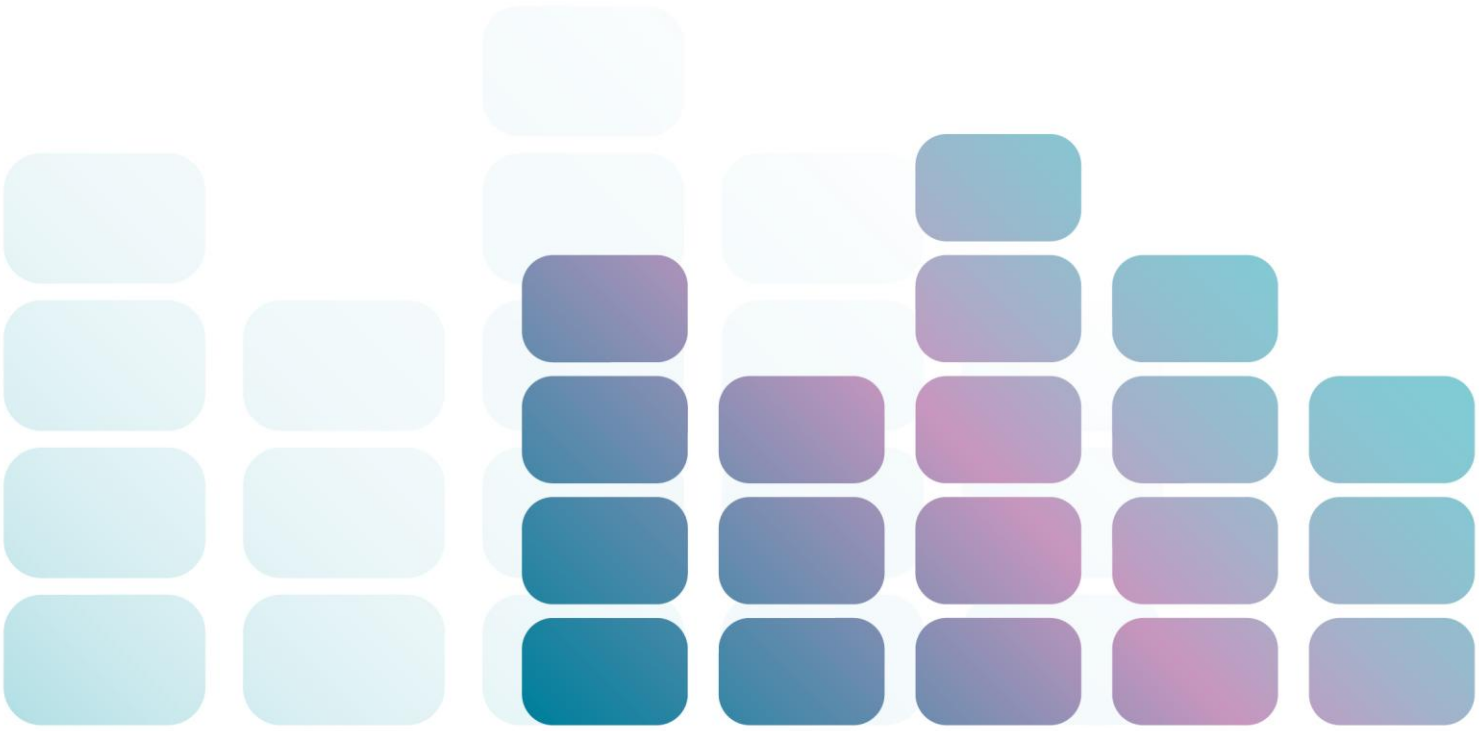


Dr Bruce Fund (SC019149)

2024/25 Annual Audit Report



Prepared for the Dr Bruce Fund
November 2025

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Key messages

Audit of the annual accounts

- 1** All audit opinions stated that the annual accounts were free from material misstatement.
- 2** There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by the Dr Bruce Fund.

