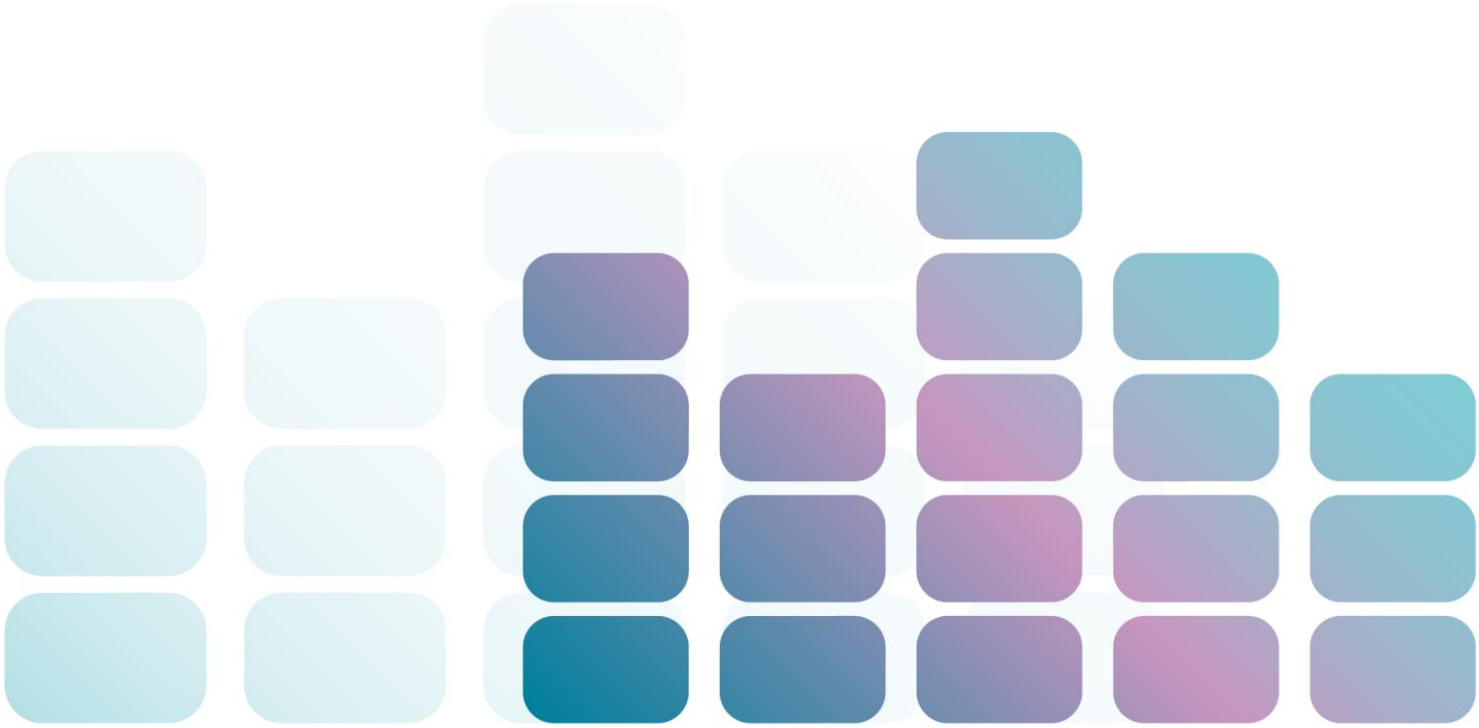
Falkirk Temperance Trust

2024/25 Annual Audit Report



AUDIT SCOTLAND

Prepared for Falkirk Temperance Trust and the Controller of Audit
September 2025

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Key messages

Audit of the annual report and financial statements

1 All audit opinions stated that the annual report and financial statements were free from material misstatement.

2 The Falkirk Temperance Trust has been set up to provide support to people affected by addiction in the Falkirk area but there has been no expenditure to deliver this support in recent years.

