

Auditing and Assurance for Larger Registered Charities

Question 1:

No

Question 2:

Objective – Balance of Assurance. This side of the equation is fine; my issue would be with what qualifies as a Charitable Trust or a NPO. Are they sustainable? A limited company has to be sustainable and meet compliance, so too should a Charitable Trust. They are registered the same as a limited company, they also have a constitution like a limited company so why not the compliance and sustainability?

Question 3:

Yes they have been properly described however: -

The 'lay persons' perception of an audit is what the industry would call a forensic audit. i.e. to trace all transactions so fraud and mismanagement can be identified.

A review is actually the public's perception of an actual audit.

With a Review – Would a general person who conducts a review know what GAAP requires? If they do then they are probably a qualified person, so why not just specify to use a CA or suitable qualified accountant.

Question 4:

Yes.

Question 5:

A: Yes

B: Should be required to have an audit, a review is not thorough enough.

Question 6:

Sustainability: See my comments in question 1.

Question 7:

B

Question 8:

They should all be audited. If you have expenditure of that level you would most likely be employing staff. If that is the case they should be sustainable to afford an audit. In the case where the majority of the staff are volunteer then there is a case they should be able to afford it if the costs to run the charity are that high to start with.

If they are employing staff for that level of expenditure there must be systems and procedures in place, what level are these at? The greater number of people involved in any organisation requires greater leadership and systems for an organisation to function. So compliance should be a required to ensure these are being systems and constitution requirements are being meet, as it leaves the organisation open to large levels of mismanagement.

Question 9:

Yes

Question 10:

At that level (1.25% of expenditure) with a minimum set, would stop the rorting of the fees charged, with the argument balanced that you cannot expect the qualified personnel to do the work at a loss. No accountant would take on this type of work if that was the case. A non-qualified personnel can complete the majority of the work with the CA completing the compliance part of the audit.

Question 11:

Once you are audited you should remain that way until the entity is wound up. If they audited now it is most likely because their constitution requires it. Maybe a review of charity constitutions are required or are a lot of these organisations just NPO's?

Question 12:

No