



# COMMUNITY WAIKATO

*"Supporting strong communities"*

Hei tautoko kia tuu pakari ai ngaa haapori

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Assurance for Larger Registered Charities  
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## **Submission on MED Discussion Paper "Auditing and Assurance for Larger Registered Charities"**

### **Background**

Community Waikato is about supporting strong communities. Community Waikato does that by working one-to-one with community organisations (charities) to support their capacity to provide the best possible services. We work with them on governance, management, HR, financial structures, funding, applications, accountability, legal structures, constitutions, compliance. We offer training to back this up and we provide scholarships to enable people to take up the opportunity to participate in training and to work towards higher qualifications. This in turn brings knowledge and skills to the organisations and results in better services.

We facilitate and support networks because we believe networks provide the opportunity for sharing information, ideas and experience, form relationships, seek advice and support from peers.

We support collaborative projects many of which come from networks identifying a common issue and working together on a solution. These range from local to regional to national but all are designed to benefit people in the Waikato.

We provide information relevant to the sector and to help people in their work and their thinking and we gather information to advocate on behalf of the sector. This includes surveys – State of the Sector 2010 and 2011 that we use to inform the community, report to funders and advocate to government.

We are Tindall Foundation regional fund managers which give us a further insight into the work and the needs of organisations that adds to our overall knowledge and overview of the sector.

### **Discussion**

In June 2012 Community Waikato collaborated with ANGOA to hold a workshop that was attended by 50 organisations and individuals from the Waikato region to consider the discussion paper on Auditing & Assurance for larger charities. Of all the workshops held around New Zealand the Hamilton workshop had the largest representation of social service organisations receiving government funding as their key source of income.

Our submission is based on the discussions in the Hamilton workshop.

We submit that:

#### Financial tiers for Audit

- Many organisations experience fluctuating income so any shift from one band to another should be based on averaged Operational Expenditure over two or perhaps five years.
- That the dollar value should be in line with the Financial Reporting Framework tiers.

#### Audit versus review

- It is essential that the differences between a review or audit are clearly highlighted so funders and governance bodies can make an informed choice.
- As it currently stands for many organisations a review will not be an option as they require audit for funding or government contracts.

#### Cost of audit

- The limited availability of qualified auditors must be taken into account in making a decision about audit versus review. With more demand for auditors it is likely that the cost of an audit will increase.

#### Qualifications

- Availability of auditors in rural areas is a problem for many organisations. If audits are to become compulsory a pool of qualified auditors should be made available to travel to rural areas. Funds should be made available to organisations requiring auditors from out of town or to cover costs of out of town visits.
- A second tier of auditors such as CA qualified Accountants who are not in public practice should be able to complete an audit up to the level currently in place for reviews.
- That second tier auditors have some form of recognised endorsement and limited liability offered for them to complete the audit.
- Audits require professional input which is a considerable cost to organisations, there needs to be robust discussion with funders & government to consider how the cost of audits will be covered.

#### Conclusion

Regardless of what is introduced, it is important that clear guidelines are provided on what is required, the difference between audit & review and potentially assistance for governance to understand what they should be considering around an audit engagement.

Thank you for the opportunity to submit.

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