

2.06 UNINCORPORATED CHARITY/CHARITABLE INCORPORATED ORGANISATION (CIO): RECEIPTS & PAYMENTS ACCOUNTS

The purpose of this schedule and the Standard Terms of Business is to set out the basis on which we are to act as auditors under the *Charities Act 2011* (ChA 2011) and to clarify our respective responsibilities in respect of the audit of the unincorporated charity/CIO (the charity).

Auditing Standards require us to appoint an engagement partner who shall take overall responsibility for the planning and conduct of the audit, and for the report that is issued on behalf of the firm. We have assessed the professional requirements of this assignment and have nominated the person listed in [Key Facts](#) as the engagement partner.

1 Your responsibilities as trustees

- 1.1 Our audit will be conducted on the basis that you acknowledge and understand that you have responsibility:
- (a) to prepare an account and statement for each financial year which fairly presents the receipts and payments of the charity for the period and its assets & liabilities at the period end in accordance with ChA 2011 and regulations thereunder;
 - (b) in preparing the account and statement, to:
 - (i) select suitable accounting policies and then apply them consistently;
 - (ii) make judgments and accounting estimates that are reasonable and prudent; and
 - (iii) prepare the account and statement on the going concern basis, considering in particular the charity's ability to continue in operation for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the charity will continue in operation;
 - (c) for keeping sufficient accounting records which disclose with reasonable accuracy at any time the financial position of the charity. You are also responsible for such internal control as you determine is necessary to enable the preparation of accounts that are free from material misstatement whether due to fraud or error; and
 - (d) for safeguarding the assets of the charity and hence for taking reasonable steps to ensure the charity's activities are conducted honestly and for the prevention and detection of fraud and other irregularities.
- 1.2 You have agreed to provide us with:
- (a) access to all information of which you are aware that is relevant to the preparation of the accounts such as charity's books of account and all other relevant records and documentation, including minutes of all trustees' meetings and of all appropriate management meetings and other matters;
 - (b) additional information that we may request from you for the purpose of the audit, including access to information relevant to disclosures;
 - (c) unrestricted access to persons within the charity from whom we determine it necessary to obtain audit evidence; and
 - (d) additional information that may include when applicable, matters related to other information in accordance with ISA (UK) 720. If such information is not expected until after the date of the auditor's report, you should note that we still have a responsibility to take appropriate action if we consider a material misstatement exists in this other information.
- 1.3 In accordance with ChA 2011, s. 133, the charity's trustees may elect to prepare a receipts and payments account and a statement of assets and liabilities as its annual statement of accounts. You have elected to prepare such an account and statement.
- 1.4 You are responsible for ensuring that the charity complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.

- 1.5 Where audited information is published on the charity's website or by other electronic means, it is your responsibility to advise us of any intended electronic publication before it occurs and to ensure that any such publication properly presents the financial information and auditor's report. We reserve the right to withhold consent to the electronic publication of our report if it or the financial statements are to be published in an inappropriate manner.
- 1.6 It is your responsibility to ensure there are controls in place to prevent or detect quickly any changes to that information. We are neither required to review such controls nor to carry out ongoing reviews of the information, after it is first published. The maintenance and integrity of the charity's website is your responsibility and we accept no responsibility for changes made to audited information after it is first posted.

Scope of audit

- 1.7 We expect that you will inform us of any material event occurring between the date of our report and that of the annual general meeting, which may affect the account and statement. We are entitled to receive details of all written resolutions that are to be circulated to members, to attend all general meetings of the charity, and to receive notice of all such meetings.

2 Our responsibilities as auditors

- 2.1 Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK). Under the ChA 2011, we have a statutory responsibility to report to you as trustees whether, in our opinion:
- the account and statement comply with the requirements of regulations made under ChA 2011 and properly present the receipts and payments of the charity for the relevant financial year, and its assets and liabilities as at the end of the financial year;
 - the account and statement adequately distinguish any material special trust or other restricted fund of the charity;
 - the financial statements have been appropriately prepared on the going concern basis; and
 - the financial statements have disclosed any identified material uncertainties that may cast significant doubt on the charity's ability to continue to adopt the going concern basis for at least the next 12 months from the date they are approved.

In arriving at our opinion we are required by law to consider the following matters, and to report on any in respect of which we are not satisfied:

- (a) whether sufficient accounting records have been kept by the charity in accordance with ChA 2011, s. 130; or
- (b) whether the account and statement are in agreement with the accounting records; or
- (c) whether we have obtained all the information and explanations to which we are entitled for the purpose of our audit.

In arriving at that opinion those standards require us to comply with ethical requirements.

- 2.2 It is not sufficient for us as auditors to conclude that the financial statements have been properly prepared solely on the basis that the financial statements were prepared in accordance with accounting standards and any other applicable legal requirements. We are therefore required to consider whether additional disclosure will be necessary in the financial statements when compliance with an accounting standard is insufficient to provide clear and adequate information. If you are unwilling to make such additional disclosures, we will have to consider the effect on our report.
- 2.3 Our report will be made solely to the charity's trustees, as a body, in accordance with Regulations made under ChA 2011, s. 154. Our audit work will be undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we will not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for the audit report, or for the opinions we form. The audit of the financial statements does not relieve you of your responsibilities.

