**Role and responsibility of the Honorary Auditor**

**Background**

*Except for NHS charities, only those charities with gross income of more than £25,000 in their financial year are required to have their accounts independently examined or audited - below that threshold, an external scrutiny of accounts is only needed if it is required by the charity’s governing document.*

*Precisely what type of scrutiny is needed depends on the income and assets of the charity. Broadly speaking, an independent examination is needed if gross income is between £25,000 and £1 million and an audit is needed where the gross income exceeds £1 million. An audit will also be needed if total assets (before liabilities) exceed £3.26 million, and the charity’s gross income is more than £250,000.*

Extract from Charity Commission guidance notes Charity reporting and accounting: the essentials March 2015

<https://www.gov.uk/government/publications/charity-reporting-and-accounting-the-essentials-march-2015-cc15c/charity-reporting-and-accounting-the-essentials-march-2015>

**The role of the Honorary Auditor to the Christadelphian Support Network UK**

As a Charity with income and assets above the threshold of £25,000 but below the audit requirement of £1 million the Trustees are required to have the annual accounts independently examined.

**Independent examination is a form of external scrutiny**: *An independent examination is a form of external scrutiny that provides a limited check on specific matters. This limited form of check (sometimes referred to as ‘negative assurance’) contrasts with an audit. The examiner is only required to confirm whether any material matters of concern have come to their attention, whilst an auditor is required to provide an opinion on whether a charity’s accounts give a ‘true and fair view’.*

*The auditor is required to plan their work to identify material fraud or to plan to test the internal financial controls operating in the charity. An auditor builds up a body of evidence to support a positive statement as to whether the accounts give a ‘true and fair view’. An audit is carried out in accordance with international auditing standards and the audit guidance issued by the Financial Reporting Council.*

*An examination is therefore a limited form of scrutiny compared to an audit. It provides less assurance in terms of the depth of work which is to be carried out and is limited as to the matters on which the examiner reports.*

Extract from Charity Commission guidance

Independent examination of charity accounts: Directions and guidance for examiners (CC32)

<https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/672779/CC32_-_Independent_examination_of_charity_accounts.pdf>

The role of the Honorary Auditor to the CSN UK is to examine the annual accounts of the charity and to report to the trustees that the annual accounts prepared to 30 September each year have been properly prepared based upon the books and records examined and that there are no material matters of concern that have come to their attention during the course of their examination of which the trustees should be made aware.

Detailed guidance and templates relating to the independent examination are available

 Independent examiner's report template (SORP FRS 102)

<https://www.gov.uk/government/publications/independent-examiners-report-template-sorp-frs-102>

An annual certificate in the following form is currently required to be signed by the Honorary Auditor to the CSN UK ;

|  |
| --- |
|  *I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination (other than that disclosed below \*) which gives me cause to believe that in, any material respect:* * the accounting records were not kept in accordance with section 130 of the Charities Act; or* * the accounts did not accord with the accounting records; or* * the accounts did not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a ‘true and fair’ view which is not a matter considered as part of an independent examination.* *I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.*  |

**Responsibilities of the Honorary Auditor**

1. Review the annual accounts prepared by the Treasurer
2. Examine the underlying financial information supporting the accounts
3. Seek such information from the Treasurer and Trustees as may be required for the purposes of the independent examination
4. Report to the Trustees the results of the independent examination
5. Advise the Trustees of any matters which should be brought to their attention

Whilst these are the legal and statutory requirements the overall purpose of the role is to provide independent scrutiny and advice to the Trustees upon the annual accounts and any other financial matters.

**Practical matters**

The financial accounts are prepared by the Treasurer using a commercial accounting package (Finance Coordinator produced by Data Developments Limited). This is currently held on an independent laptop.

The charity has two bank accounts both with TSB Bank and has access to online banking. Banking transactions (online and by cheque) require the formal approve of two Trustees.

Assets of the charity are made up currently of the bank accounts and prepaid deposits. There are no properties or other fixed assets nor any long-term liabilities such as bank loans.

Cash handling is generally limited to collections at events

Further information can be obtained by speaking to the Treasurer Colin Briley.

December 2018