
STATUTORY INSTRUMENTS

2008 No. 629

The Charities (Accounts and Reports) Regulations 2008

PART 4

SCRUTINY OF ACCOUNTS

CHAPTER 2

AUDIT OF INDIVIDUAL CHARITY ACCOUNTS

Duties of auditors: audit of a statement of accounts prepared under section 42(1) of the 1993 Act

24.—(1) Where a statement of accounts has been prepared under section 42(1) of the 1993 Act for the relevant financial year, the auditor carrying out the audit of those accounts under section 43 of that Act 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 him 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) states that the auditor is a person falling within paragraph (a) or, as the case may be, paragraph (b) of section 43(2) of the 1993 Act;
- (d) is dated and specifies the financial year in respect of which the accounts to which it relates have been prepared;
- (e) specifies that it is a report in respect of an audit carried out—
 - (i) under section 43 of the 1993 Act; and
 - (ii) in accordance with regulations made under section 44 of that Act;
- (f) states whether in the auditor's opinion the statement of accounts complies with—
 - (i) the requirements of regulation 6, 7 or 8, as relevant; and
 - (ii) in particular whether—
 - (aa) 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
 - (bb) the true and fair view requirements specified in paragraph (2) are satisfied.
- (g) where the auditor has formed the opinion that—
 - (i) accounting records have not been kept in respect of the charity in accordance with section 41 of the 1993 Act;
 - (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 45 of the 1993 Act in respect of the relevant financial year; or

(iv) any information or explanation to which he is entitled under regulation 33 has not been afforded to him,

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 (f)(ii)(bb) of paragraph (1) are—

- (a) in the case of a charity to which regulation 6 applies—
 - (i) the statement of total return gives a true and fair view of the incoming resources and application of the resources of the investment fund in the relevant financial year;
 - (ii) the statement of changes in net assets gives a true and fair view of the movements in the net assets of the investment fund between their position as at the beginning of the relevant financial year;
- (b) in the case of a charity to which regulation 7 applies, the income and expenditure account gives a true and fair view of the income and expenditure of the charity in the financial year in question;
- (c) in the case of a charity to which regulation 8 applies, the statement of financial activities gives a true and fair view of the incoming resources and application of the resources of the charity in the relevant financial year

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

Duties of auditor: audit of accounts prepared under Part 7 of the Companies Act 1985

25.—(1) Where individual accounts have been prepared by the charity trustees of a charity which is a company under Chapter 1 of Part 7 of the 1985 Act, the auditor carrying out the audit of those accounts under section 43 of the 1993 Act must make a report on those 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 him 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) states that the auditor is a person falling within paragraph (a) or, as the case may be, paragraph (b) of section 43(2) of the 1993 Act;
- (d) is dated and specifies the financial year in respect of which the accounts to which it relates have been prepared;
- (e) confirms that the accounts were not required to be audited in accordance with Part 7 of the 1985 Act;
- (f) specifies that it is a report in respect of an audit carried out under section 43 of the 1993 Act and in accordance with regulations made under section 44 of that Act;
- (g) states whether in the auditor's opinion—
 - (i) the company's individual accounts comply with the requirements of section 226A of the 1985 Act, and in particular whether—
 - (aa) the income and expenditure account gives a true and fair view of the income and expenditure 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 as 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 1985 Act, that statement gives a

true and fair view of the charity's incoming resources and application 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;
- (h) where the auditor has formed the opinion that—
 - (i) accounting records have not been kept in respect of the charity in accordance with section 221 of the 1985 Act;
 - (ii) the charity's individual accounts do not accord with those records;
 - (iii) any information contained in those accounts is inconsistent in any material respect with—
 - (aa) any report of the charity trustees prepared under section 45 of the 1993 Act in respect of relevant financial year; or
 - (bb) the report prepared in respect of the relevant financial year under section 234 of the 1985 Act; or
 - (iv) that any information or explanation to which he is entitled under regulation 33 has not been afforded to him,

contains a statement of that opinion and of the grounds for forming it.

(2) The auditor must in preparing his report carry out such investigations as will enable him to form an opinion as to the matters specified in sub-paragraphs (g) and (h) of paragraph (1).

