

CHARITY ACCOUNTING, AUDITING & EXAMINING: MEMBERS & STUDENTS RESPONSIBILITIES

All CIPFA members and students undertaking any professional task shall at all times work to the standards set out in all SoPPs (including the SoPP on Ethics) relevant to the task(s) being undertaken. When members or students recognise that a task is beyond their experience, technical competence or capability, they must seek appropriate help, advice and guidance from their manager and/or director of finance. The director of finance should take all reasonable steps to ensure that members are appropriately trained for the task(s) to be carried out, are aware of their limitations and of the means of seeking help in case of need.

Nevertheless, all members must take it upon themselves to recognise their individual levels of knowledge, experience and competence and to refrain from undertaking any work that would not comply with the key principles described in CIPFA's SoPPs.

Many charities are smaller entities and are administered by non-financial trustees and volunteers. Such bodies may look to finance volunteers to meet a skill gap within the charity. Charities, are required to comply with a very different compliance framework to other entities. Before accepting an engagement to support a charity, members and students should ensure that they have the professional skills to enable the work to be completed to the required standard.

Charities in the UK are overseen by three Regulators; The Charity Commission for England and Wales (CCEW), the Office of the Scottish Charities Regulator (OSCR) and the Charity Commission for Northern Ireland (CCNI). The legislation and compliance environment in each jurisdiction can vary in each one, cross border charities who have activities in more than one jurisdiction must ensure they comply with the accounting requirements found each jurisdiction in which it operates. The sites of all these Regulators contain guidance on the accounting requirements for charities in [England and Wales](#), [Scotland](#) and [Northern Ireland](#) respectively.

Compilation of Financial Statements

Charities are required to report under the Statement of Recommended Practice (SORP) for Charities. The Statement was last revised in 2015 to comply with FRS102. This was updated in October 2019 to incorporate clarifications on the interpretation of FRS102 for charities since its implantation. A copy of the SORP can be downloaded from the [SORP microsite](#).

Very small charities, those with a turnover of £250,000 or less, can submit receipts and payments accounts. Although these are much simplified accounts they still require care. The websites of the three charity Regulators also contain guidance and templates on the preparation of receipts and payments accounts.

Independent Examination of Charity Financial Statements

In addition to the preparation of accounts, CIPFA members and students may also be asked to undertake the independent examination of charity accounts. There are detailed requirements that any examiner must follow when undertaking these examinations. In

addition to the guidance on the Regulator’s websites regarding these requirements there are also dedicated sector support groups, such as the [Association of Charity Independent Examiners](#) .The group provides networking opportunities to share common issues and solutions with fellow examiners.

Charities (England and Wales)	Detailed guidance is available on the Charity Commission web site. CIPFA members may act as Independent Examiners (including where the gross income exceeds £250,000) provided they have requisite ability and practical experience to carry out a competent examination of the accounts. For audits of charities (and company charities under the Companies Act), the auditor must be eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006.
Charities (Scotland)	Detailed guidance is available on the Office of the Scottish Charity Regulator web site. CIPFA members may act as Independent Examiners provided they have requisite ability and practical experience to carry out a competent examination of the accounts. For audits of charities (and company charities under the Companies Act), the auditor must be eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006.
Charities (Northern Ireland)	Detailed guidance is available on the Charity Commission for Northern Ireland (CCNI) website. For accounting the financial years of beginning on or after 1 January 2016, charities registered with CCNI are required to complete and submit their accounts, trustees’ annual report and independent examiner/auditor report with the Commission.

External Scrutiny Benchmark (England & Wales) for Independent examiners

A dedicated benchmark has been introduced to monitor the quality of independent examination of the financial statements of charities. All members and students who undertake the compilation, audit and independent examination of charity financial statements should be familiar with the requirements of the benchmark before accepting any engagement.

Accountant in Practice

CIPFA no longer issues practising certificates. The requirement to have a practising certificate was framed in terms of the type of work being done, and the financial volume of work being done. In cases where a sufficient volume of work is being done, accountants are considered to be ‘in practice’. In these cases accountants in practice need to review whether they are appropriately covered by professional indemnity insurance. Work done gratis or for small honoraria does not mean that the accountant is ‘in practice’. The parameters CIPFA is that income from a single client should not exceed £250 and that the total from all clients does not exceed £1000.