

ACIE

The Association of
Charity Independent Examiners

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Practice Points

News and updates from the Charity Commission England and Wales

[New Directions & Guidance for IE's CC32](#)

The long awaited new Directions and Guidance for Independent Examiners in England and Wales was published earlier this month.

The new Directions that take into account the increase in threshold for independent examination reporting periods (financial years) ending on or after 31st March 2015 and the revised list published on 13 April 2017 of reportable matters of material significance to the charity regulator.

[ACIE: New contact details - details on page 10](#)

Our new postal address *to which all correspondence should sent* is:

Association of Charity Independent Examiners
19 Windsor Place, Edinburgh, EH15 2AJ

Our new landline number is : 0131 659 9751
Our new mobile number is: 07899 891616

ACIE's new registered address is:
1st Floor, Block C, The Wharf, Manchester Road Burnley
BB11 1JG

The revised guidance includes three new directions relating to conflicts of interest, the disclosure of related party transactions and the charity's financial circumstances.

- **Direction 2** sets out requirements for examiner independence; examiners must check for any conflicts of interest that may prevent them from carrying out the independent examination.
- **Direction 7** requires examiners to check that related party transactions in 'SORP accounts' (cases where charity accounts are prepared on an accruals basis) are properly disclosed.
- **Direction 9** requires examiners to check whether the trustees have considered the charity's financial circumstances when preparing the accounts, and for SORP accounts whether the trustees have made an assessment of the charity's position as a going concern.

Nigel Davies, head of accountancy services at the Commission, said: "These new requirements and the more robust examination process will ensure that charities' accounts are sufficiently scrutinised and that any regulatory concerns are identified as early as possible.

"It will also provide reassurance to trustees and the public that there is adequate oversight over charity's' finances.

"We're grateful to everyone that provided feedback to us during the consultation process and the working party members who assisted us.

"The improvements that we've made to the guidance as a result, such as creating a new checklist

for examiners, will ensure that examiners are well equipped to meet the new requirements and that there is an appropriate balance between the duties of charities and examiners, and the need for a robust independent examination process alongside high-quality, transparent charity reporting."

The updated guidance and Directions must be followed by independent examiners when carrying out their independent examination. For independent examiner's reports signed and by the examiner and dated on or after 1 December 2017 the new Directions and guidance must have been followed for the independent examination to have been done correctly. The date from which the new Directions are mandatory is 1 December 2017.

Examiners are encouraged to follow the new Directions and guidance straight away and not wait for the mandatory date of 1 December 2017.

The Commission has also produced a revised checklist for Independent Examiner's (CC32a), Both publications are available via the Commissions's website at:

<https://www.gov.uk/government/publications/independent-examination-of-charity-accounts-examiners-cc32>

Consultation: Annual return for 2018 - information collected from charities

This is a consultation about changes CCEW propose to make to AR18, the next version of the Annual Return which will apply to charities' financial years starting on or after 1 January 2018.

The regulator is seeking your views on changes to the content and structure of the annual return for charities and how they target questions so that they only require the information which is needed for regulatory purposes. You can respond online and see more details about the consultation by following this

link:

<https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJlbWFpbCI6ImVyaWMub>

Converting to a Charitable Incorporated Organisation - Consultation responses

The Commission has published responses to the consultation 'Converting to a Charitable Incorporated Organisation'. You can access the document on line:

<https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJlbWFpbCI6ImVyaWMub>

How to report a serious incident in your charity

<https://www.gov.uk/guidance/how-to-report-a-serious-incident-in-your-charity>

This guidance helps trustees identify serious incidents and ensure that they are reported to the Charity Commission. It also explains how to report them.

The Commission requires charities to report serious incidents. A serious incident is an adverse event, whether actual or alleged, which results in or risks significant:

- loss of your charity's money or assets
- damage to your charity's property
- harm to your charity's work, beneficiaries or reputation

The most common type of incidents are frauds, thefts, significant financial losses, criminal breaches, terrorism or extremism allegations, and safeguarding issues.

If a serious incident takes place, you need to report what happened and explain how you are dealing

with it, even if you have reported it to the police, donors or another regulator.

News and updates from OSCR

The Scottish Charity Regulator (OSCR) is seeking your views on its draft Fundraising Guidance.

Fundraising is an essential activity for many, if not most, charities. It's what supports them in pursuing their charitable objectives – and it ultimately rests on public confidence. When fundraising, there are rules that must be followed and charity trustees must be aware of their responsibilities.

