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| Charity accounts and reports: external scrutiny of accounts- letters of application for dispensation from requirements of s114(2) of the 2011 Act |
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**Contents**

[Policy Statement/Overview 2](#_Toc144465581)

[L1 External Scrutiny of Accounts: Letters of application for dispensation from the requirements of s144(2) of the 2011 Act - 14 March 2012 2](#_Toc144465582)

[An application by a charity which is also classed as a Non-Departmental Public Body. 2](#_Toc144465583)

[An application by an English Local Authority as charity trustee. 3](#_Toc144465584)

[An application by a Welsh Local Authority as trustee: 4](#_Toc144465585)

[An application by an NHS Foundation Trust 5](#_Toc144465586)

[An application by a charitable company charity for an independent examination due to a change in audit thresholds 6](#_Toc144465587)

[An application by a non-company charity an independent examination due to a change in audit thresholds 7](#_Toc144465588)

[An application by a charitable company charity for an independent examination due to the transfer of assets upon incorporation 8](#_Toc144465589)

[Application for an alteration to the charity’s financial year 9](#_Toc144465590)

# Policy Statement/Overview

## L1 External Scrutiny of Accounts: Letters of application for dispensation from the requirements of s144(2) of the 2011 Act - 14 March 2012

### An application by a charity which is also classed as a Non-Departmental Public Body.

**NB**.  See section 4.4 of OG 15 B3 for the context in which this letter will be used.

Dear [                            ]

**DISPENSATION FROM THE AUDITING REQUIREMENTS OF THE CHARITIES ACT 2011**

The [name of charity] ("the charity") is a registered charity, number [state number] and a Non Governmental Departmental Body sponsored by [Government Department]. The trustees hereby apply to the Charity Commission for a dispensation from the requirements of section 144(2) of the Charities Act 2011 in the case of [charity name(s)].

The trustees in accordance with Statutory Instrument 1326 2003 The Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003 have entered into the enclosed agreement with the Comptroller and Auditor General for the audit by the National Audit Office of the accounts prepared for charity under Part 8 of the 2011 Act.

In applying for the dispensation, the trustees:

* recognise that any dispensation will be conditional on the supply to the Charity Commission (with the charity’s annual report and accounts) of the audit report by the Comptroller and Auditor General's appointed auditor on the charity's (charities') accounts;
* authorise the Charity Commission to make that report  available to the public in the same way it would have been available if it had been an audit report attached to the Part 8 accounts;
* recognise that the dispensation will operate without specific time limit, but will cease to have effect if the enclosed agreement is varied significantly or terminated without the agreement of the Charity Commission.

Yours faithfully

Trustee(s)

Address

Date

### An application by an English Local Authority as charity trustee.

**NB**.  See section 4.3 of OG 15 B3 for the context in which this letter will be used.

Dear [                            ]

**DISPENSATION FROM THE AUDITING REQUIREMENTS OF THE CHARITIES ACT 2011**

The [name of local authority] ("the authority") hereby applies to the Charity Commission for a dispensation from the requirements of section 144(2) of the Charities Act 2011 in the case of [charity name(s)].

The authority has, under section 29(1) of the Audit Commission Act 1998, entered into the enclosed agreement with the [Name of District Auditor] Audit Commission for the audit by the Commission of the accounts prepared for [that charity] [those charities] under Part 8 of the 2011 Act.

In applying for the dispensation, the authority:

* recognises that any dispensation will be conditional on the supply to the Charity Commission (with the [charity's] [ charities'] annual report[s] and accounts) of the audit report by the Audit Commission's appointed auditor on the charity's (charities') accounts;
* authorises the Charity Commission to make [that] [those] report[s] available to the public in the same way it would have been available if it had been an audit report forming part of the Part 6 accounts;
* recognises that the dispensation will operate without specific time limit, but will cease to have effect if the enclosed agreement is varied significantly or terminated without the agreement of the Charity Commission.

Yours faithfully

Trustee(s)

Address

Date

Or

### An application by a Welsh Local Authority as trustee:

**NB**.  See section 3 of OG 15 B3 for the context in which this letter will be used.

Dear [                            ]

**DISPENSATION FROM THE AUDITING REQUIREMENTS OF THE CHARITIES ACT 2011**

The [name of local authority] ("the authority") hereby applies to the Charity Commission for a dispensation from the requirements of section 144(2) of the Charities Act 2011 in the case of [charity name(s)].

