

# ACIE

The Association of  
Charity Independent Examiners

## Contents:

ACIE News & Events	1
Practice Points	6
Charity sector news and updates	11
Ask the Examiner	12
Training & Resources	13

## ACIE News & Events

### ACIE England & Wales Conference, Manchester 14th June 2018

Our annual England & Wales conference took place in Manchester on 14th June. Chair, Ian Barrett, welcomed over 70 attendees to the event. Many

thanks to all those who attended and to the keynote speakers and workshop facilitators. Special thanks are due to Nigel Davies from the Charity Commission who have a keynote speech and contributed to two workshops.



In his 'update from the regulator', Nigel Davies, reviewed recent updates, advice and guidance provided by the CCEW including the following:

- **Trustees' responsibilities and key guidance:** Key guidance included: , The essential trustee CC3, It's Your Decision CC27 and Conflicts of interest: a guide for charity trustees CC29
- **Resources- equipping charities:** Examples include updates to CC guidance, new digital resources for Trustees and resources to combat fraud
- **Serious incident reporting:** e.g. New guidance published September 2017- harm, loss and damage:  
<https://www.gov.uk/guidance/how-to-report-a-serious-incident-in-your-charity>

Digital form to streamline reporting and to assist us process the reports, Report via email to [RSI@charitycommission.gsi.gov.uk](mailto:RSI@charitycommission.gsi.gov.uk)

**Our developing regulatory approach:** The CCEW new Chair, Baroness Tina Stowell, said (NCVO April 2018): "...all a charity has is its purpose. So when that purpose is undermined, whether through misconduct or other failures, your very reason for existence comes into question" and "...the Commission's job is not to represent charities to the public, but to represent the public interest to you (charities)".

What does this mean in practice? Nigel suggested the following:

- When things go wrong we look to see if our guidance was followed and was a serious incident report made
- A readiness to use our extensive powers  
Greater engagement with IEs and auditors

- A renewed focus on helping trustees get it right

Other keynote speakers included Anne Davis from the IFA who provided us with an update on anti money laundering regulations.



Click [here](#) to see *Money Laundering Regulations 2017 Compliance Checklist* provided by IFA.

*You can access all the slides from the conference by logging in to the Member's section of the ACIE website. If you have any problems accessing the slides, just email [info@acie.org.uk](mailto:info@acie.org.uk)*

#### **ACIE and ACAT: Partnership working**

ACAT (The Association of Church Treasurers and Accountants) have asked ACIE to contribute to two events later this year. Susan Robinson (Vice Chair) and Ian Barrett (Chair) will deliver a presentation on 'Good Governance: an IE's perspective.

Susan will be in London – **Saturday 13 October 2018** at the Galleon Suite at the Royal National Hotel, Bedford Way, London. Ian will be presenting in Manchester **Wednesday 14 November 2018** at Audacious Church, Trinity Way, Manchester.

#### **CIMA Charity accounting workshop 19th September 2018 - Bristol**

Ian Barrett (Chair) will be contributing to a day event run by the CIMA Not for Profit/Charity Focus Group.

Ian will present a session on

- how to go about deciding whether to take on a charity's Independent Examination
- how to go about doing an Independent, as well as
- giving overview of the Association of Charity Independent Examiners

[Charity accounting workshop 1 - Full programme of the day.](#)

### Update from Northern Ireland

The NI Advisory Committee was established late 2017 following a number of training sessions delivered by ACIE in NI and the building of the relationship between NICVA and ACIE. Tony Clarke, currently Chair of the NI Advisory Group, along with his fellow Committee Members; Celine Corrigan, Ken Rainey and Denise Copeland; have been working hard in the last three to four months to establish a number of different contacts thereby building the profile of ACIE in NI.

The aim of the NI Committee would be to promote the Membership of ACIE in NI as well as facilitate and assist members in various aspects of their IE work including training, mentoring and advice.