Financial Sustainability and Best Value audit

- 3** There are no medium- and longer-term plans in place to secure the financial sustainability of the Dr Bruce Fund.
 - 4** The Dr Bruce Fund has effective and appropriate arrangements in place for securing Best Value.
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Introduction

Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of Dr Bruce Fund's annual accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to the Dr Bruce Fund and the Controller of Audit, and will be published on [Audit Scotland's website](#) in due course.

Appointed auditor and independence

3. Mark Ferris, of Audit Scotland, has been appointed as external auditor of the Dr Bruce Fund for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Mark Ferris as engagement lead and the audit team are independent of the Dr Bruce Fund in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from Dr Bruce Fund, including no provision of non-audit services.

Acknowledgements

4. We would like to thank the Dr Bruce Fund and the staff at East Lothian Council, particularly those involved in preparation of the annual accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

Audit scope and responsibilities

Scope of the audit

5. The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement.
- An opinion on statutory other information published with the financial statements in the annual accounts and the Trustees' Annual Report.
- Concluding on the financial sustainability of the Dr Bruce Fund.
- Reporting on the Dr Bruce Fund arrangements for securing Best Value.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the body and the auditor. A summary of the key responsibilities is outlined below.

Auditor's responsibilities

7. The responsibilities of auditors in the public sector are established in the Local Government (Scotland) Act 1973. These include providing an independent opinion on the financial statements and other information reported within the annual accounts, and concluding on the Dr Bruce Fund arrangements in place for the wider scope areas and Best Value.

8. The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve the body from its responsibilities outlined below.

Dr Bruce Fund responsibilities

9. The Dr Bruce Fund has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of annual accounts, comprising financial statements for the body that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

Audit of the annual accounts

Main judgements

All audit opinions stated that the annual accounts were free from material misstatement.

There were no significant findings or key audit matters to report. All audit adjustments required to correct the financial statements were processed by the Dr Bruce Fund.

Audit opinions on the annual accounts

10. The Dr Bruce Fund annual accounts were approved by the Audit and Governance Committee on 25 November 2025 and certified by the appointed auditor on 25 November 2025. The Independent Auditor's Report is included in the Dr Bruce Fund annual accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



Audit timetable

11. The unaudited annual accounts and all working papers were received on 31 July 2025 in accordance with the agreed audit timetable.

Audit Fee

12. The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £2,000. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

Materiality

13. The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual accounts.

14. Broadly, the concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to influence the decisions of users of the annual accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

15. Materiality levels for the Dr Bruce Fund were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual accounts. Materiality levels were updated, and these can be seen in [Exhibit 1](#).

Exhibit 1

2024/25 Materiality levels for the Dr Bruce Fund

Materiality	Amount
Materiality – set at 2 per cent of net assets	£300
Performance materiality – set at 75 per cent of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£225
Reporting threshold – set at 5 per cent of materiality	£15

Source: Audit Scotland

Significant findings and key audit matters

16. ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged as governance, which for the Dr Bruce Fund is the Audit and Governance Committee.

17. The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

18. In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.
- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.

- Significant events or transactions that occurred during the year.

19. There are no significant findings or key audit matters to report.

Qualitative aspects of accounting practices

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

Accounting policies

21. The appropriateness of accounting policies adopted by the Dr Bruce Fund was assessed as part of the audit. These were considered to be appropriate to the circumstances of the Dr Bruce Fund, and there were no significant departures from the accounting policies set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

Disclosures in the financial statements

22. The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was considered to be adequate except in respect of related party transactions.

23. ISA (UK) 550 requires the auditors to report any significant matters in connection with related parties identified during the audit.

24. The Dr Bruce Fund does not have its own bank account, and all financial transactions are processed through the bank accounts of East Lothian Council. An inter-entity account is maintained within the ledgers of East Lothian Council to account for these transactions and at 31 March 2025 the amounts owed by East Lothian Council to the Dr Bruce Fund in respect of cash held on their behalf was £3,166.

25. The amount owed was included within Other Debtors at 31 March 2025, however our audit work identified that no disclosures were included within the annual accounts to identify this as a related party balance.

26. The annual accounts have been updated to include a related parties note detailing the transactions and balances with East Lothian Council and the Debtors note to the accounts was revised to separately disclose the amounts owed to the Dr Bruce Fund by East Lothian Council at 31 March 2025.