The laws around fundraising have not changed but due to the changes in fundraising self-regulation over the past 2 years and the heightened awareness about fundraising practices, OSCR feel that new guidance is necessary.

The consultation on our draft Fundraising Guidance is open from 07 September to 1 December 2017. The response is split into parts:

- [Online usability questionnaire](#) - this strand will take a few minutes to complete and asks you to rate how easy the draft guidance is to navigate and understand.
- [Content questions and response form](#) - this strand asks more detailed questions about the content of the draft guidance and the technical guide. Respondents will provide their answers to a series of questions on a consultation response form, which can be returned by post or emailed to info@oscr.org.uk.

You can follow this link for all the details:

<https://www.oscr.org.uk/charities/guidance/consultation-draft-fundraising-guidance>

The following video resources are now available from the regulator

[Presentations from Meet the Charity Regulator 2017](#)

[Advice on creating an effective Trustees' Annual Report](#)

[Fraud and cybercrime: prevention tips](#)

To access these videos follow the link:

<https://www.oscr.org.uk/news>

News and updates from the Northern Ireland Charity Commission

Public consultation on proposed changes to the charity Annual Monitoring Return 2018

Have your say on proposed changes to the charity Annual Monitoring Return 2018, as the Charity Commission for Northern Ireland launches its latest [public consultation](#).

“Annual reporting by registered charities is a vital tool for the Commission, allowing us to undertake regular checks and collect information on charities,” explained Myles McKeown, the Commission’s Head of Compliance and Enquiries.

“A key part of annual reporting is the annual monitoring return, known as the AMR, which all registered charities must complete and submit when reporting to the Commission.

“This consultation is looking for views on the questions charities will be asked within the 2018 AMR, and taking part is a great opportunity to have your say.”

To keep the register of charities up to date, and allow the Commission to monitor and regulate charities, registered charities must, under the law, provide certain information to the Commission on an annual basis.

All registered charities are therefore required to complete and submit an AMR, along with the charity’s accounts and reports for the relevant financial year.

The AMR asks questions about each charity’s activities, governance and finances during the relevant financial year, with the amount of information to be provided depending on the income of the charity.

This updated AMR, once finalised, will apply to charities whose financial years start after 1 January 2018.

Mr McKeown continued: “To help support charities reporting to the Commission, we are proposing to make some changes to the questions asked in the current AMR.

“These changes are aimed at assisting charities to submit the correct information, in the correct format, when they report to us and are based on learning from charity AMRs we have received to date.

“Annual reporting to the Commission is an important part of running a charity and I would encourage anyone with an interest in charities to have a look at the changes we are proposing and let us know what they think.”

The Commission’s consultation opened on Tuesday 12 September 2017 and will run for 10 weeks, closing at 5pm on 20 November 2017.

To find out more about the proposed changes and take part in the consultation please click [here](#).

A consultation event will take place on Thursday 12 October 2017, from 2pm-4pm at NICVA, 61 Duncairn Gardens, Belfast. To book your place email consult@charitycommissionni.org.uk

Reflections on IE

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.

Query: In the case of a charity that is made up of multiple entities – say, local clubs or local churches – is it possible to conduct an independent examination of the locally-administered funds of those individual clubs/churches or are IE's only for the registered charity as a whole after consolidation of the group accounts?

Context: *The (larger, main) charity is registered in England and has annual turnover of £1m plus.*

Response: As the main charity has an income of £1m plus it is obviously subject to audit. But when a large charity has a number of branches which are NOT separate charities in their own right, the auditors of the main charity need to put in place arrangements for appropriate checking of the branch accounts which are consolidated into the overall charity accounts.

So, strictly speaking, the arrangements for examination or review of the branch accounts are really a matter for the auditors of the main charity. Various arrangements are possible - for example:

(a) the auditors may wish to use their own personnel to audit the branches - typically in such cases they would only choose a sample of branches each year

(b) they could institute a regime where each branch is allowed to appoint its own reviewer/examiner, but these local reviewers act under the directions of the overall auditors

(c) they could encourage branches to have an 'independent examination' following the principles of charity law, and then rely on these independent examiners' reports.

Of course, even if the central auditors do not insist on a review of a branch's accounts, the members of that branch may want to institute some kind of review, purely for their own information.

However, it is NOT correct to describe such reviews of branch accounts as independent examinations - at least not in the sense used in charity law - because an independent examination in law refers to the examination of the accounts of a whole charity that is below the audit threshold.

