

COMMENTS ON

SCOTTISH EXECUTIVE DEVELOPMENT DEPARTMENT: VOLUNTARY ISSUES UNIT

CONSULTATION ON THE CHARITY ACCOUNTING REGULATIONS

The Royal College of Physicians of Edinburgh is pleased to respond to the Scottish Executive on its *Consultation on the Charity Accounting Regulations*. The College has addressed those specific questions that are relevant to this College and also made brief comments on the RIA and document as a whole:

Should there be a third category of charity for which independent examination is optional?

Charities, as custodians of funds donated by the public, should be subject to either audit or independent examination for the protection of the sector as a whole.

Do you think the approach taken to UK wide charities in the proposals is the right one?

The College considers that accounting practice should be consistent across the UK to ensure that members of the public can assess and compare all UK charities on an equal basis.

Do you agree with the proposals on the accounting periods, the timeframe for submitting accounts and the actions available to OSCR if a charity fails to do so?

Charities should be given freedom to alter their accounting period end date as there may be good administrative or business reasons for doing so and, where it is a rare occurrence, OSCR should need only be informed. However, if changes are successive or frequent permission should be sought from OSCR.

The College has reservations about shortening the timeframe for submitting accounts from 10 to 7 months. Adding time pressure may be counter-productive in encouraging open and full reporting.

Do you agree that the regulations take the right approach to adopting the SORP?

The College supports 'Option 3'; that the regulations set out clear requirements for Scottish charities which refer to the methods and principles in the SORP and that by taking this approach charities which are below the £250,000 threshold have clear guidance regarding

their own statement of accounts. However, if this approach is to be adopted, it is critical that regulations keep pace with changes in the SORP and/or requirements of the ASB to avoid unnecessary anomalies such as the current requirement to repeat information already found in a SOFA in an income & expenditure account.

Does the RIA provide an accurate picture of the impact of the new regulations? Do you have any comments on the RIA?

The College considers that the RIA sets out clearly the issues that will impact on charitable sector. The training analysis is representative and the assumptions and costs figures shown equate well with the reality for a charity with an income of between £1m and £10m.

On the document as a whole, the College is concerned that the regulations do not make provision for or reference to the support mechanisms that will be on hand to assist charities in complying with its requirements. It is important that both the Charities Commission and OSCR act not only as enforcers of these regulations but play an active role in assisting charities in meeting their obligations.

All College responses are published on the College website www.rcpe.ac.uk.

Further copies of this response are available from Lesley Lockhart (tel: 0131 225 7324 ext 608 or email: l.lockhart@rcpe.ac.uk)

17 June 2005