
STATUTORY RULES OF NORTHERN IRELAND

2015 No. 384

**The Charities (Accounts and Reports)
Regulations (Northern Ireland) 2015**

PART 4

SCRUTINY OF ACCOUNTS

CHAPTER 1

GENERAL

Duties of auditors: general

18. The duties of an auditor carrying out an audit of—

- (a) the accounts of a charity under section 65(2) or (3)(b) are specified—
 - (i) where the auditor is carrying out an audit of a statement of accounts prepared under section 64(1), in regulation 20;
 - (ii) where the auditor is carrying out an audit of individual accounts of a company that is a charity prepared under Part 15 of the Companies Act, in regulation 21;
 - (iii) where the auditor is carrying out an audit of a receipts and payments account and a statement of assets and liabilities prepared under section 64(3), in regulation 22;
- (b) the group accounts of a parent charity under paragraph 6 of Schedule 6 are specified in regulation 24.

Duties of examiners: general

19. The duties of an independent examiner with respect to the making of a report in respect of an examination carried out by the examiner under section 65(3)(a) are specified in regulation 25.

CHAPTER 2

AUDIT OF INDIVIDUAL CHARITY ACCOUNTS

Duties of auditors: audit of a statement of accounts prepared under section 64(1)

20.—(1) Where a statement of accounts has been prepared under section 64(1) for the relevant financial year, the auditor carrying out the audit of those accounts under section 65(2) must make a report on that statement to the charity trustees which—

- (a) states the name and address of the auditor and the name of the charity concerned;
- (b) is signed by the auditor or, where the office of auditor is held by a body corporate or partnership, in its name by a person authorised to sign on its behalf;
- (c) is dated and specifies the financial year in respect of which the accounts to which it relates have been prepared;

- (d) specifies that it is a report in respect of an audit carried out under section 65(2);
 - (e) states whether in the auditor's opinion the statement of accounts complies with the requirements of regulation 8, 9 or 10, as applicable, and in particular whether—
 - (i) the balance sheet gives a true and fair view of the state of affairs of the charity at the end of the relevant financial year; and
 - (ii) the true and fair view requirements specified in paragraph (2) are satisfied;
 - (f) where the auditor has formed the opinion that—
 - (i) accounting records have not been kept in respect of the charity in accordance with section 63(1) and (2);
 - (ii) the statement of accounts does not accord with those records;
 - (iii) any information contained in the statement of accounts is inconsistent in any material respect with any report of the charity trustees prepared under section 68 in respect of the relevant financial year; or
 - (iv) any information or explanation to which the auditor is entitled under regulation 26 has not been afforded to the auditor,
 contains a statement of that opinion and of the grounds for forming it.
- (2) The true and fair view requirements specified for the purposes of sub-paragraph (e)(ii) of paragraph (1) are that—
- (a) in the case of a general charity, the statement of financial activities gives a true and fair view of the total incoming resources and expenditure of resources of the charity in the relevant financial year;
 - (b) in the case of a special case charity, the statement of income and expenditure gives a true and fair view of the income and expenses of the charity in the relevant financial year;
 - (c) in the case of an investment fund, the statement of total return gives a true and fair view of the net revenue and net capital gains or losses of the investment fund in the relevant financial year.
- (3) The auditor must, in preparing the auditor's report, carry out such investigations as will enable the auditor to form an opinion as to the matters specified in sub-paragraphs (e) and (f) of paragraph (1).

Duties of auditor: audit of accounts prepared under Part 15 of the Companies Act

- 21.**—(1) Where individual accounts have been prepared by the charity trustees of a charity which is a company under Part 15 of the Companies Act, the auditor carrying out the audit of those accounts under section 65(2) or (3)(b) must make a report on the accounts to the charity trustees which—
- (a) states the name and address of the auditor and the name of the charity concerned;
 - (b) is signed by the auditor or, where the office of auditor is held by a body corporate or partnership, in its name by a person authorised to sign on its behalf;
 - (c) is dated and specifies the financial year in respect of which the accounts to which it relates have been prepared;
 - (d) specifies that it is a report in respect of an audit carried out under section 65(2) or (3)(b), as applicable;
 - (e) states whether in the auditor's opinion—