The NI Advisory group for ACIE have engaged with CCNI and would hope to become a critical friend of CCNI and to have an active relationship with them when it comes to consultations and seeking advice on the various aspects of the IE work. One of the initial key objectives of the NI Advisory group work is to establish a model set of receipts and payments and accrual based accounts to include all current and new NI legislation.

One other key objective of ACIE in NI would be to establish the potential of CPD and training for its NI IE members, ensuring that the ACIE membership realises its full potential and the standard of preparation of full accounts are at the highest level.

ACIE was to present a session on IE to the Northern Ireland Charity Commission in March this year. Margaret Birse, a Fellow of ACIE, presented the session which was well received.

### Introducing the NI Committee:

**Tony Clarke** established his practice in 2004 and works within all sectors with a wide ranging client base.

**Celine Corrigan** established her practice in 1990 and works with an expansive range of clients within all sectors.

**Denise Copeland** is the Governance and Charity Advice Manager of NICVA ensuring Charities and Voluntary Organisations have the information and resources they require.

**Ken Rainey** became a partner in a Chartered Accountants in 1985. Ken has a wide knowledge of all aspects of general practice with clients covering all aspects of business.

*If you are considering being a member please contact Tony Clarke on 02890 607450 or [tony@cabbs.co.uk](mailto:tony@cabbs.co.uk)*

### ACIE - New Trustees

Lee Stevenson (ACIE) has joined the Board of Trustees. Lee is based in Scotland and has been a member of ACIE since 2009.

Lee says: "I have worked in the Third Sector for over 25 years supporting charities and community groups. Over the last ten years my roles has been governance support, including financial management. My current role also involves designing, developing and delivering training on financial management and the preparation of charity accounts.

I have been a trustee in a local charity for ten years, in various office bearer roles, and also a committee

member and founder of a Toastmasters Club in Falkirk.”

Lee Stevenson (ACIE)



### ACIE's CPD Pilot

ACIE launched its first CPD pilot for full members in April 2017; for the first two years completing your CPD return is voluntary but from 2019 submitting a return will be mandatory.

Our CPD form asks a series very focused questions. The form was designed to be easy to complete and specific to your IE work.

To assess how the CPD pilot is going and what kind of information members are submitting, we asked a number of volunteers to share their returns.

The good news is that members are putting considerable time and effort into updating their

skills and knowledge. The most common learning need identified was 'updating my knowledge of charity accounting and IE' but there were also some more specific needs cited such as 'using the SORP' and 'knowing more about tax exemption'.

Members were also asked to list the actions they took and provide evidence where possible. Again, the overall response was very positive with a wide range of activities undertaken, including:

- Reading ACIE Newsletter
- Attending ACIE training and/or ACIE annual conferences
- Scanning of CCEW, OSCAR and CCNI websites for updates
- Email updates from CCEW, OSCAR and CCNI
- Reading accountancy journals
- Viewing relevant webinars
- Discussions with fellow examiners
- Researching online e.g. using HMRC's web page

We recognise that the range, type and frequency of CPD carried out by members will vary greatly, often dependent on your level of experience, the types of accounts you examine and the resources to which you have access to.

Key points to keep in mind when you are completing your CPD record:

- Clearly identify your learning need
- Provide examples of the types of learning undertaken
- Assess the impact on your practice
- Keep everything specific to IE

## Members Networking Group - South of England

ACIE are piloting two local members events in the South of England. Join us on either of the following:

- **11<sup>th</sup> October 2018 at 26 Kings Hill Avenue, Kings Hill, West Malling, Maidstone ME19 4AE.** Click [here](#) to see the location
- **16<sup>th</sup> October 2018 at Amelia House, Crescent Road, Worthing BN11 1QR.** Click [here](#) to see the location

The start time is 6.30pm and we will be finished by 8.30pm at the latest.

The West Malling event will be hosted by ACIE Trustee Susan Robinson (BA FCA MCMI FCIE DChA).