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 Falkirk Temperance Trust's annual report and financial statements and the wider scope areas specified in the Code of Audit Practice (2021).

2. The Annual Audit Report is addressed to Falkirk Temperance Trust, hereafter referred to as the Trust and the Controller of Audit, and will be published on Audit Scotland's website in due course.

Appointed auditor and independence

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

Acknowledgements

4. We would like to thank the Trust and those involved in preparation of the annual report and financial statements, for their cooperation and assistance during the audit.

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 report and financial statements, namely the Trustees' Annual Report.
- Provision of this Annual Audit Report.

Responsibilities and reporting

6. The Code of Audit Practice sets out the respective responsibilities of the Trust 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 report and financial statements.

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 Trust from its responsibilities outlined below.

The Trust's responsibilities

9. The Trust 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 an annual report and financial statements, comprising financial statements that give 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.

Audit of the annual report and financial statements

Main judgements

All audit opinions stated that the annual report and financial statements were free from material misstatement.

The Falkirk Temperance Trust has been set up to provide support to people affected by addiction in the Falkirk area but there has been no expenditure to deliver this support in recent years.

Audit opinions on the annual report and financial statements

10. The Trust's annual report and financial statements were approved by the Audit Committee on 30 September 2025 and certified by the appointed auditor on 30 September 2025. The Independent Auditor's Report is included in the Trust's annual report and financial statements, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.

Audit timetable

11. The unaudited annual report and financial statements including working papers were received 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 £2,600. 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 report and financial statements.

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 report and 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 trust was determined at the risk assessment phase of the audit and was 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 report and financial statements. Materiality levels were updated and these can be seen in Exhibit 1.

Exhibit 1
2024/25 Materiality levels for Falkirk Temperance Trust

Materiality	Amount
Materiality – set at 2% of net assets	£3,400
Performance materiality – set at 70% 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.	£2,380
Reporting threshold – set at 5% of materiality.	£170

Source: Audit Scotland

Significant findings and key audit matters

16. ISA (UK) requires auditors to communicate significant findings from the audit to those charged as governance, which for the Trust is the Audit 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. The significant findings and key audit matters to report are outlined in Exhibit 2.

Exhibit 2

Significant findings and key audit matters

Significant findings and key audit matters	Outcome
The Falkirk Temperance Trust was established to provide support for people affected by addiction. There has been no activity through the Trust in recent years due to the conditions attached to applications to the Trust. Capacity constraints have prevented the council from taking the necessary legal steps to make the money held in Trust more accessible. There is a risk that the intended benefits of the Trust are not being met.	The Council will work with the Trustees to explore options that may be available to allow the funds to expended to support people affected by addiction.

Source: Audit Scotland

Qualitative aspects of accounting practices

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

Accounting policies

21. The appropriateness of accounting policies adopted by the Trust was assessed as part of the audit. These were considered to be appropriate to the circumstances of the Trust, and there were no significant departures from the accounting policies set out in the applicable accounting framework.

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 adequate.

Significant matters discussed with management

23. All significant matters identified during the audit and discussed with the Trust's management have been reported in the Annual Audit Report.

Audit adjustments

24. No audit adjustments were required to the financial statements.

Significant risks of material misstatement identified in the Annual Audit Plan

25. 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 3.

Exhibit 3
Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
Fraud caused by management override of controls Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	The audit team will: • Evaluate the design and implementation of controls over journal entry processing. • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries. • Test journals entries, focusing on those that are assessed as higher risk, such as those affecting revenue and expenditure recognition around the year-end. • Evaluate significant transactions outside the normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements.	Audit work performed found: • No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting. • No issues were identified from testing of transactions and balances. • No issues were identified from transactions outside the normal course of business. • The controls in place for identifying and disclosing related party relationships and transactions were adequate. **Conclusion**: no evidence of fraud caused by management override of controls.

Source: Audit Scotland

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