Significant matters discussed with management

27. All significant matters identified during the audit and discussed with the Dr Bruce Fund's management have been reported in the Annual Audit Report.

28. We reported within the 2023/24 Annual Audit Report of East Lothian Council that the council could consider the external appointment of a trustee to the Dr Bruce Fund. This would remove the Section 106 requirement for an audit and reduce the scrutiny requirement to an independent examination of the accounts and accounting records.

29. No progress has been made in respect of this recommendation in 2024/25. Discussions with management has noted that the appointment of an external trustee is being targeted by 31 March 2026.

30. East Lothian Council has reached an agreement with another council to undertake an independent examination of the 2025/26 annual accounts.

Significant risks of material misstatement identified in the Annual Audit Plan

31. Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit , \(page 10\)](#).

Exhibit 2

Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
<p>Fraud caused by management override of controls</p> <p>Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> Evaluate the design and implementation of controls over journal entry processing. Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. Test journals entries, focusing on those that are assessed as higher risk. Evaluate significant transactions outside the normal course of business. 	<p>Audit work performed found:</p> <ul style="list-style-type: none"> The design and implementation of controls over journal processing were appropriate. No inappropriate or unusual activity relating to the processing of journal entries was identified. No significant issues were identified from testing of journal entries. There were no transactions identified which were outside the normal course of business.

Risk of material misstatement	Planned audit response	Outcome of audit work
	<ul style="list-style-type: none"> Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements. 	<ul style="list-style-type: none"> The controls in place for identifying related party relationships were adequate. See Paragraph 24 for findings relating to disclosures to related party transactions in the financial statements. <p>Conclusion: No evidence of fraud caused by management override of controls.</p>

Source: Audit Scotland

Financial Sustainability and Best Value audit

Conclusion

There are no medium and longer-term plans in place to secure the financial sustainability of the Dr Bruce Fund.

The Dr Bruce Fund has effective and appropriate arrangements in place for securing Best Value.

Audit approach to wider scope and Best Value

Wider scope

32. The Annual Audit Plan reported the Dr Bruce Fund was considered to be a less complex body for the wider scope audit. Therefore, the wider scope audit does not cover all four wider scope areas and is instead limited to concluding on the financial sustainability of the Dr Bruce Fund.

Duty of Best Value

33. The duty on auditors to consider the arrangements in place to secure Best Value applies to the body as it falls within section 106 of the Local Government (Scotland) Act 1973.

34. Consideration of the arrangements Dr Bruce Fund has in place to secure Best Value has been carried out alongside the wider scope audit.

Conclusions on Financial Sustainability

35. During the year ended 31 March 2025, the Dr Bruce Fund awarded grants to individuals and organisations totalling £3,650 and there was a net reduction in funds in the year of £3,064.

36. The income generated by the Fund's investments were insufficient to cover the expenditure incurred in delivering the Funds activities. At 31 March 2025, the total unrestricted funds of the Dr Bruce Fund were £17,182.

37. There are no medium and longer-term plans in place to secure the financial sustainability of the Dr Bruce Fund.

38. If the Dr Bruce Fund continues with the disbursements at the level of 2024/25, the Funds will be depleted by 31 March 2031.

39. We reported in the 2023/24 Annual Audit Report of East Lothian Council that a review of the council's charitable trusts, including the Dr Bruce Fund was being undertaken and a report had been presented in June 2023 setting out the potential options arising from the review.

40. The council has not yet finalised a decision on the re-organisation, transfer or amalgamation of the charitable trusts due to the prioritisation of officer's and Councillors time.

41. We will continue to monitor the progress by the council as part of our 2025/26 audit.

Conclusions on Duty of Best Value

42. The audit work performed on the arrangements Dr Bruce Fund has in place for securing Best Value found these were effective and appropriate. This judgement is evidenced by:

- Dr Bruce Fund having well established and effective governance arrangements in place.
- the arrangements Dr Bruce Fund has in place to secure financial sustainability which help ensure the effective use of available resources.

Dr Bruce Fund (SC019149)

2024/25 Annual Audit Report



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