The Worthing event will be hosted by ACIE Trustee Eileen Houghton (ACA DChA FCCA FCIE)

The theme of the evening will be “What keeps you awake at night doing Independent Examinations ?” It is an opportunity to share issues and experiences with fellow members. Light refreshments will be available, however the event will be free.

**Please RSVP by 30 September 2018 to [info@acie.org.uk](mailto:info@acie.org.uk)**

## Forthcoming ACIE Training - Scotland

The Association of Charity Independent Examiners are running four sessions of training for people working in Scotland. This programme has something for everybody, no matter what your level of knowledge and understanding. So, whether you are interested in beginning a career in charity accounting and IE, whether you want to develop your knowledge further or whether you want to update your practice, one or more of the days will be relevant to you.

**Location:** Alcohol Focus Scotland 2nd Floor 166 Buchanan Street, Glasgow G1 2LW

**Content:**

- **Day 1, 22/10/18: Introduction to charity accounting and governance**
- **Day 2, 23/10/18: Introduction to charity accounting - Receipts & Payments**
- **Day 3, 29/10/18: Introduction to charity accounting - Accruals**
- **Day 4, 30/10/18: Independent Examination: Best Practice**

### How much will it cost?

We have a range of early bird offers for members and non-members. You will also receive a discount if you book for any two of the four days.

Early Bird prices are as follows (Book before 30/09/18):

- ACIE Members (2 Days £160) (1 Day £100)
- ACIE VIE Members (2 Days £88) (1 Day £55)
- Non-Members (2Days £200) (1 Day £130)

If you are interested in booking more than 2 days or if you wish to discuss a group booking, please contact us at [info@acie.org.uk](mailto:info@acie.org.uk) to discuss rates.

### Who should attend?

- Charity Trustees and Treasurers
- Anyone interested in becoming an Independent Examiner
- ACIE members looking to update their knowledge
- Professional accountants who want to learn more about charity accounting

For a full description of the each training day, please click [here](#).

# Practice Points: Updates from the Regulators across the UK

## [Charity regulators hold governance review of SORP making process](#)

The four charity regulators in the UK and Republic of Ireland have decided to hold a governance review of the constitution and composition of the Charities Statement of Recommended Practice (SORP) committee and the SORP making process.

The governance review will be undertaken by an Oversight Panel comprising an observer representative nominated by the FRC and a representative from each of the four charity regulators. The panel will be assisted by the staff of the CCEW and OSCR.

**The work of the panel will be overseen by Professor Gareth Morgan, an independent Chair retained by the SORP-making body.**

The purpose of the governance review is:

- to gain assurance that the SORP-making process commands confidence and addresses the transparency and public confidence challenges facing charities; and
- to assure the Financial Reporting Council (FRC) that any revised arrangements adhere to the FRC Policy on developing SORPs.

The Charities SORP is the set of rules which governs charity accounting for charitable companies and larger charities and was initially developed by the Charity Commission for England and Wales (CCEW) and the Scottish Charity Regulator (OSCR). The Charity Commission for Northern Ireland (CCNI) were added as joint members of the SORP-making

body in June 2018. The Financial Reporting Council have also approved the inclusion of the Charities Regulator in the SORP-making body but this is subject to the SORP being formally adopted for use in the Republic of Ireland and made mandatory for Irish charities.

The charity regulators have identified that as a minimum the governance review shall consider the following matters:

- the composition of the advisory SORP Committee
- identification of, and engagement with, key stakeholders in the SORP development process
- the extent to which the views of key stakeholders have been recognised in the process
- potential of changes to membership of the SORP Committee should the FRC agree the remit of the SORP to make recommendations covering non-statutory financial reporting by charities

The governance review will be undertaken during 2018 and the conduct of the review, the taking of evidence, publicising of the process, and the identification and invitation of participants, and any other relevant matter shall be determined by the Oversight Panel. Any recommendations from the review requiring change to the composition of the advisory SORP Committee and the SORP development process will be taken forward by the SORP-making body in 2019 in time for the development of the next full SORP.