It isn't possible for an examiner who is just reviewing the accounts of a branch to say "I have examined these accounts under the Charities Act 2011 and I have followed the Directions of the Charity Commission under section 145(5)(b) of the Act" - because that framework and the Commission's Directions apply to a whole charity. Indeed some of the requirements that normally apply to IE are impossible to apply in such a case, because the charity trustees will be the trustees of the main charity and it is unlikely that the reviewers of the branch accounts will have access to the trustees' minutes or be able to raise queries with them directly. (Similar issues would apply under the Scottish and Northern Irish frameworks.)

So, whether the review of the branch accounts takes place in response to a request from the auditors of the main charity, or in response to a request from members of the branch, it would be best to avoid the term 'independent examination' (or if that term is used, the examiner's report should make very clear that it is a non-statutory examination or review - not an examination under the Charities Act 2011).

Anyone examining or reviewing any accounts which form part of a larger entity should not sign any report unless the accounts or the report makes clear that they are accounts purely for a branch of a larger charity (giving its name and charity registration number), and indicates that the accounts of the branch will form part of the accounts of the larger charity.

Moreover, there is no requirement in charity law for branch accounts to be published in their own right, so anyone undertaking an examination or review in this situation may want to check who get to see the report.

However, it is worth noting that in England and Wales, independent examination is NOT just for registered charities, as many charities (particularly in the church sector) are exempted from registration if their income is under £100,000. It is perfectly possible and common to carry out a full independent examination under the Charities Act 2011 of a separately constituted charity such as a Church of England PCC (Parochial Church Council) even though it may not be a registered charity.

ACIE Learning Needs Survey

We are launching a learning needs survey of members to help us plan our 2018-2019 training programme and to help you meet your CPD needs.

The key things we want to know are:

1. Your top three priorities for learning

2. How you would prefer to receive your training
3. Your preferred location for face to face training

The survey should take you no more than ten to fifteen minutes to complete. If you any questions or queries, please get in touch at info@acie.org.uk.

The survey will close on 10th November 2017.

Here is a link to the survey

<https://goo.gl/forms/N0k03yDQnt1QQb7r1>

You can also access the survey via our website. You will find the link of the first page, under "news".

Charity Sector News

The Association of Chairs will launch a programme for small charities next year offering a range of support and networking opportunities.

In an article for Governance & Leadership magazine, Ros Oakley, chief executive of Association of Chairs, revealed that the umbrella body would use a £463,000 grant from the Big Lottery Fund to develop the programme, and would reach out to chairs and vice chairs of charities with incomes under £20,000.

It plans to pilot workshops early next year before rolling them from the summer of 2018. It will also offer webinars and online discussions.

- See more at:

<https://www.civilsociety.co.uk/news/association-of-chairs-to-launch-small-charities-programme.html#sthash.vfAE9I1L.dpuf>

How effective is your charity? Financial stability and acumen will help underpin being effective, Neil Poynton from CAF says.

There has been and will always be articles written regarding the effectiveness of a charity. Many will discuss the importance of mission and measuring impact for good reasons. However like anything in life, without financial resources and managing them efficiently, achieving goals becomes extremely difficult.

So let's take a leap of faith and assume finances are healthy. Now the challenge is to manage them effectively. Here are 4 points to consider.

1. A starting point

Ensure your financial strategy marries with the objectives of your charity, considering longevity and the expectations of your donor base. Are you here for the short or long term? Understand your Reserves Policy and then critically manage and review this policy on a regular basis.

2. Think beyond the end of the week

Developing a strong financial backbone will help attract donors, be it grantmakers, high net worth individuals or corporates. After all, who knowingly gives their money to financially unsound recipients? Additional stakeholders such as bankers will consider financial stability equally important as your mission.

Structure your monies and assets to take into consideration short, medium and long term requirements. Day to day cashflow monitoring is as vital as investing for the long term returns.

3. Manage risk and diversify

Diversify your assets and look to take advantage of the Financial Services Compensation Scheme, where appropriate. Apportion funds to maximise deposit accounts and give careful consideration to the pros

and cons of longer term market investments. Remember that there is a very real risk of cash being eroded by inflation, particularly during these uncertain times for base rate.

Look at every opportunity to "sweat" your assets. Put simply, look to get as much out of what you already have. If your short term cash is earning next to nothing, seek out the best rate of return you can find whilst remaining within your risk tolerance strategy.