The authority has, under section 65 of the Public Audit (Wales) Act 2004, entered into the enclosed agreement with the [Name of appointed auditor] Wales Audit Office the audit by the Welsh Audit Office of the accounts prepared for [that charity] [those charities] under Part 8 of the 2011 Act.

In applying for the dispensation, the authority:

* confirms that the charity which is to be audited meets the criteria of a public body  under section 144(8A) of the Government of Wales Act 1988 and has been listed within schedule 17 of the Government of Wales Act 1988 as a body subject to audit under the terms of that Act.
* recognises that any dispensation will be conditional on the supply to the Charity Commission (with the [charity's] [ charities'] annual report[s] and accounts) of the audit report by the Auditor General Wales’ appointed auditor on the charity's (charities') accounts;
* authorises the Charity Commission to make [that] [those] report[s] available to the public in the same way it would have been available if it had been an audit report forming part of the Part 8 accounts;
* recognises that the dispensation will operate without specific time limit, but will cease to have effect if the enclosed agreement is varied significantly or terminated without the agreement of the Charity Commission.

Yours faithfully

Trustee(s)

Address

Date

### An application by an NHS Foundation Trust

**NB**.  See section 4.2 of OG 15 B3 for the context in which this letter will be used.

Dear [                            ]

**DISPENSATION FROM THE AUDITING REQUIREMENTS OF THE CHARITIES ACT 2011**

The [name of NHS Foundation Trust] ("the Foundation Trust") hereby applies to the Charity Commission for a dispensation from the requirements of section 144(2) of the Charities Act 2011 in the case of [charity name(s)].

The Foundation Trust has, under section 29(1) of the Audit Commission Act 1998, entered into the enclosed agreement with the [Name of District Auditor] [Audit Commission] for the audit by the Commission of the accounts prepared for [that charity] [those charities] under Part 8 of the 2011 Act.

In applying for the dispensation, the authority:

* recognises that any dispensation will be conditional on the supply to the Charity Commission (with the [charity's] [ charities'] annual report[s] and accounts) of the audit report by the Audit Commission's appointed auditor on the charity's (charities') accounts;
* authorises the Charity Commission to make [that] [those] report[s] available to the public in the same way it would have been available if it had been an audit report forming part of the Part 8 accounts;
* recognises that the dispensation will operate without specific time limit, but will cease to have effect if the enclosed agreement is varied significantly or terminated without the agreement of the Charity Commission.

Yours faithfully

Trustee(s)

Address

Date

### An application by a charitable company charity for an independent examination due to a change in audit thresholds

**NB**.  See section 5.4 of OG 15 B3 for the context in which this letter will be used. In particular, this letter must not be used for financial years commencing before 1 April 2008.

Dear [               ]

**DISPENSATION FROM THE AUDITING REQUIREMENTS OF THE CHARITIES ACT 2011**

[Name of the charity] hereby applies to the Charity Commission for a dispensation from the requirements of section 144(2) of the Charities Act 2011 with regard to our accounts for the financial year ended [insert year end date].

The trustees confirm that charity qualifies as a small company, in accordance with section 382 of the Companies Act 2006, and qualifies for full audit exemption under section 477 of the Companies Act 2006. An audit is not a requirement of the charity’s Memorandum and Articles of Association.

Our income did not exceed the audit threshold applicable to a company charity in the last financial year ended [insert year end date] but in the current financial year ended [state year end] the charity’s gross income has exceeded the audit threshold set by section 144 of the Charities Act 2011. The trustees anticipate that the gross income of the charity for the subsequent financial year will be below the charity audit threshold. We are therefore applying for a dispensation from audit on the basis of exceptional circumstances under regulation 34(3)(b).

The trustees are not aware of any fraud, loss or breakdown of internal financial controls in the financial year for which a dispensation is requested and they consider an audit disproportionate to the activities of the charity in the year and the exceptional circumstances that justify an independent examination instead of an audit are [state exceptional circumstances].

The trustees confirm that for the purposes of the dispensation they will elect for independent examination in place of an audit as though this option was available under section 145 of the Act.

The trustees will also consider the appointment of a person qualified to be an independent examiner under section 145(1)(a) of the Charities Act 2011 and confirm that a copy of the independent examiner’s report will be filed together with the annual reports and accounts of the charity.