### **Charities SORP Committee Governance Review Panel Chair, Professor Gareth Morgan, said:**

As someone who has had a long interest in the Charities SORP, both as an academic researcher and as a practitioner, I am very much aware of its

significance in achieving massive improvements in charity accounts and reporting since the first modern SORP was issued in 1995. Going forward in 2018, I am delighted that the four charity regulators across the UK and Ireland will together form the new SORP-making body. In the circumstances, it is entirely right to begin with a review of the governance processes in developing new versions of the SORP, and I am honoured to have been asked to chair that review.

**Laura Anderson of OSCR who is one of the joint Chairs of the SORP Committee, said:**

On behalf of the charity regulators involved in the SORP process we welcome Gareth taking on the role of Chair. The review comes at a critical juncture as we look to take stock and develop the next SORP with the needs of all four charity law jurisdictions in mind. To be effective we need a SORP process that is fully representative and delivers a SORP that is clear, accurate and meets the reporting needs of the users of charity reports and accounts whilst upholding the standards issued by the FRC.

## News from the Charity Commission for England & Wales

### [Prepare for the charity annual return 2018](#)

The 2018 annual return service will be available by the end of August. It will include new questions. Some of the new questions will be optional this year to allow charities to put new systems in place.

Look out for the following:

- In the annual return for 2018 CCEW will ask for a breakdown of salaries across income bands, and the amount of total employee benefits for the highest paid member of staff.

- Existing questions about charitable expenditure overseas will be extended to include questions about how charities transfer and monitor funds sent overseas.
- There are new questions about the breakdown of sources of income from each country (outside the UK) for which a charity receives funds.

### [Charities SORP-making body expanded to promote high quality financial reporting across UK and Ireland](#)

The four charity regulators of the UK and Ireland will for the first time work together to develop the charity accounting framework for use across all four charity law jurisdictions.

The Financial Reporting Council (FRC) has approved the addition of the Charity Commission for Northern Ireland and the Charities Regulatory Authority for the Republic of Ireland as joint members of the SORP-making body with the Charity Commission for England and Wales and the Scottish Charity Regulator (OSCR). The inclusion of the Charities Regulatory Authority is subject to the SORP being formally adopted by way of regulations for use in the Republic of Ireland.

### [Charity automatic disqualification rules: prepare for changes to the law](#)

On 1 August 2018 the law changed to extend the scope of who will be disqualified from running a charity. These include new disqualification reasons for trustees and some charity senior manager positions (chief executives and finance directors - and those in equivalent roles).

New reasons for disqualification include being in contempt of court, being named under particular anti-terrorism legislation or being on the sex offenders register.

### [Automatic disqualification: guidance for charities](#)

Charities should avoid appointing or retaining trustees or senior managers who are disqualified, unless the Charity Commission has given a waiver. Charities should follow this guidance to help make the right decisions.

Click on the link to see separate [guidance for individuals](#) about automatic disqualification and how to apply for a waiver.

### [Trustees disqualified following joint agency investigation and Commission inquiry](#)

The Commission recently reported on its inquiry into Families for Survival and Save the Age Ltd. The following extract from the report focuses on the financial management of charities and the role of the Independent Examiner.

#### **The financial management of the charities**

Trustees have a legal duty under charity law to protect the funds and property of their charity so that it can be applied for its intended beneficiaries in order that the charity can fulfil its aims. Trustees must ensure that their charity's assets are properly used, its funds are spent effectively and its financial affairs are well managed.

