

[Press release: Charity Commission launches updated guidance for independent examiners](#)

The Charity Commission has today published updated guidance setting out how to carry out an independent examination of charity accounts. [Independent examination of charity accounts: Directions and guidance for examiners \(CC32\)](#) updates the Commission's previous publication published in June 2015, and takes into account comments from a public consultation on the draft guidance which ran from 3 June 2016 to 30 September 2016. [Feedback from the consultation](#) has also been published today. For further information about the independent examination of charity accounts please see the notes to editors.

As proposed in the consultation, the new guidance includes 3 new Directions that must be followed by examiners:

- 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' 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

To support examiners, detailed and clear guidance is given about how to meet each of the Directions. Having taken into account consultation responses from a number of professional accountancy bodies, umbrella charities and a working party on independent examination, the Commission has made a number of improvements to the final guidance. This includes publishing a brand new checklist alongside the guidance to help independent examiners meet all the necessary requirements when undertaking an examination. The guidance also includes a framework for the independent examination of small charity group accounts for the first time, as well as an expanded range of example examiner's reports, advice on fund accounting, and guidance for examiners about helping charities with accounts preparation and record keeping.

The guidance also reflects the revised guidance published in April 2017 by the UK charity regulators for auditors and examiners about [reporting matters of material significance](#) to the charity regulators.

Nigel Davies, Head of Accountancy Services at the Charity 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 charities' 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 new Directions and guidance are mandatory for independent examiner reports signed and dated on or after 1 December 2017. This is to allow time for examiners to familiarise themselves with the guidance. However, early adoption is encouraged.

Ends

PR 59/17

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](#).
3. Charity law requires those charities with a gross income threshold of more than £25,000 to have some form of external scrutiny of their accounts. The trustees may opt for an independent examination if their charity's income is not more than £1m, or where gross income exceeds £250,000, its gross assets are not more than £3.26 million, and provided an audit is not required by charity law or due to some other reason. More information is available in [Charity reporting and accounting: the essentials November 2016 \(CC15d\)](#).
4. Section 145 of the Charities Act 2011 provides the power for the Commission to issue Directions and guidance to independent examiners setting out how they must go about performing an independent examination. The Charities (Reports and Accounts) Regulations 2008, Regulation 31, requires that examiners confirm that they have carried out their examination in accordance with the Directions and guidance.
5. Charity accounts prepared on an accruals basis must follow the methods and principles of the applicable SORP- these are referred to as 'SORP accounts' in this press release.