- (i) the individual accounts comply with the requirements of section 396(1) of the Companies Act and in particular whether—
 - (aa) the income and expenditure account gives a true and fair view of the income and expenses of the charity for the relevant financial year; and
 - (bb) the balance sheet gives a true and fair view of the state of affairs of the charity at the end of that year;
 - (ii) in any case where the charity has prepared a statement of financial activities in addition to complying with the requirements of the Companies Act, that statement gives a true and fair view of the charity’s total incoming resources and expenditure of resources in the relevant financial year;
 - (iii) in any case where the accounts state that they have been prepared in accordance with the methods and principles in the SORP, those methods and principles have been followed;
 - (f) where the auditor has formed the opinion that—
 - (i) accounting records have not been kept in respect of the charity in accordance with section 386 of the Companies Act;
 - (ii) the individual accounts do not accord with those records;
 - (iii) any information contained in the individual accounts is inconsistent in any material respect with any report of the charity trustees prepared under section 68 in respect of the relevant financial year; or
 - (iv) any information or explanation to which the auditor is entitled under regulation 26 has not been afforded to the auditor,contains a statement of that opinion and of the grounds for forming it.
- (2) The auditor must, in preparing the auditor’s report, carry out such investigations as will enable the auditor to form an opinion as to the matters specified in sub-paragraphs (e) and (f) of paragraph (1).
- (3) In this regulation “individual accounts” has the meaning in section 394(2) of the Companies Act.

Duties of auditors: audit of a receipts and payments account and a statement of assets and liabilities prepared under section 64(3)

- 22.—(1) Where a receipts and payments account and a statement of assets and liabilities has been prepared under section 64(3), the auditor carrying out the audit of that account and statement under section 65(3)(b) must make a report on the account and statement to the charity trustees which—
- (a) states the name and address of the auditor and the name of the charity concerned;
 - (b) is signed by the auditor or, where the office of auditor is held by a body corporate or partnership, in its name by a person authorised to sign on its behalf;
 - (c) is dated and specifies the financial year in respect of which the account and statement to which it relates have been prepared;
 - (d) specifies that it is a report in respect of an audit carried out under section 65(3)(b);
 - (e) states whether in the auditor’s opinion—
 - (i) the account and statement properly present—
 - (aa) the receipts and payments of the charity for the relevant financial year; and

(1) Section 396 was amended by regulation 5(3) of S.I. 2013/3008 and regulation 5(4) of S.I. 2015/980

(2) Section 394 was amended by regulation 8 of S.I. 2012/2301

- (bb) its assets and liabilities at the end of that year;
- (ii) the account and statement adequately distinguish any material special trust or other fund of the charity other than an unrestricted fund;
- (f) where the auditor has formed the opinion that—
 - (i) accounting records have not been kept in respect of the charity in accordance with section 63(1) and (2);
 - (ii) the account and statement do not accord with those records;
 - (iii) any information contained in the account and statement is inconsistent in any material respect with any report of the charity trustees prepared under section 68 in respect of the relevant financial year; or
 - (iv) any information or explanation to which the auditor is entitled under regulation 26 has not been afforded to the auditor,
 contains a statement of that opinion and of the grounds for forming it.

(2) The auditor must, in preparing the auditor's report, carry out such investigations as will enable the auditor to form an opinion as to the matters specified in sub-paragraphs (e) and (f) of paragraph (1).

CHAPTER 3

AUDIT OF GROUP ACCOUNTS

Audit of accounts of larger groups

23. The sum prescribed as the relevant income threshold for the purpose of paragraph 6(2)(a) of Schedule 6 is £500,000.

Duties of auditors carrying out an audit of group accounts under paragraph 6 of Schedule 6

24.—(1) Where group accounts prepared under paragraph 3(2) of Schedule 6 are required to be audited under paragraph 6 of that Schedule, the auditor carrying out the audit of those accounts under paragraph 6 of Schedule 6 must make a report on the accounts to the charity trustees which—

- (a) states the name and address of the auditor and the name of the charity concerned;
- (b) is signed by the auditor or, where the office of auditor is held by a body corporate or partnership, in its name by a person authorised to sign on its behalf;
- (c) is dated and specifies the financial year in respect of which the group accounts to which it relates have been prepared;
- (d) specifies that it is a report in respect of an audit carried out under paragraph 6 of Schedule 6;
- (e) states whether in the auditor's opinion the statement of accounts complies with the requirements of paragraph (2), (3) or (4) of regulation 14, as applicable, and in particular whether—
 - (i) the consolidated balance sheet gives a true and fair view of the state of affairs of the parent charity and its subsidiary undertakings at the end of the relevant financial year; and
 - (ii) the true and fair view requirements specified in paragraph (2) are satisfied;
- (f) where the auditor has formed the opinion that—
 - (i) adequate accounting records have not been kept to ensure group accounts can be prepared under paragraph 3(2) of Schedule 6;
 - (ii) the group accounts do not accord with those records; or