In the case of FFS and STA the trustees failed to demonstrate to the inquiry that there was any financial management of the Charities' affairs, or that funds had been spent in furtherance of the charitable purposes. *The inquiry found that the trustees failed in their charity law duties to manage the charities' resources responsibly and assets by mismanaging the charities' finances in order to facilitate unlawful activity.*

**The Independent Examination of the Accounts:** to maintain public confidence in the work of charities, charity law requires most charities to have external scrutiny of their accounts. An independent examination provides an external check on the

accounts and is carried out by a person with the relevant ability and experience. The examiner's role is important as it public assurance about a charity's accounts, expenditure and income. This assurance is relied on by the public when the accounts are published on the Register of Charities.

*The inquiry confirmed that FFS and STA used the same accounting company but different independent examiners to review its accounts. The joint agency investigation identified that the name of the independent examiner who reviewed the accounts for FFS was in fact an alias for trustee A and that trustee A was a founding and former director of the accounting company.*

Further checks carried out by the inquiry also failed to trace identities for either of the individual independent examiners in the UK. Given that the independent examiner for FFS was an alias for trustee A and that the independent examiner for STA could not be traced, trustee A and trustee B submitted annual accounts containing false information to the Commission and failed to lawfully manage the finances of the charities.

## News and Updates from the Scottish Charity Regulator

### **Public trust in charities remains stable**

Two surveys published by OSCR show that the public's score for trust in charities has remained the same since 2016 and confirms support from both the public and charities for the Scottish Charity Regulator (OSCR) and its work.

OSCR commissioned the surveys to see how attitudes compared to 2016. In the reports, independent research organisation Progressive presents the views of 1,000 members of the public and 1,200 charity representatives as well as findings

from public focus groups and in-depth telephone interviews with charities.

- [Read the full public survey report here.](#)
- [Read the full charity survey report here.](#)
- [Read a summary of the results here \(infographic\).](#)

As in previous years, OSCR's stakeholder surveys asked members of the public whether and how they support charities; what levels of interest and support they have for charities; what issues of concern they had; and how aware they were of OSCR and its work. Charities were asked about the challenges they faced and how satisfied they were in dealing with the Regulator.

Key points include:

- *Overall public trust in charities is around the same level as two years ago* with a mean trust score of 6.14 out of 10 in 2018 compared to 6.08 in 2016.
- *Trust was higher for local charities* than Scotland-wide, UK and international charities.
- *Public knowledge of OSCR has increased significantly.* Members of the public who were aware of OSCR have greater levels of trust and 85% say that OSCR's role is important.
- *There was strong support for charities using the [OSCR Registration logo](#) on their materials.* Results showed that a significantly higher proportion of people would donate to a charity with the logo included when compared to all other options.

## OSCR produces new fraud guidance

The Scottish Charity Regulator (OSCR) has produced new guidance for Scottish charities about how to reduce the risk of fraud in their charity.

This guidance, *Fraud: how to reduce the risks in your charity*, highlights some of the risks of fraud to which charities are vulnerable and provides practical advice for trustees on how to tackle it.

The guidance tells trustees:

- what their legal duties are
- how they can reduce the risk of fraud; and
- how OSCR will consider instances of fraud in charities.

[You can read the new fraud guidance here.](#)

## 13% rise in charity registrations: OSCR's Annual Review 2017-18

Figures show that OSCR approved 961 applications for charitable status, a 13% increase on the previous year.

Key highlights include:

- assessing 1,184 applications for charitable status
- 11,275 downloads of OSCR's charity registration logo
- handling 506 concerns about charities from external sources, and
- producing 10 new guidance publications.

[Read OSCR's 2017-18 Annual Review here.](#)

## News and Updates from the Northern Ireland Charity Commission

### Commission publishes latest call forward list

The Charity Commission for Northern Ireland has published its latest 'call forward' list for charity registration.

The list names the 350 organisations which the Commission anticipates will be called forward to apply for charity registration during the remainder of the financial year, up to the end of March 2019.

