

All subscribing members of the Association (Full and Affiliate) are bound by this Code of Ethics.

## 1 Definitions

1.1 In these Regulations:

1.1.1 ACIE means the Association of Charity Independent Examiners

1.1.2 Board means the Board of Trustees of ACIE

1.1.3 Article(s) means the relevant clause(s) of the Articles of Association of ACIE

1.1.4 the words and expressions defined in the Articles shall have the same meaning in these Regulations.

1.1.5 a subscribing member's '**close relatives**' include:

(a) his/her (and his/her spouse's or civil partner's) parents, grandparents, children, stepchildren, grandchildren, brothers and sisters,

(b) and the respective spouses or civil partners of such persons as at a) above.

1.1.6 '**persons closely connected with a subscribing member**' comprise:

(a) his/her spouse/civil partner (excluding a spouse/civil partner from whom he/she is separated);

(b) any persons who are financially dependent on him/her; and

(c) any companies, partnerships, collective investment schemes, unincorporated associations or other organisations in which one or more of the individuals in (a) or (b) above hold financial interests (whether directly or indirectly) which:

(i) give those individuals, in aggregate, 20 per cent or more of the voting rights in the organisation; and/or

(ii) give one or more of those individuals the ability to exercise significant influence over the operating and financial policies of the organisation (for example, by representation on the board of directors, committee of management, or any equivalent management body).

## 2 The Regulations

2.1 These Regulations (the Association's 'Code of Ethics') were made by the Board under Article 78 on 10 March 2011 and last updated on 28 February 2012.

2.2 This Code of Ethics is concerned only with a subscribing member's duties as a Charity Independent Examiner. It does not seek to regulate any other work in which the member is involved.

## 3 Duties and responsibilities - Full Members and Affiliate Members

3.1 All subscribing members should:

3.1.1 have a continuing interest in furthering the work of ACIE - in particular, in promoting the greater effectiveness of charities in the UK in the achievement of their charitable objects by maintaining high standards of practice and professional conduct when undertaking independent examinations;

- 3.1.2 observe and strive diligently to apply:
  - (a) this Code of Ethics; and
  - (b) the other Regulations issued by ACIE; and
- 3.1.3 seek to avoid any personal advantage to the detriment of ACIE.
- 3.2 This Code of Ethics is intended to be complementary to the codes of ethics (or rules on professional conduct) issued by accountancy and other professional bodies in the UK. Subscribing members holding professional qualifications:
  - 3.2.1 should therefore observe, and strive diligently to apply, the codes of ethics (or rules on professional conduct) of their professional body(ies); and
  - 3.2.2 are not entitled to rely on this Code of Ethics in the event that it is silent on a particular subject or imposes requirements that are less strict than those imposed by the code of ethics (or equivalent rules on professional conduct) of their professional body(ies).

#### **4 Ethical Principles**

- 4.1 **Integrity:** Subscribing members should behave with integrity: being honest, truthful and trustworthy.
- 4.2 **Professional Conduct:** Subscribing members should adopt a professional approach and conduct themselves with courtesy, tact and consideration towards all with whom they come in contact.
- 4.3 **Confidentiality:** Subscribing members should not disclose, or allow to be disclosed, to any third party any information gained (whether about a client or about any other person), except where such disclosure is authorised by the client or other person concerned or is required by legal or regulatory process, or where such information is already in the public domain.