- (iii) the annual report prepared under section 68 or, in the case of a company, the directors' report prepared under section 415(3) of the Companies Act, is inconsistent with the group accounts in respect of the relevant financial year, contains a statement of that opinion and of the grounds for forming it.
- (2) The true and fair view requirements specified for the purposes of sub-paragraph (e)(ii) of paragraph (1) are that—
- (a) in the case of a parent charity that is a general charity to which regulation 14(2) applies, the consolidated statement of financial activities gives a true and fair view of the total incoming resources and expenditure of resources of the parent charity and its subsidiary undertakings as a whole for the relevant financial year;
 - (b) in the case of a parent charity that is a special case charity to which regulation 14(3) applies, the consolidated statement of income and expenditure gives a true and fair view of the income and expenses of the parent charity and its subsidiary undertakings as a whole for the relevant financial year;
 - (c) in the case of a parent charity that is an investment fund to which regulation 14(4) applies, the consolidated statement of total return gives a true and fair view of the net revenue and net capital gains or losses of the parent charity and its subsidiary undertakings as a whole for the relevant financial year.
- (3) The auditor must, in preparing the auditor's report, carry out such investigations as will enable the auditor to form an opinion as to the matters specified in sub-paragraphs (e) and (f) of paragraph (1).

CHAPTER 4

INDEPENDENT EXAMINATION OF INDIVIDUAL CHARITY ACCOUNTS

Independent examination of individual charity accounts

- 25.** An independent examiner who has carried out an examination of the accounts of a charity under section 65(3)(a) must make a report to the charity trustees which—
- (a) states the name and address of the examiner and the name of the charity concerned;
 - (b) is signed by the examiner;
 - (c) is dated and specifies the financial year in respect of which the accounts to which it relates have been prepared;
 - (d) if the gross income of the charity in that year exceeds the sum specified in section 65(4), specifies the basis on which the examiner qualifies to act as independent examiner in accordance with that section;
 - (e) states any, or any other, relevant professional qualifications or professional body of which the examiner is a member;
 - (f) where the accounts are being examined in the circumstances specified in regulation 27(3), states the date when the Commission dispensed with the requirements of section 65(3)(a);
 - (g) specifies that it is a report in respect of an examination carried out under 65(3)(a) and in accordance with any directions given by the Commission under subsection (9) of that section which are applicable;
 - (h) states whether or not any matter has come to the examiner's attention in connection with the examination which gives the examiner reasonable cause to believe that in any material respect—

- (i) accounting records have not been kept in respect of the charity in accordance with—
 - (aa) where that charity is a company, section 386 of the Companies Act;
 - (bb) in any other case, section 63(1) and (2);
- (ii) the accounts do not accord with those records;
- (iii) in the case of an examination of a statement of accounts which has been prepared under 64(1), the statement of accounts does not comply with any of the requirements of regulation 8, 9 or 10, as applicable, other than any requirement to give a true and fair view;
- (iv) in the case of the examination of the accounts prepared under Part 15 of the Companies Act, the charity's accounts—
 - (aa) do not comply with the requirements of section 396 of the Companies Act other than any requirement to give a true and fair view;
 - (bb) in any case where those accounts state they have been prepared in accordance with the SORP, have not in fact been prepared in accordance with the methods and principles set out in the SORP;
- (i) states whether or not any matter has come to the examiner's attention in connection with the examination to which, in the examiner's opinion, attention should be drawn in the report in order to enable a proper understanding of the accounts to be reached;
- (j) contains a statement as to any of the following matters that have become apparent to the examiner during the course of the examination, namely, that—
 - (i) there has been any material expenditure or action which appears not to be in accordance with the trusts of the charity;
 - (ii) any information or explanation to which the examiner is entitled under regulation 26 has not been afforded to the examiner;
 - (iii) in the case of an examination of a statement of accounts which has been prepared under section 64(1), any information contained in the statement of accounts is inconsistent in any material respect with any report of the charity trustees prepared under section 68 in respect of the financial year in question;
 - (iv) in the case of an examination of accounts prepared under Part 15 of the Companies Act, any information contained in the accounts is inconsistent in any material respect with any report of the charity trustees prepared under section 68 of the Act or the report prepared under section 415 of the Companies Act in respect of the financial year in question.