4. Never rest on your laurels

This is not a one-stop shop. Without constant management and review, strategies become outdated and inappropriate. Remember to consider the "what ifs". Can your financial model cope with a change in base rate (think, deposits but also lending commitments), non renewal of contracts or reduction in expected funding streams? If you are changing your goals, ensure your financial strategy is adjusted accordingly.

And of course, never forget the overriding importance of retaining strict internal controls. No amount of good investment choices will protect against ineffective controls.

Neil Poynton is head of charities at [Charities Aid Foundation](#)

State of small charity accountancy and support service providers

As part of its Small Charities Programme, funded by Esmée Fairbairn Foundation, Charity Finance Group has released a report on the state of small charity accountancy and support service providers such as community accountants and Councils for Voluntary Services.

The report based on a survey of providers and CFG's experience in delivery of the Small Charities

Programme has noted a number of challenges facing providers including:

- A lack of capacity within providers as they are mostly small organisations themselves which have faced cuts in funding
- A challenge in building avenues for communication about the services available to small charities
- A lack of resources to help small providers keep on top of developments in complex financial areas such as tax

The report finds that weakest areas of provision of accountancy and support services are in the Midlands, South East and London whereas the strongest area of provision appears to be Yorkshire and Humber

The report highlights a number of areas where improvements could be made to help support providers:

- Skills-based volunteering – and whether this can increase capacity to help providers reach more charities
- Building relationships between providers and the private sector – so that best practice can be shared and providers kept on top of latest developments in the sector
- Providing more resources to help providers grapple with charity tax issues – where capacity is limited but there is demand for support from small charities
- Digital support – templates and guides are effective ways of reducing the costs of delivering support for providers to small charities
- Building channels to communication with small charities – particularly through digital channels such as websites and newsletters/bulletins, giving

providers much easier access to market and encouraging investment

- Social investors should consider investing in these capacity building organisations – recognising the impact that they achieve, but also understanding that it will take time to build successful business models

The report also says that national bodies can do more to meet the needs of these support providers, particularly in fostering collaboration and ensuring that strong networks are developed. Charity Finance Group hopes to take the lessons learnt from this report forward in its future work with small charities.

Follow the link to read the full report:

<http://www.cfg.org.uk/news/press-releases/2017/august/august.aspx>

ICSA issues free guidance on building board assurance framework - See more at:

<https://www.civilsociety.co.uk/news/icsa-issues-free-guidance-on-building-board-assurance-framework.html#sthash.ePiykCX3.dpuf>

The professional body for governance ICSA has issued some free guidance on building a board assurance framework (BAF), which helps a board understand if its charity is being run properly. A BAF is a framework by which the board can be assured of the veracity of data presented to it, when trustees are presented with triangulated information to support management assertions that the charity is well run. Louise Thomson, head of policy (not for profit) at ICSA, said: “It can be challenging for trustees to know with absolute certainty that the charity they have responsibility for is being run properly and meeting its strategic goals. Some trustees can feel disconnected from the activities of

frontline staff, but compliance and oversight requires a certain amount of insight into operational matters. “The quality and veracity of board information is key to enabling trustees to provide challenge and stewardship. This is where a board assurance framework can give assurance, providing evidence that decisions are being implemented and strategic aims are having the intended outcome.”

ICSA say that the benefits of a board developing a BAF are a clear and comprehensive overview of the charity’s risks, including the management and mitigation of those risks. It also helps a board identify where there is sufficient assurance available and helps strengthen those controls. It can be used to highlight areas of overlap, duplication or disproportionate control mechanisms. Other benefits include flagging up where control mechanisms are ineffective; focusing limited resources at those areas of greatest need; and providing evidence to support formal governance statements.

Simon Osborne, chief executive of ICSA, said: “A BAF is a structured approach for ensuring that boards get the right information, which is accurate and relevant, at the right time and with a level of assurance attributed to each source of data. It is more than just another tool to measure and manage risks; it should be viewed as a framework by which the board can triangulate the information it receives and be assured of the veracity of data presented to it. “This guidance will help boards to build their own BAF, and once in place, to assess whether it continues to be effective. Like other key board documents, it must be regularly reviewed and amended accordingly.” The guidance can be downloaded here.

<https://www.icsa.org.uk/knowledge/charity-resources>

Update from Unity Trust Bank - sponsors of ACIE England & Wales Conference 2017

Unity Trust Bank publishes social impact results for H1 2017

At Unity Trust Bank we seek to create a better society by helping organisations to prosper and contribute to economic, community and social change. We focus on delivering positive social impact, not simply maximising profit. This is known as our ‘double bottom line’ strategy.