### Special focus on : HMRC Making Tax Digital VAT

Making Tax Digital or in short MTD, is coming into force for VAT in April 2019 as a part of the government's wider plan to embrace the benefits of the 'Digital Age'. MTD is designed to make the administration of the tax system more effective and efficient, by reducing avoidable mistakes in tax returns.

As a useful guide for businesses that are above the VAT threshold, HMRC has published the VAT Notice 700/22 on the 13 July 2018.

The full notice details can be found [here](#).

### The key facts you need to know - Kreston Reeves, Emma Chesson

- **MTD VAT Rules** – Applicable from your first VAT period starting on or after 1 April 2019.
- **Accounting Software** – In order to submit your VAT return post April 2019 the software must have the capability of communicating directly to HMRC's interfacing platform (Application Programming Interface, or in short API). The manual box entry on the current form will no longer be available as transferring data manually will not be acceptable under MTD.
- **MTD Exemptions** – HMRC will allow exemptions to new rules, in the instance of religious beliefs, the impracticality of using digital tools or you are subject to an insolvency procedure. However, you will need to provide satisfactory evidence that you meet any of the aforementioned instances.
- **Digital Record Keeping** – All VAT registered businesses must keep and preserve certain records and accounts. In practical terms, if a hard copy invoice is received and manually typed into the accounting software, the original copy must be kept. Hard copy invoices that are scanned in full and the full image is held on the accounting software, the hard copy invoice does not need to be kept.
- **Digital Links & Excel** – Digital links remove the need for manual intervention as the links serve to exchange data electronically. In the practical application of using Excel spreadsheets to calculate VAT returns, digital links are classified as a formula in one sheet that is directly linked to the source's value in another cell. The cutting and pasting of information within Excel or between any other software programs will not be acceptable under MTD from the 1 April 2020.
- **Transitional Grace Period for Cutting and Pasting Data** – HMRC will accept the cutting and pasting of information as being a digital link for VAT periods commencing between 1 April 2019 and 31 March 2020.
- **Bridging Software** – This is a digital tool that creates the necessary digital links

between single/ multiple spreadsheets and accounting software, in order to facilitate the flow of digital information between HMRC and you.

- **API Spreadsheets** – Spreadsheets that are API enabled and are either combined with the accounting software or used to digitally record the VAT information, in order to upload the return directly to HMRC.
- **Designatory Data** – In order to be MTD compliant, you will need to have a digital record of your business name, principal trading place of business, VAT registration number and VAT schemes that you use.

### **Making Tax Digital (MTD) for VAT (Sayer Vincent)**

For VAT return periods commencing from 1 April 2019 it will become compulsory for most businesses to file their VAT returns via MTD (although there will be a 12 month soft-landing period where HMRC will be more tolerant). Under MTD, there must be a digital link between the figures in your VAT return and your accounting software. Adjustments such as partial exemption and capital goods scheme can be calculated in spreadsheets but must be posted back into the accounts software for the software to send the VAT return to HMRC.

HMRC are yet to produce guidance on MTD, but we will alert you once it is available. We recommend that you speak to your accounting software providers now to understand what they are doing to prepare for the launch of MTD. You should also review your VAT processes now, as HMRC want a complete digital link from the initial transactions to the VAT return, therefore ideally you should run your VAT return on your accounting software and only have to make one journal adjustment for your partial exemption workings. Your partial exemption workings should be performed in Excel or similar, with all the figures calculated using links to underlying data rather than typed in figures.

## **Charity Sector News**

### [Charging for regulation 'quite a way off' says Commission legal expert -](#)

A levy on large charities to fund regulation is “possibly quite a way off” from being implemented, according to the Charity Commission's senior legal expert. Kenneth Dibble, a legal member of the regulator's board, and its former legal director, also said that it is "going to go nowhere if the charity community pushes back against it very strongly". Last November, chief executive Helen Stephenson announced the regulator's plan to consult the sector on a plan to charge the 2,000 largest charities a flat rate of £3,500 to raise £7.5m. But speaking at the Armed Forces Charities' Seminar in London yesterday, Dibble said the planned consultation had already been delayed from the summer to the autumn by new chair Baroness Stowell. He said: “It has been held up recently because of the new chair has decided that she wants quite properly to have an overview of this and to be absolutely sure that this will fall within her time as chair of the Commission.