CHAPTER 5

MISCELLANEOUS

Audit and independent examination: supplementary provisions

26.—(1) Any person carrying out an audit or examination of the accounts of a charity under section 65(2), (3) or (6), or paragraph 6 or 7 of Schedule 6, has a right of access to any books, documents and other records (however kept) which relate to the charity concerned and which the person concerned considers it necessary to inspect for the purpose of carrying out the audit or examination.

(2) Such a person is entitled to require, in the case of the charity concerned, such information and explanations from past or present charity trustees of, or trustees for, the charity, or from past or present officers or employees of the charity, as the person considers it necessary to obtain for the purposes of carrying out the audit or examination.

(3) Where an auditor is carrying out an audit of the group accounts of a parent charity under paragraph 6 or 7 of Schedule 6, the auditor also has—

- (a) the right of access in paragraph (1), modified so that the undertakings included in the group are treated as a single charity;
- (b) the right to require the information and explanations in paragraph (2), modified so that the undertakings included in the group are treated as a single charity;
- (c) a right of access to any books, documents and other records (however kept) which relate to any of the subsidiary undertakings included in group accounts and which the auditor considers it necessary to inspect for the purpose of carrying out the audit;
- (d) the right to require, in the case of any such subsidiary undertaking, such information and explanations—
 - (i) in the case of a subsidiary undertaking which is a charity, from past or present charity trustees of, or trustees for, that charity;
 - (ii) in the case of any subsidiary undertaking which is not a charity, from the subsidiary undertaking itself and from past or present officers or employees of that undertaking, as the auditor considers it necessary to obtain for the purposes of carrying out the audit;
- (e) the right to require the charity trustees of the parent charity to take all such steps as are reasonably open to them to obtain from any such subsidiary undertaking such information and explanations as the auditor may reasonably require for the purposes of carrying out the audit.

(4) For the purposes of this regulation, “officer” includes any auditor or other person appointed to scrutinise the accounts of the parent charity or any subsidiary undertaking.

Dispensations from audit or examination requirements

27.—(1) The Commission may—

- (a) in the circumstances specified in paragraph (2), dispense with the requirements of section 65(2) or (3) in the case of a particular charity;
- (b) in the circumstances specified in paragraph (3), dispense with those requirements in respect of a particular financial year of a charity;
- (c) in the circumstances specified in paragraph (4), dispense with the requirements in paragraph 6(4) or 7(2) of Schedule 6 in the case of a particular charity.

(2) The circumstances specified for the purposes of paragraph (1)(a) are where the Commission is satisfied that the accounts of the charity concerned—

- (a) are required to be audited in accordance with any statutory provision which imposes requirements which, in the opinion of the Commission, are sufficiently similar to the requirements of section 65(2) for those requirements to be dispensed with; or
- (b) have been audited by the Comptroller and Auditor General.

(3) The circumstances specified for the purposes of paragraph (1)(b) are where the Commission considers that, although the financial year in question of the charity concerned is one to which section 65(2) or (3) applies, there are exceptional circumstances which justify the examination of the accounts by an independent examiner instead of their audit in accordance with the relevant subsection.

(4) The circumstances specified for the purposes of paragraph (1)(c) are where the Commission is satisfied that the group accounts of the parent charity concerned—

- (a) are required to be audited in accordance with any statutory provision which imposes requirements which, in the opinion of the Commission, are sufficiently similar to the

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requirements of paragraph 6(4) of Schedule 6 for those requirements to be dispensed with;
or

(b) have been audited by the Comptroller and Auditor General.

(5) The Commission must make it a condition of a dispensation granted under this regulation that the charity trustees send to the Commission any report made to the trustees with respect to the accounts of that charity for the relevant financial year of which it requests a copy.

(6) The Commission must make it a condition of a dispensation granted under paragraph (3) that the charity trustees comply with the requirements of section 65(2) or (3), as applicable, as if they were able to make and had in fact made an election under the relevant section that the accounts of the charity for the relevant financial year be examined by an independent examiner.

(7) The Commission may revoke a dispensation granted under this regulation if the charity trustees fail to comply with a condition imposed under paragraph (5) or (6).

Auditors appointed by the Commission

28. In the case of an auditor appointed by the Commission, any report required by any of the provisions of this Part to be made to the charity trustees must instead be made to the Commission.