

Independent Examination of Community Council Accounts Approved Examiners

Community Council Constitutions states at 8.3 – “At least once per year all Community Council accounts shall be audited by an appropriately qualified independent examiner acceptable to the Chief Finance Officer of Shetland Islands Council. A list of approved examiners will be maintained by the ASCC.”

In addition, OSCR provides guidance to charities, on levels and requirements for external scrutiny, which are relevant in considering Community Council Accounts. Community Councils undertake receipts and payments accounts, of low value (typically under £100k), meeting the requirement for independent examination, rather than audit. The OSCR guidance is available here:

<https://www.oscr.org.uk/media/2064/2015-10-28-amended-scottish-charity-accounts-guide.pdf>

1. Independent Examination

Independent examination is a form external scrutiny, which involves a review of accounting records and the annual accounts of a Community Council, to ensure that they provide a fair reflection of the activities of the Community Council. It provides the users of the accounts with a degree of comfort that the accounts provide an accurate picture of the financial activity and position at a point in time, of the Community Council for the year.

Independent Examiner reports are prepared on an exception basis, and it is assumed that the examiner is content with the accounts, unless it is specified otherwise. Independent Examination is simpler than an audit, and no opinion requires to be expressed.

2. Appropriate Qualifications

The Executive Manager – Finance, as Chief Finance Officer of Shetland Islands Council, requires that Community Council members take the OSCR guidance into consideration when choosing an Independent Examiner, to ensure that they are satisfied that the examiner has the required skills and experience to carry out a competent examination of the accounts. In summary that means:

- Value of Accounts – where the gross income is less than £250k, (and receipts and payments method used), then Independent Examination is required. Where gross income is in excess of £250k, accruals accounts should be undertaken and a full audit would be required.
- Complexity of accounts – the more complex the accounts, the higher the level of qualification or experience required (consider full or associate members of Association of Charity Independent Examiners, Qualified Accountants, Retired Accountants, Other Professionals/Individuals familiar with financial matters).

- Relationship – there should be no connection with any Community Council member, or person closely involved in the administration, that might inhibit the Independent Examiners ability to carry out an impartial examination (consider donors or beneficiaries and relatives, spouses, partners, business partners and employees of any mentioned).

If you have any queries on this matter then please contact Shetland Islands Council as follows:

Community Planning & Development

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