Yours faithfully

The Trustee(s)

Address

Date

### An application by a non-company charity an independent examination due to a change in audit thresholds

Dear [             ]

**DISPENSATION FROM THE AUDITING REQUIREMENTS OF THE CHARITIES ACT 2011**

[Name of the charity] hereby applies to the Charity Commission for a dispensation from the requirements of section 144(2) of the Charities Act 2011 with regard to our accounts for the financial year ended [insert year end date]

Our income did not exceed the audit threshold for the last financial year ended [insert year end date] but in the current year, financial year ended [state date] the charity’s gross income has exceeded the audit threshold set by section 145 of the Charities Act 2011. The trustees anticipate that the gross income of the charity for the subsequent financial year will be below the charity audit threshold. We are therefore applying for a dispensation from audit under regulation 34(3)(b).

The trustees are not aware of any fraud, loss or breakdown of internal financial controls in the financial year for which a dispensation is requested and they consider an audit disproportionate to the activities of the charity in the year and the exceptional circumstances that justify an independent examination instead of an audit are [state exceptional circumstances].

The trustees confirm that for the purposes of the dispensation they will elect for independent examination in place of an audit as though this option was available under section 145 of the Act.

The trustees will also consider the appointment of a person qualified to be an independent examiner under section 145(1)(a) of the Charities Act 2011 and confirm that a copy of the independent examiner’s report will be filed together with the annual reports and accounts of the charity.

Yours faithfully

The Trustee(s)

Address

Date

### An application by a charitable company charity for an independent examination due to the transfer of assets upon incorporation

**NB**.  See section 5.7 of OG 15 B3 for the context in which this letter will be used.

Dear [             ]

**DISPENSATION FROM THE AUDITING REQUIREMENTS OF THE CHARITIES ACT 2011**

[Name of the charity] hereby applies to the Charity Commission for a dispensation from the requirements of section 144(2) of the Charities Act 2011 with regard to our accounts for the financial year ended [insert year end date].

The trustees confirm that charity qualifies as a small company, in accordance with section 382 of the Companies Act 2006, and qualifies for full audit exemption under section 477 of the Companies Act 2006. An audit is not a requirement of the charity’s Memorandum and Articles of Association and members of the company have not required an audit.

If the income attributable to the transfer of assets from a linked unincorporated charity [Name of the charity] is excluded, our income did not exceed the audit threshold applicable to a company charity in the last financial year ended [insert year end date]. We also understand that linked unincorporated charity [Name of the charity] had income in the financial year immediately preceding our first financial year as a company which was below the audit threshold set by section 144 of the Charities Act 2011. The trustees anticipate that the gross income of the company for the subsequent financial year will be below the charity audit threshold. We are therefore applying for a dispensation from audit on the basis of exceptional circumstances under regulation 34 (3) (b).

The trustees are not aware of any fraud, loss or breakdown of internal financial controls in the financial year for which a dispensation is requested and they consider an audit disproportionate to the activities of the charity in the year and the exceptional circumstances that justify an independent examination instead of an audit are [state exceptional circumstances].

The trustees confirm that for the purposes of the dispensation they will elect for independent examination in place of an audit as though this option was available under section 145 of the Act.

The trustees will also consider the appointment of a person qualified to be an independent examiner under section 145(1)(a) of the Charities Act 2011 and confirm that a copy of the independent examiner’s report will be filed together with the annual reports and accounts of the charity.

Yours faithfully,

The Trustee(s)

Address

Date

### Application for an alteration to the charity’s financial year

**NB**.  See OG 15 for the context in which this letter will be used.

Dear [              ]

**REQUEST FOR AN ALTERATION TO THE CHARITY'S FINANCIAL YEAR**

[Name of the charity] hereby applies to the Charity Commission for approval to alter the charity's financial year and prepare accounts to a new accounting reference date. The charity's financial year has been changed within the past 2 years and so the Commission's consent is required to alter a restricted financial year in accordance with Regulation 3(5) of The Charities (Accounts and Reports) Regulations 2008.

We confirm the charity is not a charitable company and that we wish to shorten/extend the financial year by (number) months. The charity's financial year began on (date) and will end on (date). The exceptional reasons for justifying this change are as stated below:

[insert explanation]

In applying for the Commission's consent to this change the trustees confirm that should consent be withheld then the accounts will be prepared for a 12 month period in accordance with the Regulations.

Yours faithfully

The Trustee(s)

Address

Date