

# ACAT Conference 2023

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Maximising Resources: Being Efficiently Effective



acat   
Association of Church Accountants & Treasurers



# Independent Examination

## Presenter: Mark Heaton FCCA

### Chair ACIE, Trustee ACAT

- Introduction
- Appointing an examiner
- Take on – anti money laundering and engagement letter
- What an examiner may need
- Software use
- Independent examination issues
- Completion



# APPOINTING AN EXAMINER

- Set out in legislation (E&W only)
- Income over £25k under £1m (remember £3.26m assets rule)

*examined by an independent examiner, that is, an independent person who is reasonably believed by the trustees to have the requisite ability and practical experience to carry out a competent examination of the accounts, (s145(1))*

[Independent examination of charity accounts: guidance for trustees - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/independent-examination-of-charity-accounts)

- the charity's gross income in that year exceeds £250,000, a person qualifies as an independent examiner for the purposes of subsection (1)(a) if (and only if) the person is independent and—
  - (a) a member of one of the bodies listed in subsection (4), or
  - (b) a Fellow of the Association of Charity Independent Examiners.(s145(3))
- Subsection 4: ICAEW, ACCA, AAT plus another 9 bodies (s145(4))

## APPOINTING AN EXAMINER

- *an independent person who is reasonably believed by the trustees to have the requisite ability and practical experience to carry out a competent examination of the accounts*
- *What does this mean in practice?*
- *Professional indemnity insurance?*
- *Understand charity accounts? Is this enough?*
- *Wider knowledge – tax/VAT/Gift aid/governance etc etc*
- *Excepted charities v registered (and CIO requirements)*
- *Can the examiner offer advice*

## TAKE ON

- Engagement letter – sets out expectations
- Anti money laundering - [Who needs to register for money laundering supervision - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/who-needs-to-register-for-money-laundering-supervision)
- Fees – expectation/professional/volunteer/VAT
- Clarity on what is required

## What an examiner may need

- Constitution
- Minutes of trustee meetings
- Accounting records
- Trustees Annual Report (early please!)
- Accounts (if prepared for you)



## Software use

- Just because you use charity specific software does not mean the accounts are compliant
- Excel – ok but subject to error
- Use QBO/Xero –better for accruals accounts but need a little adapting for R&P (payroll journals)

## Issues found in independent examination

- Hybrid accounts – there are two choices – R&P or accruals only
- Don't make the report too long (average of top 100 charities now 56 pages long)
- Volunteer 'payments'/staff payments
- Not understanding the purpose of the charity
- Trustees v directors v committee
- Going concern and future planning

# Completion

- Trustees need to be involved – don't leave everything to the CEO (Vicar/Minister)
- Work on TAR asap
- Letter of representation optional
- Accounts for Charity Commission do not need to be signed to be uploaded
- Give time for limited company charity accounts to be posted within the 9 months deadline

# ASSOCIATION OF CHARITY INDEPENDENT EXAMINERS

- [www.acie.org.uk](http://www.acie.org.uk)
- 25<sup>th</sup> anniversary 2024
- Full members and affiliates
- Professional Indemnity Insurance
- Corporate membership
- Trustees wanted – when CIO in place
- [admin@acie.org.uk](mailto:admin@acie.org.uk)    [chair@acie.org.uk](mailto:chair@acie.org.uk)



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