

Press release: Auditor concerns expressed on the accounts of 97 large charities

[Analysis by the Charity Commission](#) has found that in the year ending 31 December 2016, 97 charities, which have a collective total income of approximately £195 million, filed accounts that included a formally modified audit opinion. This is an auditor's statement that the accounts are, or could be, materially misstated, perhaps because there were gaps in the evidence that supported the accounts.

The Commission's proactive analysis of the accounts subject to the modified opinion found that:

During the analysis, the Commission found that the trustees of several of the charities that had not complied with the SORP stated they did not consider that obtaining professional property or pension liability valuations was a good use of charitable funds. The Commission does not consider this to be an acceptable reason for the charities' non-compliance.

After analysing the accounts, the Commission provided regulatory advice and guidance to 36 charities and made it clear that it expected them to take action to address the issues highlighted by their auditors. It also engaged further with 10 charities where the auditor had highlighted serious failings that the Commission was not previously aware of and where it did not appear that the trustees were taking action to address them.

Nigel Davies, Head of Accountancy Services at the Charity Commission said:

We expect trustees to work with their auditors to resolve any issues to do with their accounts and so it is worrying that the accounts of 97 large charities were filed with significant inconsistencies and deficiencies or audit concerns on them. A charity's accounts must be accurate, transparent and complete to ensure that they don't misrepresent the charity's financial circumstances and mislead existing and potential supporters, funders or beneficiaries.

If a charity does receive a modified audit opinion, its trustees need to work with their auditors to resolve any outstanding issues and to ensure that internal financial controls are operating and adequate accounting records are kept. We expect trustees to take compliance with accounting requirements seriously. Trustees should also provide assurance to us and to their supporters that they are taking action to address the concerns identified by their auditors.

The Commission recently introduced a requirement for auditors to report to the appropriate charity regulator when they have given a modified audit opinion as soon as possible. This requirement came into force on 1 May 2017.

The full report is available on [GOV.UK](#).

Ends

PR 62/17

Notes to editors

1. The Charity Commission is the independent regulator of charities in England and Wales. To find out more about our work, see our [annual report](#).
2. Search for charities on our [online register](#).