



## GUIDANCE ON SEEKING APPROVAL TO ACT AS AN AUDITOR OR INDEPENDENT EXAMINER FOR A CHARITY

### Introduction

1. Section 27 of the [Charities Registration and Regulation Act 2019](#) provides that, depending on a charity’s gross income for a particular accounting year, its annual accounts must be audited by an accountant or an approved person, or examined by an independent person who is an accountant or an approved person or who holds a prescribed qualification.
2. Further information concerning the preparation and audit or independent examination of annual accounts can be found in the *Guidance on the Preparation of Receipts and Payments Accounts and Annual Reports* and in the *Guidance on the Independent Examination of Charity Accounts* both of which are available on the [Publications page](#).

### Who is an “approved person”?

3. An “approved person” is a person approved by the Attorney General for the purpose of auditing or examining (as the case may be) the accounts of the charity in question, per section 27(9).

### Who is an “accountant”?

4. The definition of “accountant” is set out in the Schedule to the [Interpretation Act 2015](#) as follows:-

“accountant” means a member of one or more of the —

- (a) Institute of Chartered Accountants in England and Wales;
- (b) Institute of Chartered Accountants of Scotland;
- (c) Institute of Chartered Accountants in Ireland;
- (d) Association of Chartered Certified Accountants;
- (e) Chartered Institute of Public Finance and Accountancy; or
- (f) Chartered Institute of Management Accountants.

### What is a “prescribed qualification”?

5. A prescribed qualification is one contained in the list in the Schedule to the [Charities Regulations 2020](#), namely:

<b>Governing Body</b>	<b>Qualification</b>
<b>ICSA</b> - Institute of Chartered Secretaries & Administrators	<b>ACIS</b> - Associate of the Chartered Institute of Secretaries
<b>ICSA</b> - Institute of Chartered Secretaries & Administrators	<b>FCIS</b> - Fellow of the Chartered Institute of Secretaries
<b>CIB</b> - The Chartered Institute of Bankers	<b>ACIB</b> – Associate of The Chartered Institute of Bankers
<b>CIBS</b> - The Chartered Institute of Bankers in Scotland	<b>MCIBS</b> - Member of the Chartered Institute of Bankers in Scotland
<b>ACCA</b> - Association of Chartered Certified Accountants	<b>CAT</b> - Certified Accounting Technician
<b>Governing Body</b>	<b>Qualification</b>

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*Issued by the Attorney General – v1 Sep 2020*

<b>ACCA</b> - Association of Chartered Certified Accountants	Diploma in Financial Management
<b>AAT</b> - Association of Accounting Technicians	<b>AAT</b> - Association of Accounting Technicians
<b>ICAEW</b> - Institute of Chartered Accountants in England & Wales	Diploma in Charity Accounting
<b>CIPFA</b> - Chartered Institute of Public Finance and Accountancy	Certificate in Charity Finance & Accountancy
<b>CIPFA</b> - Chartered Institute of Public Finance and Accountancy	Diploma in Public Audit
<b>AIA</b> - The Association of International Accountants	<b>AAIA</b> - Associate of the Association of International Accountants
<b>AIA</b> - The Association of International Accountants	<b>FAIA</b> - Fellow of the Association of International Accountants
<b>AAPA</b> - The Association of Authorised Public Accountants	<b>AAPA</b> - Associate of the Authorised Public Accountants
<b>IIA</b> - The Institute of Internal Auditors UK & Ireland	<b>PIIA</b> - Diploma in Internal Audit Practice
<b>IIA</b> - The Institute of Internal Auditors UK & Ireland	<b>MIIA</b> - Advanced Diploma in Internal Auditing and Management
<b>ACT</b> – The Association of Corporate Treasurers	<b>AMCT</b> – Diploma in Corporate Treasury Management
<b>IFA</b> – The Institute of Financial Accountants	<b>FFA</b> – Fellow of the Institute of Financial Accountants

Criteria for the approval of a person for the purpose of auditing or examining a charity's accounts

6. The Attorney General considers that the following principles are relevant to any decision to approve a person for these purposes:-

- (a) The audit of a charity's accounts must be carried out in accordance with the usual professional standards which apply to audits generally and the person carrying out such an activity should be able to demonstrate that they are both qualified to do so and are subject to regulation by a recognised professional body which either sets, or requires compliance with, the relevant standards.
- (b) Although approval is only in relation to a particular charity, the necessity of compliance with the relevant standards cannot be overridden by the particular circumstances of the charity concerned, i.e. the standards required for audit are not dictated by the charity's financial circumstances.
- (c) Although an accountant is clearly considered under the legislation to be qualified to undertake both audit and independent examination of charity accounts, the same cannot be said for a person holding a prescribed qualification.
- (d) In the absence of established professional standards for the carrying out of an independent examination of a charity's accounts, the financial circumstances of the charity concerned are relevant to the approval decision.

7. Taking account of (a), (b) and (c) above, the Attorney General will usually give his approval in the following cases:

- (a) As auditor – the person concerned:
- i. is a member of a professional body which is of equivalent standing to those included in the definition of an “accountant” and which imposes the relevant standards as to audit; and
  - ii. has professional indemnity insurance which covers the undertaking of audits as part of the person’s usual practice.
- (b) As independent examiner – the person concerned:
- i) is a member of a professional body which is of equivalent standing to those included in the definition of an “accountant”;
  - ii) holds a qualification of equivalent standard to those included in the list of prescribed qualifications; or
  - iii) has had sufficient professional experience of work which would usually be carried out by a person holding a prescribed qualification, including through partial completion of the professional training to become an “accountant” (or to achieve membership of a professional body of equivalent standing), to be considered as proficient to undertake the role of an independent examiner taking account of the financial circumstances of the charity concerned.

8. Applications for approval should be made by the charity concerned in writing to the Attorney General and should include an explanation as to how the person in respect of whom the approval is sought can be considered to satisfy the criteria set out in 7(a) or (b), as the case may be.

9. Applications should be sent to:

**Charities Administration**

Attorney General’s Chambers  
Belgravia House  
Circular Road  
Douglas  
Isle of Man  
IM1 1AE

Telephone: +44 1624 687318

Email: [charities@gov.im](mailto:charities@gov.im)