### [OSCR considers charging charities to fund revenue shortfall \(THird Force News\)](#)

Scotland's charity watchdog says it is looking at charging charities in a bid to boost its “insufficient” income.

In its [annual report for 2016-2017](#), the Office of the Scottish Charity Regulator (OSCR) said it is waiting to see the outcome of a consultation soon to be undertaken by the Charity Commission before looking at considering "stakeholder charging models."

OSCR has received £3 million a year since 2013 but is concerned that its sizeable expenses are rising disproportionately. Staff costs are the regulator's biggest cost burden with £2.15m being spent on staff

in 2017/18 out of the regulator's total expenditure of £2.99m.

It had 48.39 full-time equivalent employees on average during the year. OSCR says a lack of funding has meant some staff positions have taken longer to fill than usual.

### Gift aid rules simplified

After two consultations, HMRC have announced a change and simplification to the rules relating to the amount of benefits that a donor can receive from a charity.

There are currently anti-avoidance rules in place that prevent tax relief for Gift Aid donations where the main or one of the main purposes of making the donation is for the donor to receive an "advantage". However, certain small benefits are allowed without losing Gift Aid tax relief on the donation.

The individual can receive benefits from the charity, or anyone associated with the charity, without affecting the gift aid relief provided the value of the benefits is within certain limits. These limits are:

- gift of £100 or less — the maximum benefit is 25% of the amount of the gift
- gift of between £100 and £1,000 — the maximum benefit is £25
- gift of over £1,000 — maximum benefit is 5%. This is subject to a maximum total benefit of £2,500 in any tax year

### With effect from 6 April 2019:

- The benefit threshold for the first £100 of gift will remain at 25%
- For gifts over £100 the benefit is £25 plus 5% of the amount of the excess over £100
- The total benefit that a donor can receive remains at £2,500

The new rules will be introduced in the 2018/19 Finance Bill.

## Ask the Examiner

*ACIE offers a 'queries' service for members. In those instances where we think the response to such queries would be helpful to the general membership, we will publish the anonymised response.*

**Question 1 . I have an 'examination' of a set of PCC accounts in progress which I have not examined before.**

***There are three significant 'designated funds' and similar amounts of investments which appear to represent them but the income from those investments around £7,000 each year does not go to those funds but is reported in the 'general fund' investment income.***

***The accounts are reported on a 'Receipts and Payments' basis. This seems wrong to me and asking the PCC treasurer he says that the fund capital may be 'designated' but the income is not.***

Answer 1: Are you sure the funds concerned are DESIGNATED funds, not RESTRICTED funds?

If they are designated funds, it simply means that the funds have been separated by some PCC decision, but they are not restricted. Designated funds are part of unrestricted funds. So if the PCC prefers to allocate the investment income to general funds I think that is fine.

If, however, they are restricted funds, the general principle is that investment income should go back into the fund concerned, as part of the overall restriction. But there are many exceptions to this - for example, donors may have been told (e.g. in some fundraising literature) that whilst their actual donation will be restricted, any investment income from their donations would be allocated to general funds. If that was made clear at the time of the

original appeal, it is fine to allocate the interest to general funds. So you may need to go back and check the documentation which led to the establishment of the fund.

However, if the investment income is as much as £7,000 these funds most hold considerable resources. If you have funds that are held purely as investments, with no intention to spend the capital, they are probably ENDOWMENT funds. In the case of an endowment the income is always always allocated to another fund under the terms of which the endowment was received. Otherwise the endowment would just keep growing and could do nothing to help the PCC's work.