- 2.4 There are certain other matters, which according to the circumstances may need to be dealt with in our report, for example non-compliance with a requirement of Regulations to be made under the ChA 2011. Although only auditors of listed companies are required to include key audit matters in their report, there may be rare occasions when we believe it necessary to communicate key audit matters in our report.
- 2.5 Under ChA 2011, s. 156(2), we have a statutory duty to make a written report to the Charity Commission on such matters (which relates to the activities or affairs of the charity or of any connected institution or body) of which we become aware during the course of our audit and which we have reasonable cause to believe is likely to be of material significance for the purposes of the exercise by the Commission of its functions under ChA 2011, s. 156(3). In addition under s. 156(4) if we become aware of any matter which does not require to be reported under s. 156(2) but which we have reasonable cause to believe is likely to be relevant for the purposes of the exercise by the Charity Commission of any of its functions then we may make a report on the matter to the Commission. We may have to make this report without your knowledge and consent and we cannot undertake to you to fetter this discretion in any manner.
- 2.6 Our professional duties also include:
- (a) incorporating in our report a description of the trustees' responsibilities for the account and statement where they or accompanying information do not include such description; and
 - (b) considering whether other information in documentation containing the account and statement is consistent with the audited account and statement and our knowledge acquired during the course of the audit.

Scope of audit

- 2.7 Our audit will be conducted in accordance with the ISAs (UK) issued by the Financial Reporting Council (FRC). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. We will evaluate whether the information presented in the financial statements is relevant, reliable, comparable and understandable as well as providing adequate disclosures and appropriate terminology. This includes an assessment of:
- whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed;
 - the reasonableness of significant accounting estimates made by the trustees;
 - whether there is adequate disclosure of the applicable financial reporting framework; and
 - the overall presentation of the financial statements.
- In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.
- 2.8 Because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, there is an unavoidable risk that even some material misstatements may remain undiscovered even though the audit is properly planned and performed in accordance with ISAs (UK).
- 2.9 We will obtain an understanding of the accounting and internal control systems in order to assess their adequacy as a basis for the preparation of the account and statement and to establish whether the charity has maintained sufficient accounting records. We will need to obtain relevant and reliable evidence sufficient to enable us to draw reasonable conclusions therefrom.

- 2.10 The nature and extent of our tests will vary according to our assessment of the charity's accounting and internal control systems, and may cover any aspects of the charity's operations. We shall report to the management any significant deficiencies in, or observations on, the charity's systems that come to our attention of which we believe the trustees should be made aware. Any such report may not be provided to any third party without our prior written consent. Such consent will only be granted on the basis that such reports are not prepared with the interests of any party other than the members in mind and that we therefore neither have nor accept any duty or responsibility to any other party as concerns the reports.
- 2.11 As noted in section 1, the responsibility for safeguarding the assets of the charity and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the trustees. However, we will plan our audit so that we have a reasonable expectation of detecting material misstatements in the account and statement resulting from irregularities, fraud or non-compliance with law or regulations, but our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist.
- 2.12 As part of our normal audit procedures, we will request you to provide formal representations concerning certain information and explanations we receive from you during the course of our audit. In particular, where we bring to your attention misstatements in the account and statement which are not adjusted, we shall require written representation of your reasons.
- 2.13 To enable us to conduct a review of your account and statement, which constitutes part of our audit, we will request sight of any documents or statements which will be issued with the account and statement.
- 2.14 Once we have issued our report we will have no further direct responsibility in relation to the financial statements for that financial year. However, as noted in section 1, we expect that you will inform us of any material event occurring between the date of our report and that of the annual general meeting, which may affect the account and statement.
- 2.15 A fuller description of the scope of an audit of financial statements arising from the requirements of ISAs (UK), together with other legal and regulatory requirements, is provided on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

Communication

- 2.16 In order to ensure that there is effective two-way communication between us we set out below the expected form and timing of such communications.
- We shall contact your primary contact listed in [Key Facts](#) by telephone prior to each year-end for preliminary discussions concerning the audit. We will confirm in writing the matters discussed and any agreed action.
 - We will arrange a meeting to discuss the forthcoming audit prior to the expected start date. Again we will confirm in writing the matters discussed and any agreed action.
 - We will arrange a meeting to discuss any matters arising from the audit after completion of the detailed work. Again we will confirm in writing the matters discussed and any agreed action.
- 2.17 The formal communications set out above are the minimum required to comply with auditing standards. We shall of course contact you on a more frequent and regular basis regarding both audit and other matters.
- 2.18 We shall not be treated as having notice, for the purposes of our audit responsibilities, of information provided to members of our firm (principals and staff) other than those engaged on the audit, for example information provided in connection with accounting, taxation and other services.