Our social impact results demonstrate that we are fulfilling this vision and in the first half of 2017 we have created and protected 396 jobs and 238 bed spaces. This has been facilitated through our lending as a commercial bank with a social conscience.

Our Relationship Manager supporting the charities sector, Sonya Powe, recently told us that she is “seeing more organisations looking to make a positive change, and who are also expecting this from their own providers”. We believe this is one of the many reasons Unity Trust bank is becoming the bank organisations are increasingly turning to for their financial services.

Our employees take every opportunity to fulfil our vision of having a positive social impact and actively seek out instances where they can make a difference in their local communities. Every member of the Unity team is provided with five paid work days to use to carry out volunteer work. Already this year the team have volunteered 74 days to get involved in a wide array of activities, from supporting the homeless to decorating and gardening projects. We are also committed to charitable giving and have donated £3,175 to good causes so far this year.

Our focus on people and an ethical approach sets us apart. We were one of the first Living Wage employers, have Investors in People Gold Standard

and are a Fair Tax Mark business. We believe our workforce should reflect the diversity of the communities we collectively serve.

We champion equality and inclusion, ensuring that all roles are open to everyone, regardless of gender. That's why we are proud to have 47% women in our Senior Management Team and this year we committed to the HM Treasury's Women in Finance Charter and pledged to promote gender diversity in the workplace.

Additionally, customer satisfaction is paramount to us, which is why we offer a personal service with tailored products, 24x7 internet banking and a network of Relationship Managers supported by a UK-based Customer Services team.

These factors demonstrate how you can and should Bank with us. Bank on us.

ACIE: News and Events

All change: new postal address, new contact numbers...

Following the departure of our Senior Administrator, ACIE took the decision to close the Lancaster office and restructure roles and responsibilities.

ACIE's Development Manager, Anne-Marie Barry will, in addition to her existing roles, be the first point of contact for Members and non-members, pass on Full Membership applications to the Membership Committee and administer training events and conferences. Anne-Marie's normal working week is Monday to Thursday (09:00 - 17:00).

If you any questions or queries about your membership, if you want to know what's happening in terms of training or if you want to make use of our queries service, just email Anne-Marie!

Moria McVay (whom some of you met at the Scottish Conference) will handle all the financial

administration, assist the Treasurer as required and support Anne-Marie at both national conferences.

You can contact Anne-Marie on the following email addresses: anne-marie@acie.org.uk and info@acie.org.uk

Our new *postal address* to which all correspondence should sent is:

Association of Charity Independent Examiners

19 Windsor Place, Edinburgh, EH15 2AJ

Our new landline number is : **0131 659 9751**

Our new mobile number is: **07899 891616**

ACIE's *new registered address* will be:

1st Floor, Block C, The Wharf, Manchester Road
Burnley BB11 1JG

More about your ACIE Team

Anne-Marie Barry - Development Manager.

“ My background is in education, social research and consultancy. I am a former lecturer in sociology; more recently I carried out research and evaluations to support third sector and charity organisations. I am also a former trustee of a charity and I currently volunteer as a Brownie Leader.

Outside of work, I enjoy walking my dogs, a good book (e-book!) and spending time with my family. I am also attempting to come to terms with the Rugby (Union) Laws so I can better enjoy watching my sons and daughter-in-law play.”

Moira McVay - Finance

Moira has experience of working in Local Government, the Private and Third sectors. Whilst working in the Third sector Moira was introduced by a colleague to the ACIE.

She assisted the ACIE with the English and Scottish Conferences in 2016, with the administration at Board Meetings, and prior to Anne-Marie's appointment, she organised training in London and Northern Ireland.

This year Moira has helped with the Scottish Conference and is working with Anne-Marie assisting with financial administration.

In her spare time Moira enjoys spending time with her granddaughters, walking the dog, reading, yoga, gardening and playing Bridge.

Keep the date!

The date for our next **England & Wales conference is 14th June 2018** - Location Manchester (Friends' Meeting House, 6 Mount Street, Manchester, M2 5NS)

The date for our next **Scottish conference 23rd August 2018** - Location Perth Concert Hall

Interested in contributing to the next issue?

We are always looking for articles (500 words approx) and examples of good practice to publicise. Deadline for copy 15th November 2017. Email anne-marie@acie.org.uk

Next Issue: December 2017