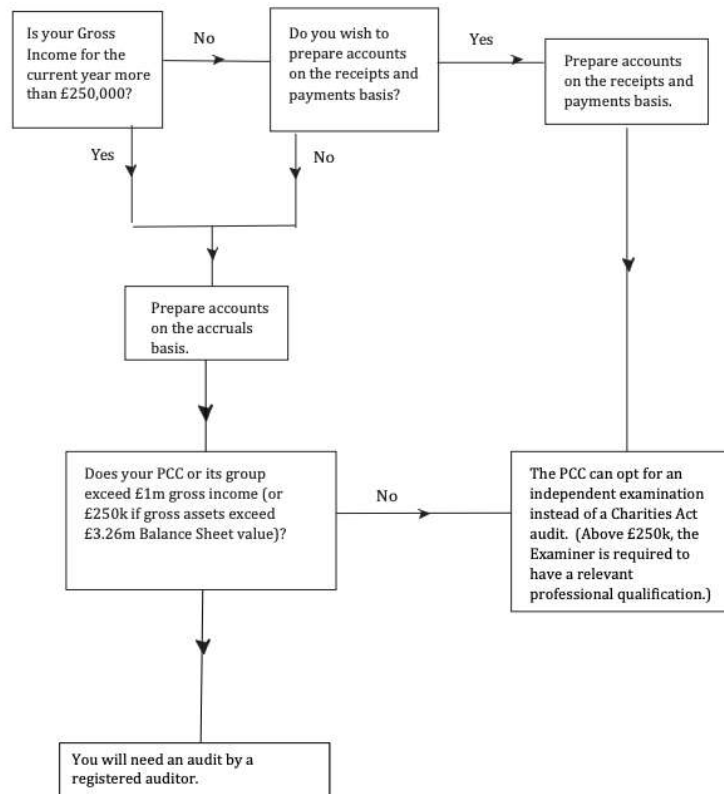


All PCCs are charities (whether registered with the Charity Commission or “excepted”) and all PCC members are therefore trustees

What is an Independent Examination?

The purpose of an independent examination is to give the charity’s trustees, supporters, beneficiaries and the wider public, some independent assurance that the charity’s money has been properly accounted for and accounting records kept. Independent examination is a ‘light touch’ scrutiny involving the examiner checking for specific matters only. Because it is narrowly defined and does not involve forming an opinion as to whether the accounts are ‘true and fair’, it usually costs less than an audit.

Who can have their accounts Independently Examined?



The Church Accounting Regulations require an external scrutiny of the financial statements for all PCCs, even though the Charities Act does not require external scrutiny where gross income is up to and including £25,000.

The trustees will usually be able to choose an independent examination instead of an audit if your charity's gross income is:

- not more than £1 million, provided that
- if its gross income is more than £250,000, its gross assets (fixed assets plus current assets) are £3.26 million or less

Who can undertake an Independent Examination?

An independent examiner is described in Section 145 of the Charities Act 2011 as:

'an independent person who is reasonably believed by the trustees to have the requisite ability and practical experience to carry out a competent examination of the financial statements'.

An examiner must have sufficient accounting skills to carry out an independent examination. The extent of the skills required depends upon the charity's gross income and the complexity of its accounts.

In respect of PCCs with gross income over £250,000, the independent examiner must have a 'recognised' qualification as per Charities Act 2011.

The PCC is entitled to pay a reasonable fee to an independent examiner for their services.

The examiner is appointed each year at the APCM.

What does 'independent' mean?

For an examiner to be independent that individual must have no connection with the PCC that might appear to be prejudicial to an impartial examination of the financial statements.

The following persons will be considered to have a connection with the PCC that makes it inappropriate for them to be an examiner:

- a member of the PCC or any of its sub-committees;
- an employee of the PCC or the Church's book-keeper;
- a major donor to, or a person receiving benefit or support from PCC funds by way of a gift (other than a fee received as an examiner);
- a child, parent, grandchild, grandparent, sibling, spouse, civil partner, business partner or employee of any person who falls within the previous points.

An independent examiner can be a member of the Church with their name on the electoral roll. An examiner can be a supporter of the Church, provided that they do not have a close relationship with the Church or its trustees and they are not involved in the day to day administration of the charity.

How to prepare for the independent examination

The examiner will review the records kept by the charity and compare the annual accounts with those records. The examiner will also review the accounts and consider any unusual items and/or disclosures identified.

The outcome of an independent examination is a report from the examiner to the trustees. The examiner must report on whether he or she has reasonable cause to believe that in any material respect:

- proper accounting records were not kept
- the accounts do not accord with the accounting records
- if accruals accounts were prepared, they do not comply with the legal requirements and the applicable SORP, other than the requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination

The examiner must be given sufficient time in which to complete the examination.

How can I find an independent examiner?

If you can't find someone known to your church, you could try:

<https://www.wycas.org.uk/annual-accounts/>

<https://acie.org.uk/find-and-ie-in-england>

<https://www.stewardship.org.uk/accounts-examination>

<https://www.wyattandco.net/charityaccountants>

If you are using software from Data Developments:

<https://www.datadevelopments.co.uk/Services>

Where can I find out more?

<https://parishresources.org.uk/resources-for-treasurers/accounting-and-reporting/independent-examination/>

<https://www.churchofengland.org/resources/clergy-resources/pcc-accountability-guide/chapter-11>

<https://www.gov.uk/government/publications/independent-examination-of-charity-accounts-trustees-cc31>

<https://www.gov.uk/government/publications/independent-examination-of-charity-accounts-examiners-cc32>

<https://www.acat.uk.com/handbook/chapter-11-independent-examination/>