## *PART 2 A-A INDEPENDENT EXAMINATION OF A SCOTTISH UNINCORPORATED CHARITY / SCOTTISH CHARITABLE INCORPORATED ORGANISATION (SCIO) – ACCRUALS-BASED*

## SCHEDULE OF SERVICES

This schedule should be read in conjunction with the engagement letter and the terms of business.

The purpose of this schedule is to set out the basis on which we provide independent examination services to the unincorporated charity/SCIO (the charity) with respect to the independent examination you have requested us to carry out under the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Act) and The Charities Accounts (Scotland) Regulations 2006 (the 2006 Regulations). It also clarifies our respective responsibilities in respect of that work.

Our firm will provide independent examination services with Click or tap here to enter text. acting as the independent examiner.

1. RESPONSIBILITIES AND SCOPE FOR INDEPENDENT EXAMINATION SERVICES
   1. **Your responsibilities as trustees**
      1. Our independent examination will be conducted on the basis that you acknowledge and understand that you have responsibility:
2. to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its income and application of resources of the charity in that year in accordance with the 2005 Act and the 2006 Regulations

(b) in preparing the financial statements, to:

1. select suitable accounting policies and then apply them consistently
2. make judgments and accounting estimates that are reasonable and prudent; and
3. prepare the financial statements on the going concern basis, considering in particular the charity’s ability to continue in operation for at least twelve months from the date when the financial statements are expected to be approved, unless it is inappropriate to presume that the activities of the charity will continue

(c) for ensuring that the charity maintains proper accounting records which are sufficient to show and explain the transactions of the charity and disclose with reasonable accuracy at any time the financial position of the charity. You are also responsible for such internal control as you determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error; and

(d) for safeguarding the assets of the charity and hence for taking reasonable steps to ensure the charity’s activities are conducted honestly and for the prevention and detection of fraud and other irregularities.

* + 1. In addition to the general duties of trustees in the 2005 Act s. 66, you are responsible for ensuring that the charity complies with laws and regulations applicable to its activities, and for establishing arrangements designed to prevent any non-compliance with laws and regulations and to detect any that occur.
    2. You are also responsible for determining whether, in respect of the year, the charity meets the conditions for exemption from an audit set out in the 2006 Regulations, namely that:

1. the charity’s gross income in the current year is less than £500,000
2. the gross assets of the charity are less than £3.26m or less; and
3. the charity’s constitution does not require an audit.
   * 1. If, in respect of the year, the charity satisfies the above criteria, the availability of the exemption from an audit of the financial statements is conditional upon the trustees having an independent examiner’s report prepared in respect of the financial statements in accordance with the 2005 Act and Regulation 11 of the 2006 Regulations. You are responsible for deciding whether that report shall be made and for appointing us to undertake the independent examination and to make that report to the trustees of the charity.
     2. You have undertaken to make available to us, as and when required, all of the charity's accounting records and related information, including minutes of trustees' meetings and of all appropriate management meetings, necessary to carry out our work. You will make full disclosure to us of all relevant information.
   1. **Our responsibilities as independent examiners**
      1. We shall plan our work on the basis that an independent examiner’s report is required for the year, unless you inform us in writing that the charity requires an audit of the financial statements.
      2. Should you instruct us to carry out an audit, then the terms of that assignment will be dealt with in a new engagement letter.
      3. In the independent examiner’s report to the trustees, the independent examiner, has a statutory responsibility to:
4. state whether or not any matter has come to the independent examiner’s attention which gives the independent examiner reasonable cause to believe that in any material respect:
5. proper accounting records have not been kept, contrary to the requirements of 2005 Act, s. 44, and Regulation 4 of 2006 Regulations.
6. the financial statements do not agree with those accounting records.
7. the financial statements do not comply with any of the accounting requirements specified in Regulation 4 of the 2006 Regulations and applicable accounting standards, except to the extent necessary to show a true and fair view.
8. state whether or not any matter has come to the independent examiner’s attention in connection with the examination to which, in the independent examiner’s opinion, attention should be drawn to in order that a proper understanding of the financial statements can be reached.
9. include a statement as to any of the following matters that have become apparent to the independent examiner during the course of the examination, namely, that:
10. there has been expenditure or action which appears not to be in accordance with the purpose of the charity;
11. information or explanations to which we are entitled under Regulation 13 of the 2006 Regulations has not been provided; or
12. there is information within the financial statements which is inconsistent with a report of the trustees prepared under 2005 Act, s. 44.
    * 1. Should our work indicate that the charity is not entitled to exemption from an audit of the financial statements then we will inform you. In such circumstances, we will not issue any report and will withdraw from the engagement to prepare an independent examiner’s report, notifying you in writing of the reasons. In these circumstances, if appropriate, we will discuss with you the possibility of appointing us as auditors.
      2. We have a professional responsibility not to allow our name to be associated with financial statements that are, or may be, misleading. Therefore, although we are not required to search for such matters, should we become aware, for any reason, that the financial statements are, or may be, misleading, if the matter cannot be adequately dealt with by means of qualifying the independent examiner’s report, we will not issue any report. In such circumstances, we will withdraw from the engagement, and will notify you in writing of the reasons.
      3. Under the 2005 Act, s. 46(2), we have a statutory duty to make a report to the Office of the Scottish Charity Regulator (OSCR) on such matters (which relates to the activities or affairs of the charity or of any connected institution or body corporate) of which we become aware during the course of our examination and which we have reasonable cause to believe is likely to be of material significance for the purposes of the exercise by OSCR of its functions under s. 28, 30 or 31 of the 2005 Act. In addition under s. 46(3) if we become aware of any matter which does not require to be reported under s. 46(2) but which we have reasonable cause to believe is likely to be relevant for the purposes of the exercise by OSCR of any of its functions then we may make a report on the matter to OSCR. We may have to make this report without your knowledge and consent, and we cannot undertake to you to fetter this discretion in any manner.
    1. **Scope of independent examination**
       1. Our work as independent examiners will be carried out in accordance with guidance for such engagements issued by the OCSR. It will consist of comparing the financial statements with the accounting records kept by the charity and making such limited enquiries of the trustees and staff of the charity as we may consider necessary for the purpose of our report.
       2. As part of our normal procedures, we may request you to provide written confirmation of any information or explanations provided by you orally during our work.
       3. Our work as independent examiners will not be an audit of the financial statements in accordance with International Standards on Auditing (UK). Accordingly, we will not obtain any independent evidence relating to entries in the accounting records, or to the amounts or disclosures in the financial statements. Consequently our work as independent examiners will not provide any assurance that the accounting records or the financial statements are free from material misstatement whether caused by fraud, other irregularity, or error.
       4. Because we will not carry out an audit, nor otherwise confirm the sufficiency of the accounting records maintained by the charity, we will be unable to provide any assurance as to whether the financial statements that we prepare from those records give a true and fair view.