

INSTITUTE OF FUNDRAISING SCOTLAND

RESPONSE TO CONSULTATION PAPER ON CHARITY ACCOUNTING REGULATIONS

The Institute of Fundraising Scotland broadly supports the proposals contained within the Consultation Paper but would make the following comments;

THRESHOLDS

On balance we believe that the proposed thresholds are correct. We believe that it is important that organisations with income and expenditure below £10k should be required to be subject to independent scrutiny. These organisations will have already prepared the accounts. Most of these organisations are small local charities who will be able to access a person of standing to verify their accounts. It may be argued that this is a burdensome requirement on these organisations, however we believe that it is important to those who donate to such organisations that there is a need for verification. Otherwise the majority of the sector would have no independent examination of accounts, impacting negatively on public confidence.

UK CHARITIES

For organisations operating cross-border, Scottish activities should be clearly accounted for, but within UK accounts in practice this may prove difficult to require. We therefore broadly agree with the principle as stated in the paper.

GAELIC

The requirement to produce accounts in Gaelic should be optional. All accounts should be in English and charities may wish to produce other language versions in addition – Gaelic, Cantonese, Urdu etc in response to all reasonable requests. This should not be a requirement.

CHARITABLE COMPANIES

The £250k threshold maintains a consistent audit regime for Scotland. This will create a difference in UK terms –the requirement in England and Wales being that charitable companies threshold is raised to £500k. But this recognises the differences in characteristics of the charitable sector in Scotland.

ACCOUNTING PERIOD

We believe that under most normal circumstances, the 7 months period during which accounts should be completed is quite reasonable. However, we are concerned that

action by OSCR with regard to late accounts should be tempered particularly in publicising such a default and some form of “without reasonable cause” clause should be added to this paragraph.

THE CHARITIES SORP

We broadly support the approach outlined in Option 2. We believe it is important that the regulatory approach responds to the differences between the nature of charity north and south of the border, but maintains uniform standards wherever appropriate. Relying on SORP with distinct Scottish elements gives recognition to these differences ensuring requirements are both appropriate and proportionate.

In conclusion we believe that these proposals provide a regime which will be understandable and workable for the vast majority of charities in Scotland who ensure that their accounts are prepared in line with SORP and at the same time will provide the public with a clear picture of the financial activities of the charities which they support, thus providing accountability. It is also transparent, proportionate, consistent and independent.

**Maureen Harrison
Chair of Public Affairs Committee
26th June 2005**