Should a subscribing member carry out an Independent Examination with the assistance of a mentor (or a person in any other supportive role), he/she should be clear with his/her client about the impact of this on confidentiality, for example, that the mentor as well as the examiner will have access to the client's papers.
- 4.4 **Independence and Objectivity:** Subscribing members should strive for objectivity when making any decisions or giving any opinions. They should not accept or continue any appointment as Charity Independent Examiner unless they are demonstrably independent of the charity and its trustees and officers. The objectivity and independence of subscribing members mean that they are able to make impartial judgements free from any influences that may arise from personal interests or relationships.
- 4.5 **Competence:** Subscribing members should not accept or continue any appointment as a Charity Independent Examiner unless they genuinely believe that they have the requisite skills, knowledge and practical experience to carry out a competent independent examination. (This would include knowledge and understanding of any relevant SORP, and Regulations and/or Directions issued by any relevant charity regulator in the UK).
- 4.6 **Qualifications:** Subscribing members must not accept or continue any appointment as a Charity Independent Examiner unless they hold any professional qualification that is required to carry out that independent examination. [See also Clause 10 of the Regulations for Full Members].
- 4.7 **Performance:** Subscribing members should plan, perform and complete their charity independent examinations with due skill, care, diligence and expedition and with proper regard for the applicable laws, regulations, rules, standards and official guidance.

## **5 Independence and objectivity**

5.1 For the purposes of Clause 4.4 (Independence and Objectivity), subscribing members will not normally be able to demonstrate that they are independent of a charity and its trustees and officers if, at the present time (or at any time since the first day of the financial year under examination):

5.1.1 they are (or have been):

(a) whether on a paid or unpaid basis:

(i) a trustee, officer or employee of the charity; or

(ii) involved in a managerial role, in the administration of the charity or in the charity's fundraising or promotional activities; or

(b) a major donor (or lender) to, or major beneficiary of (or borrower from), the charity; or

(c) the spouse, civil partner or a close relative, business partner or employee, of any person who falls within a or b above; or

5.1.2 they or persons closely connected with them are (or have been):

(a) reliant on the charity for a significant part of their income, whether:

(i) as a provider of goods or services to the charity; or

(ii) as a beneficiary of the charity's funds or activities; or

(b) in a joint venture arrangement with the charity that is (or has been) financially significant for all parties involved; or

5.1.3 they have (or have had) any of the interests in, or relationships with, the charity which an applicable law or regulation (or the charity's constitution) forbids its Independent Examiner from having.

5.2 Subscribing members should consider carefully the potential impact on their independence and objectivity if they or any persons closely connected with them:

5.2.1 accept from the charity (or from any trustee, officer or employee of the charity) any benefit in the form of hospitality, a gift or the opportunity to obtain goods or services on favourable terms. A subscribing member's independence and objectivity should not normally be at risk if the value of such benefits is modest; or

5.2.2 have a close personal or business relationship with any trustee, officer or employee of the charity.

5.3 Subscribing members should be careful not to allow any person to intimidate them into making unjustifiable or inappropriate decisions.

5.4 Each year, subscribing members should reflect on the impact of their length of service with any one charity on their ability to be independent and appropriately critical of that charity.

## **6 Accepting new appointments**

6.1 Subscribing members considering whether to accept any new appointment as Charity Independent Examiner should:

6.1.1 determine the reasons why the charity is changing its Independent Examiner; and

6.1.2 unless, in the circumstances, it would not be appropriate to do so:

(a) request the charity to authorise the existing/previous Independent Examiner to co-operate with his/her potential successor; and

(b) write to the existing/previous Independent Examiner and obtain the details of any issues or circumstances (for example, fundamental disagreements, lack of

integrity, lack of co-operation and non-payment of fees) that might be relevant to their decision whether to accept or decline the appointment, making oral enquiries if no written reply is forthcoming.

- 6.2 Subscribing members, receiving authority from a client to co-operate with a potential successor as Charity Independent Examiner, should deal promptly and candidly with any reasonable request for information from their potential successor.
- 6.3 Subscribing members should ensure that they do not appear to give charitable recognition to non-charitable organisations by conducting what appears to be an independent examination of the organisation's accounts in accordance with charity law.