Duties of auditors: audit of a receipts and payments account and a statement of assets and liabilities prepared under section 42(3) of the 1993 Act

26.—(1) Where an account and statement have been prepared under section 42(3) of the 1993 Act for the relevant financial year the auditor carrying out the audit of the accounts under section 43 of that Act must make a report on those 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 him 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) states that the auditor is a person falling within paragraph (a) or, as the case may be, paragraph (b) of section 43(2) of the 1993 Act;
- (d) is dated and specifies the financial year in respect of which the accounts to which it relates have been prepared;
- (e) specifies that it is a report in respect of an audit carried out under section 43 of the 1993 Act and in accordance with regulations made under section 44 of that Act;
- (f) 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
 - (bb) its assets and liabilities as at the end of that year;
 - (ii) the account and statement adequately distinguish any material special trust or other restricted fund of the charity;
- (g) where the auditor has formed the opinion that—
 - (i) accounting records have not been kept in respect of the charity in accordance with section 41 of the 1993 Act;

- (ii) the account and statement do not accord with those records; or
- (iii) any information or explanation to which he is entitled under regulation 33 has not been afforded to him,

contains a statement of that opinion and of the grounds for forming it.

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

Duties of auditors of the accounts of English National Health Service Charities

27.—(1) The duties of an auditor carrying out an audit of the accounts of an English National Health Service Charity under section 43A of the 1993 Act are specified in this regulation.

(2) Where—

- (a) the accounts of the charity in respect of the relevant financial year are required to be audited by section 43A(2) of the 1993 Act; or
- (b) an auditor is appointed by the Audit Commission under section 43A(3)(a) of the 1993 Act to audit the accounts of the charity and the charity has prepared a statement of accounts under section 42(1) of that Act for the relevant financial year,

regulation 24 applies to the auditor with the modifications specified in paragraph (3).

(3) The specified modifications to regulation 24 are—

- (a) for paragraph (1)(c) there is substituted—
 - “(c) states that the auditor is a person appointed under section 43A(2) or, as the case may be, section 43(3)(a);”;
- (b) in paragraph (1)(d) for “section 43” there is substituted “section 43A”.

(4) Where—

- (a) the charity has prepared an account and statement have been prepared under section 42(3) in respect of the relevant financial year; and
- (b) an auditor has been appointed by the Audit Commission under section 43A(3)(a) of the 1993 Act to audit those accounts,

regulation 26 applies to the auditor with the modifications specified in paragraph (5).

(5) The specified modifications to regulation 26 are—

- (a) for paragraph (1)(c) there is substituted—
 - “(c) states that the auditor is a person appointed under section 43A(3)(a);”;
- (6) in paragraph (1)(d) for “section 43” there is substituted “section 43A”.

Duties of auditors of accounts of Welsh National Health Service Charities

28.—(1) The duties of an auditor carrying out an audit of the accounts of a Welsh National Health Service Charity under section 43B are specified in this regulation.

(2) Where—

- (a) the accounts of the charity in respect of the relevant financial year are required to be audited under section 43B(2) of the 1993 Act; or
- (b) the Auditor General for Wales elects under section 43B(3) of the 1993 Act that the accounts of the charity be audited and the charity has prepared a statement of accounts under section 42(1) of that Act for the relevant financial year,

regulation 24 applies to the Auditor General for Wales with the modifications specified in paragraph (3).

- (3) The specified modifications to regulation 24 are—
 - (a) the requirement in paragraph (1)(a) to provide the name and address of the auditor is omitted;
 - (b) paragraph (1)(c) is omitted;
 - (c) in paragraph (1)(e) for “section 43” there is substituted “section 43B”.
- (4) Where—
 - (a) the charity has prepared an account and statement have been prepared under section 42(3) of the 1993 Act in respect of the relevant financial year; and
 - (b) the Auditor General for Wales elects under section 43B(3) of the 1993 Act that the accounts of the charity be audited,

regulation 26 applies to the Auditor General for Wales with the modifications specified in paragraph (5).

- (5) The specified modifications to regulation 26 are—
 - (a) the requirement in paragraph (1)(a) to provide the name and address of the auditor is omitted;
 - (b) paragraph (1)(c) is omitted;
 - (c) in paragraph (1)(e) for “section 43” there is substituted “section 43B”.