

Press release: Charity regulators urge auditors and independent examiners to be more proactive in reporting concerns

Reporting relevant matters of interest: new insights for auditors and independent examiners

UK charity regulators are today encouraging auditors and independent examiners to be more forthcoming with concerns they come across in charity finances or governance during the course of their work.

[Reporting of relevant matters of interest to UK charity regulators](#) is a joint publication from the Charity Commission for England and Wales, the Scottish Charity Regulator (OSCR) and the Charity Commission for Northern Ireland.

This is the first time the regulators have provided examples on where reporting would be helpful by auditors and independent examiners when reporting matters that are relevant but not a legal requirement to report.

Today's publication advocates a 'when in doubt, report it' approach and includes examples of relevant matters which may be reported:

- insecure funding putting beneficiaries at risk – for example, a charity established to care for vulnerable adults and children is reliant on a single contract for 90% of its income in the reporting period and the trustees are uncertain whether they will be able to secure future funding at the current level when the contract is renewed the following year
- donation that may indicate vulnerability to abuse – for example, a large donation is made via an intermediary organisation, restricted to teaching the strict beliefs of a particular religion and requires educational materials to be purchased from a specified overseas source
- lack of financial oversight by the whole trustee body – for example, minutes show that the finances of a large charity are only considered annually during a presentation from the CEO

Nigel Davies, Head of Accountancy Services at the Charity Commission for England and Wales, said:

Last year's Public Administration and Constitutional Affairs Committee report on Kids Company noted that auditors have been too reticent when it comes to reporting matters of concern that would be of interest to the regulator. Through this new publication we are encouraging and enabling the profession to step up and engage

with us more readily on a proactive basis.

Myles McKeown, Head of Compliance and Enquiries at Charity Commission for Northern Ireland said:

With over 200,000 registered charities operating across the UK we as regulators cannot possibly upturn every stone, and so auditors and independent examiners have an incredibly important role to play in helping us regulate effectively.

Laura Anderson, Head of Professional Advice and Intelligence at OSCR said:

This document is a collaborative initiative between UK regulators. This joined up approach to guidance has enabled us to provide the most consistent and comprehensive insights on areas we encourage auditors to report to us, drawing on UK-wide experience across the sector.

Ends

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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 [check charity](#) tool.
3. Reporting of relevant matters of interest to UK charity regulators should be read alongside the guidance for auditors and independent examiners on reporting matters of material significance which is published by the UK charity regulators.
4. Information on how to make a report is available in Section 3.
5. There is no requirement for auditors or independent examiners to undertake any additional audit or examination work to identify relevant matters for reporting. The matters that are reported will be those identified during the course of an audit or independent examination. (See Section 2.2)
6. Minor issues – those that are immaterial to the accounts and matters that have no bearing on the use of charitable funds or assets – to do with honest mistakes in the governance of a charity do not need to be reported to a charity regulator. (See Section 2.3)
7. The Scottish Charity Regulator (OSCR) is the independent regulator and registrar of Scotland's 23,500 charities and publishes the Scottish Charity Register at www.oscr.org.uk. Our vision is for charities in which the public has confidence and which provide public benefit.

8. The [Charity Commission for Northern Ireland](#) is the independent regulator of charities in Northern Ireland, established under the Charities Act (Northern Ireland) 2008, responsible for ensuring Northern Ireland has a dynamic and well governed charities sector in which the public can have confidence.