***Question 2: I have been asked by a charity to set up an accounting system for them: Can I do this and still be their IE?***

Answer 2: I think that is fine so long as the client themselves decides what to post where - i.e. so long as it is their bookkeeping.

And in terms of the initial set up, the client also needs to have the freedom to approve the structure of accounts the IE suggest or propose changes - e.g the choice of nominal codes and most importantly the structure of the funds must ultimately be the client's decision even if the IE helps.

At year end, the client may also need the IE to help with some of the more complex transactions such as depreciation or inter-fund transfers. Again I think this is fine so long as (a) it is only a few transactions and (b) the client makes an informed decision to approve any adjustments of this kind - rather than the accountant forcing them into anything.

So provided (a) the IE is not involved in day to day bookkeeping procedures and the (b) all areas where the IE makes suggestions regarding the structure of the accounts or year end adjustments are clearly approved by the client, I do not consider there is a problem of independence.

## Update on training and resources for ACIE Members

A number of organisations provide training and resources that might help you in your CPD.

**Community Accounting Plus** Free Webinar Training. The next block is on **Tuesday 11<sup>th</sup> September 10 -11am for all QuickBooks Cloud clients**. This will be a Question and Answer type training led by questions you have as users. The webinar will be hosted by John O'Brien and Cathy Whyld from CA Plus.

Details for the session are below:

- The session will allow you to forward questions to Anna ([ahorsley@caplus.org.uk](mailto:ahorsley@caplus.org.uk)) in advance by email and these will be answered in the webinar. If there is time you will also be able to ask questions live
- This session will allow users to discuss common issues and share good practice
- A great session for anyone using QB Cloud at any level

[Register by clicking here](#)

You can catch up on previous webinar trainings by [clicking here](#)

Topics include Budgeting, Cashflows & Planning, GDPR, Financial Reporting within your Organisation, Financial Controls & Fraud as well as other QuickBooks Online related sessions.

CAP also provide **Free Toolkits**. Visit the CAP website to see a range of downloadable toolkits and templates which are designed to help Treasurers, finance staff and managers. These include budgeting and planning templates, Cashflows and Pricing & Costing templates which can be easily

adapted and used to help your organisation. [Click here to take a look.](#)

**Kreston Reeves have a series of Videos that you may find useful:** click here to see the links to the following:

[VAT: Key issues with VAT in charities \[Video\]](#)

[Risk management: Managing, prioritising and mitigating risk for charities \[Video\]](#)

[Back to basics of fundraising \[Video\]](#)

[Transparency and accountability for charities \[Video\]](#)

### **Charity Trustee Training Day from KM Accountants**

KM invite you to a Charity Trustee Training Day to be held on **Wednesday 19th September 2018** at the Prairie Sports Village, Burnley, BB10 2FU from **9.30am - 4.00pm**

The [programme](#) is:

- Charitable Incorporated Organisations
- Duties and responsibilities of trustees
- Making tax digital and cloud accounting
- Gift aid update

Who should attend: Trustees, Senior Representatives of Charities. Cost per charity £30 inc VAT per delegate including lunch and refreshments.

**Enquiries and booking:**

[info@kmaccountants.co.uk](mailto:info@kmaccountants.co.uk)

### **IFA Scottish Branch Meeting: 19/09/2018**

ACIE members are invited to attend this IFA event being held in Edinburgh on 19th September.

Venue: David Lloyd Centre, Newhaven Pl, Edinburgh, Midlothian EH6 4LX - Free car parking

Topics covered are:

- Working Capital Redefined - Fraser McKay - Business Development Manager Scotland Pay4 Limited
- How non-bank lenders can help your clients access funding
- Vehicle Acquisition Costs for businesses - Mann Island

**To register contact: Linda Wallace, Business Development - Email: [lindaw@ifa.org.uk](mailto:lindaw@ifa.org.uk)**

## **Next ACIE Newsletter: October 2018**