



The Trustees
The Moray Council – Connected Charities
Council Offices
High Street
Elgin
Moray
IV30 1BX

3 September 2015

Dear Sirs,

Audit of financial statements for The Moray Council – Connected Charities for the year ended 31 March 2015

We are writing to set out the findings from our audit for the above named entity in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK&I)).

Significant findings from the audit

We are required under ISA (UK&I) 260 “Communication with those charged with governance” to communicate to those charged with governance significant findings from the audit, including:

- Our views about significant qualitative aspects of the entity’s accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Significant difficulties, if any, encountered during the audit.

We wish to draw your attention to the following findings which were identified from our audit:

Points raised in the prior period

We noted during the 2013/14 audit that charitable activity across all of the 38 charitable trusts was low. The only income stream was from investments and only 3 out of the 38 charitable trusts had any charitable expenditure in the year (totalling £6,000). We recommended that the Council liaise with the Office of the Scottish Charity Regulator (OSCR) to ascertain whether there is any possibility of rationalising the number of charities and agreeing their overall purpose. This would allow such funds that are available to be used for charitable purposes.

Charitable activity during 2014/15 remained low across the 38 charitable trusts but had increased from the prior year. The only income stream continues to be from investments and only 11 out of the 38 (29%) charitable trusts have had any charitable expenditure in the year (totalling £12,000, £11,000 of which

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relates to the Moray and Nairn Education trust). With such a low level of activity it should still be considered whether the connected charities are continuing to meet their original objectives.

We are aware that The Moray Council is in discussions with OSCAR and we will continue to monitor the progress made in this area.

Matters related to going concern

We recommended in the prior year that the Council should consider the viability of the 38 connected charity trust funds operating on a going concern basis given that 58% of the trusts have no defined objectives as no trust deeds are available.

While discussions are ongoing with OSCAR around rationalising the number of charities and agreeing their overall purpose, we are satisfied that the connected charities can realise their assets and discharge their liabilities in the normal course of business.

We have sought specific representation from Management that the presentation of a single set of financial statements for all connected charities is based on guidance received from OSCAR.

Significant deficiencies in internal control

We are required under ISA (UK&I) 265 “Communicating deficiencies in internal control to those charged with governance and management” to communicate to those charged with governance significant deficiencies in internal control identified during the audit.

The audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Our work may therefore have not identified all significant deficiencies in your system of internal control which a separate audit of internal control may reveal.

We have not identified any significant deficiencies in internal control during the audit.

Other matters

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

- Uncorrected misstatements;
- Matters related to fraud;
- Matters related to laws and regulations;
- Matters related to related parties;
- Subsequent events;



- Any significant facts that bear upon our independence and objectivity;
- Matters related to the auditors' report;
- Any other matters that, in our professional judgment, are significant to the oversight of the financial reporting process.

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

This letter has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as this letter has not been prepared for, and is not intended for, any other purpose.

We would like to thank you and your staff for their assistance and co-operation during the audit process.

Yours faithfully

PricewaterhouseCoopers LLP