

In this issue we look at:

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- Save the Date: BHP Charity Conference 2019

Editor's welcome

Welcome to our summer charity news update with contributions from across our specialist team.

We hope you will find the articles useful in helping you to run your charities more effectively.

We are also pleased to announce 20 November as the date for this year's charity conference and we look forward to seeing you there.



Jane Marshall
jane.marshall@bhp.co.uk

Gift Aid claims and HMRC

In March 2019, the Charity Tax Group organised a meeting with HMRC to discuss issues regarding data used in Gift Aid claims. Below is a summary of some of the key points that charities should be aware of HMRC guidance can be unclear in certain situations and charities generally take a conservative view so that they don't fall foul of the rules. HMRC do not want to discourage charities from claiming Gift Aid where it is reasonable to do so.

HMRC has provided some clarification on certain administrative aspects of the gift aid regime.

- Obvious errors in address details provided on declarations eg typos can be corrected for the purposes of the Gift Aid claim. The original declaration should be retained with details of what research was undertaken to support the amendment made.
- Transposition of names on a declaration, for example first names and surnames being included the wrong way around, can be corrected by the charity in the Gift Aid claim and HMRC have stated that the changes should be documented.
- Where charities have clearly requested a donor's home address they are able to accept the information



provided unless there is an obvious error in which case some research may be needed.

- Foreign addresses can be used – the key point is that the individual pays sufficient UK tax.
- Addresses marked 'c/o' should be excluded unless there is a power of attorney in place.
- BFPO addresses are valid.
- Information in a different language is acceptable if understandable and software can deal with it.
- HMRC will accept a Gift Aid claim on a donation from a joint bank account where the cheque is signed by the non-donor as long as a declaration is in place for the donor.

- Gift Aid claims that include multiple names at the same address are permitted.
- Sponsorship forms can be completed in the same handwriting.
- Sponsored event income can be included on one line in the claim under the name of the participant. Where this is a child eg for a school event, the head teacher's name should be used.

There seems to be an over-riding message that HMRC want the information included in a Gift Aid claim to be correct and as long as the charity is acting in good faith, based on reasonable information then minor amendments to data can be made.



*For further information please contact Rachelle Rowbottom
rachelle.rowbottom@bhp.co.uk*

Independent Examination of charity accounts



Unless a charity has gross annual income of less than £25,000, charity law requires the annual accounts to have some form of scrutiny to maintain public trust and confidence. The external scrutiny will be in the form of an Independent Examination or an Audit.

An Independent Examination is a less onerous form of scrutiny than an Audit, however, it does provide the charity's Trustees and the public with assurance that the charity's accounts have been reviewed by a person independent to the charity. To be independent, the examiner must ensure the role can be fulfilled without any conflict of interest and they cannot be influenced by relationships with the charity and its trustees.

To be eligible for an Independent Examination, the charity (including any trading subsidiaries) must meet the following thresholds:

- Gross annual income must be less than £1m or where gross annual income exceeds £250,000, gross assets must be less than £3.26m.
- Where a charity meets the required thresholds for an Independent Examination, the Trustees must also consider whether the Governing Document of the charity requires an Audit and whether any of the Trustees or funders, have requested an Audit. In

these circumstances these requirements override the thresholds and the charity must have an Audit.

- The Independent Examiner is appointed by the Trustees. It must be someone they consider having the required ability, practical experience and qualifications to carry out a competent Independent Examination of the charity's accounts. Where gross annual income exceeds £250,000, the Independent Examiner must be a member of a professional accountancy body.

The Independent Examiner must carry out an external review of the charity's accounting records to confirm: that the records have been kept as required by law; that those records match the accounts including disclosures; and that the accounts comply with the Charities [Accounts and Reports] Regulations 2008.

In the case of accruals accounts, any material inconsistency between the accounts and the Trustees' annual report, and in the case of a charitable company with the Directors' report must be reported.

The Independent Examiner must state in their report whether any matter has come to light which gives them cause to conclude otherwise.

The Independent Examiner must also include a statement within their report if there appears to have been material expenditure or action contrary to the objects of the charity, or if they have not been provided with information and explanations they consider necessary, or if there is a material inconsistency between the accounts and the Trustees' Report.