## **7 Terms of appointment**

- 7.1 When subscribing members accept any appointment as Charity Independent Examiner:
  - 7.1.1 the terms of the appointment (including the billing and payment arrangements, if any) should be defined in writing, preferably in the form of an engagement letter; and
  - 7.1.2 the charity's trustees or officers should confirm their agreement to those terms in writing.
- 7.2 Subscribing members should not accept or continue any appointment as Charity Independent Examiner if any restrictions are placed on:
  - 7.2.1 their right of access to any of the charity's books, documents and other records (however kept) that they consider it necessary to inspect; or
  - 7.2.2 their entitlement to require such information and explanations from past and present trustees, officers or employees of the charity as they consider it necessary to obtain.
- 7.3 Whilst it is the legal duty of the charity's trustees to supply the above information, subscribing members may wish to consider using a letter of representation, on a regular or on an as-needed basis, to draw the trustees' attention to the requirement to provide all relevant data. This may be particularly useful where the member has concerns that this duty may not be fully understood by the trustees or where the circumstances of the charity are complex or changing.

## **8 Procedure when requested to act for charities which have omitted to register with the applicable charity regulator(s)**

- 8.1 When a subscribing member is approached to act as independent examiner to an organisation which appears to be charitable (and which is not excepted from the legal requirements for charity registration or recognition) but which has not applied for charity registration or recognition, he/she should decline the appointment unless the trustees have confirmed that such application is being prepared. If the trustees provide this confirmation and the subscribing member accepts appointment as independent examiner, the subscribing member should draw attention to the organisation's current status in the examination report.
- 8.2 If the subscribing member is asked to act for the organisation for a subsequent year and the application for charitable status has still not been made, the subscribing member should decline the appointment.

## **9 Summarised and partial financial statements**

- 9.1 If a charity for which a subscribing member is acting as independent examiner wishes to publish summarised accounts, the subscribing member shall ensure that such summarised financial statements are accompanied by the relevant information required under the Charities SORP or any other legal requirement.

- 9.2 If a subscribing member is asked by a charity to provide a report specifically on certain parts of the accounts (for example, on a report of a particular fund to a particular funder, or on the accounts of a local branch of a larger charity), the subscribing member shall ensure that such duties are properly documented in a letter of engagement, and that any report made on those partial accounts make clear that it is not an independent examination report or audit report for the purposes of charity law. This applies whether or not the subscribing member is acting as an independent examiner to the charity as a whole.

## **10 Promotional activity**

- 10.1 When undertaking any promotional activity in connection with charity independent examinations, subscribing members should seek to ensure that:
- 10.1.1 advertisements comply with any applicable laws, regulations or codes of practice - in particular, as to legality, decency, clarity, honesty and truthfulness;
  - 10.1.2 the promotional activity is not undertaken in such a way, or to such an extent, as to amount to harassment of any client, potential client or other third party;
  - 10.1.3 there are no disparaging references to, or disparaging comparisons with, the services or achievements of others.
- 10.2 Any prescribed designatory letters awarded by the Association are personal to paid-up Full Members and may not be used after, or as part of, the name of any firm or practice.
- 10.3 A Full Member's agreed Category and Licence is personal and may not be applied to any firm or practice.
- 10.4 A Full Member may use the ACIE logo as part of his/her promotional materials in accordance with Appendix 1 of the Regulations for Full Members.
- 10.5 Affiliate Members must not give the impression that their membership of ACIE amounts to a qualification. They are not entitled to use any designatory letters in relation to ACIE or to use the ACIE logo on any of their own promotional materials, including letterheads.

## **11 Professional qualifications**

Membership of ACIE, either as an Affiliate or Full Member, does not over-ride the requirements of other professional bodies that subscribing members may belong to in respect of those bodies' requirements for the carrying out of Independent Examination, including conditions relating to practising certificates and professional indemnity insurance. In respect of Independent Examination, therefore, subscribing members are expected to know and adhere to the requirements of any other body to which they belong. [See also Clause 10 of the Regulations for Full Members].

## **12 Discipline**

Any subscribing member found to have breached this Code of Ethics may be deemed to have acted prejudicially to the interests of ACIE. The Board may terminate the membership of any such individual, or may declare that a Full Member be re-classified to an Affiliate Member, provided that the individual concerned shall have a right to be heard by the Board, accompanied by a friend, before a final decision is made. The friend may advise the member, but may not address the Board directly.