Trust Funds and the Accounts Commission

Report 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 The Moray Council - Connected Charity Trust Funds for the year ended 31 March 2020 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 a summary of 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 charities as at 31 March 2020 and of their 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 of 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.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about ability of the charities to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date 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 determine 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 charities' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to achieve 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.

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.

Other information in the statement of accounts

The trustees are responsible for the other information in the statement of accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. 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 matters prescribed by the Accounts Commission or required by applicable law to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the statement of accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Report on other requirements

Opinion on matter prescribed by the Accounts Commission

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.

Maggie Bruce CA
Senior Audit Manager
Audit Scotland
1st Floor, Room F03
The Green House
Beechwood Business Park North
Inverness
IV2 3BL

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