The examiner must check whether the trustees have considered the financial circumstances of the charity at the end of the reporting period and, if the accounts are prepared on an accruals basis, check whether the Trustees have made an assessment of the charity's position as a going concern when they approve the accounts.

As with Auditors, there is a statutory duty for an Independent Examiner to make a separate report to the Charity Commission, if they identify any matter relating to the activities of the charity, which is likely to be of material significance in the operation of the charity and the carrying out of its charitable objectives.



For further information please
contact Lesley Kendrew
lesley.kendrew@bhp.co.uk

Enhancing our charity audits with data analytics



At BHP, our key focus is on audit quality and adding value to our clients. The world of audit is changing quickly and we are very much moving with the times. We are one of the first mid-tier firms who have decided to put the spotlight on data analytics in 2019, using modern technology advances to rethink the way we audit and how we add value to our clients.

Over the last two years BHP has worked with a leading data analytics software provider to truly enhance and develop our service offering. To that end, we're really pleased we are able to offer our new specialist auditing tool – Inflo – to all of our charity and not for profit clients.

This innovative software allows us to dig deeper into our client's data than ever before as we are able to obtain and mine 100% of the accounting transactions. This offers us an incredible amount of insight, which in turn we can share with Trustees and management.

The data is tested for completeness, patterns in the processing of transactions are established and routine tests are run against the data and displayed to the audit team. We no longer spend time performing 'needle in a haystack' testing but are able to zone straight in on the riskiest transactions and offer our clients much greater insight into their accounting function.

At a glance, we are able to examine any unusual accounting activity, trends or risky proceedings. Inflo allows us to quickly run a set of tests across the whole data set, it looks for key words in descriptions, out of working hours postings and helps to identify related party transactions and therefore allows for a significantly improved audit and a greater chance of finding any potential fraud.

The response from our clients has been overwhelmingly positive. We have been able to offer our clients a much greater insight into their accounting function

and really add value, particularly where the board of trustees/management are separate from the finance function.

In addition, everything is much more transparent. The online portal allows for a clever sharing of files with the audit progress being monitored and responsibilities assigned at each stage.

Other industries have long used technology to improve their service offering so we are pleased to be at the forefront of offering this added value and improved audit process to our clients, thereby giving the trustees confidence in our auditing procedures.



For further information please
contact Ellie Dignam
ellie.dignam@bhp.co.uk

Are you looking to join a school governing board?

Governors for Schools is a wonderful charity placing skilled volunteers on governing boards in primary and secondary schools across the country (the current estimate is that there are 30,000 governor vacancies), where there is a tremendous need for experts in all areas to support schools. Governors for Schools engage with universities and businesses to find skilled people and match them with local schools. Providing schools with professional know-how and perspective can help improve the school overall, its pupil performance, and educational standards, so children and young people can realise their full potential and be inspired to succeed in adulthood. It is essential for a school to have a diverse governing body with various skillsets who can work effectively together and

challenge decisions made by school leaders.

It is also a great way for employees to develop boardroom skills as Non-Executive Directors. The volunteer will be involved in areas such as setting strategic direction, budget management, and performance management as well as developing their softer skills such as decision making and problem solving. Many companies incorporate this into their CSR agenda and it is widely recognised by HR and talent management, whilst also raising a company's profile in the local community. It's a role applicable to your younger talent, mid-career level and your senior team.

Governors for Schools offer on-going support in the governor role via e-learning modules, monthly webinars and breakfast events to keep volunteers up-to-date with the latest thinking and fundamentals of governance. They are developing a professional skills framework, which can support the personal/professional development outcomes during volunteering and act as a helpful career tool. The framework will launch at the Guildhall next month.

For more information visit
www.governorsforschools.org.uk

Save the Date

2019 BHP Charity Conference confirmed!



BHP is pleased to announce that it is holding its 12th Charity Conference on Wednesday 20 November 2019 at Doncaster Racecourse.

This year's highly relevant programme will provide an update on several important issues affecting charities with speakers from both BHP's specialist charity team and guest speakers from the sector.

The free full day conference is open to all charities and full details will be issued shortly. If you would like more information at this stage, please contact Louise Bright.

Louise.bright@bhp.co.uk or call 0114 266 7171.

Specialist advisors to the charity and not for profit sector