

Please note: all members of the Association (Full and Associate) are bound by the Code of Ethics.

1 The Regulations

- 1.1 These Regulations (the Association's 'Code of Ethics') were made by the Council under Clause W(1) of the Constitution. The original Code of Ethics was approved in February 2000 and has been amended at various times since then, most recently at March 2009 for application from 1 April 2009.
- 1.2 This Code of Ethics is concerned only with members' duties as a Charity Independent Examiner. It does not seek to regulate other work in which members are involved (for example, in relation to the accounts of non-charitable organisations).

2 Definitions

2.1 In these Regulations:

2.1.1 a member's '**close relatives**' include:

- a his/her (and his/her spouse's or civil partner's) parents, grandparents, children, stepchildren, grandchildren, brothers and sisters,
- b and the respective spouses or civil partners of such persons as at a) above.

2.1.2 '**persons closely connected with a member**' comprise:

- a his/her spouse/civil partner (excluding a spouse/civil partner from whom he/she is separated);
- b any persons who are financially dependent on him/her; and
- c any companies, partnerships, collective investment schemes, unincorporated associations or other organisations in which one or more of the individuals in a or b above hold financial interests (whether directly or indirectly) which:
 - i give those individuals, in aggregate, 20 per cent or more of the voting rights in the organisation; and/or
 - ii give one or more of those individuals the ability to exercise significant influence over the operating and financial policies of the organisation (for example, by representation on the board of directors, committee of management, or any equivalent management body).

2.2 The words and expressions defined in the Constitution shall have the same meanings in these Regulations.

3 Duties and responsibilities - Full Members and Associate Members

3.1 All members should:

- 3.1.1 have a continuing interest in furthering the work of the Association - in particular, in promoting the greater effectiveness of charities in the UK in the achievement of their charitable objects by maintaining high standards of practice and professional conduct when undertaking charity

- independent examinations; and
- 3.1.2 observe and strive diligently to apply:
- a this Code of Ethics; and
 - b the other Regulations issued by the Association; and
- 3.1.3 seek to avoid any personal advantage to the detriment of the Association.
- 3.2 This Code of Ethics is intended to be complementary to the codes of ethics (or rules on professional conduct) issued by the various accountancy and other professional bodies in the UK. Members holding professional qualifications:
- 3.2.1 should therefore observe, and strive diligently to apply, the codes of ethics (or rules on professional conduct) of their professional body(ies); and
- 3.2.2 are not entitled to rely on this Code of Ethics in the event that it is silent on a particular subject or imposes requirements that are less strict than those imposed by the code of ethics (or equivalent rules on professional conduct) of their professional body(ies).

4 Ethical Principles

- 4.1 **Integrity:** Members should behave with integrity: being honest, truthful and trustworthy.
- 4.2 **Professional Conduct:** Members should adopt a professional approach and conduct themselves with courtesy, tact and consideration towards all with whom they come in contact.
- 4.3 **Confidentiality:** Members should not disclose, or allow to be disclosed, to any third party any information gained (whether about a client or about any other person), except where such disclosure is authorised by the client or other person concerned or is required by legal or regulatory process, or where such information is already in the public domain.
- 4.4 **Independence and Objectivity:** Members should strive for objectivity when making any decisions or giving any opinions. Members should not accept or continue any appointment as Charity Independent Examiner unless they are demonstrably independent of the charity and its trustees and officers. The objectivity and independence of members mean that they are able to make impartial judgements free from any influences that may arise from personal interests or relationships.
- 4.5 **Competence:** Members should not accept or continue any appointment as Charity Independent Examiner unless they genuinely believe that they have the requisite skills, knowledge and practical experience to carry out a competent independent examination. (This would include knowledge and understanding of any relevant SORP, Regulations and/or Directions issued by the Charity Commission.)
- 4.6 **Performance:** Members should plan, perform and complete their charity independent examinations with due skill, care, diligence and expedition and with proper regard for the applicable laws, regulations, rules, standards and official guidance.

5 Independence and objectivity

- 5.1 For the purposes of Ethical Principle 4.4 (Independence and Objectivity), members will not normally be able to demonstrate that they are independent of a charity and its trustees and officers if, at the present time (or at any time since the first day of the financial year under examination):
- 5.1.1 they are (or have been):

- a whether on a paid or unpaid basis:
 - i a trustee, officer or employee of the charity; or
 - ii involved in a managerial role, in the administration of the charity or in the charity's fundraising or promotional activities; or
 - b a major donor (or lender) to, or major beneficiary of (or borrower from), the charity; or
 - c the spouse, civil partner or a close relative, business partner or employee, of any person who falls within a or b above; or
- 5.1.2 they or persons closely connected with them are (or have been):
- a reliant on the charity for a significant part of their income, whether:
 - i as a provider of goods or services to the charity; or
 - ii as a beneficiary of the charity's funds or activities; or
 - b in a joint venture arrangement with the charity that is (or has been) financially significant for all parties involved; or
- 5.1.3 they have (or have had) any of the interests in, or relationships with, the charity which an applicable law or regulation (or the charity's constitution) forbids its Independent Examiner from having.
- 5.2 Members should consider carefully the potential impact on their independence and objectivity if they or persons closely connected with them:
- 5.2.1 accept from the charity (or from any trustee, officer or employee of the charity) any benefit in the form of hospitality, a gift or the opportunity to obtain goods or services on favourable terms. A member's independence and objectivity should not normally be at risk if the value of such benefits is modest; or
 - 5.2.2 have a close personal or business relationship with any trustee, officer or employee of the charity.
- 5.3 Members should be careful not to allow a person to intimidate them into making unjustifiable or inappropriate decisions.
- 5.4 Members should reflect at regular intervals on the impact of their length of service with any one charity on their ability to be independent and appropriately critical of that charity. For example, auditors are recommended to review this issue formally at the end of ten years with a view either to moving the client on or putting extra safeguards in place.

ACIE recognises that the circumstances of some of its members may place limitations on what practically they may be able to do and also that some small charities are fragile organisations which could see such an approach as destabilising. However, it recommends that members give consideration to the subject after ten years of service with any one charity.

6 Accepting new appointments

- 6.1 Members considering whether to accept any new appointment as Charity Independent Examiner should:
 - 6.1.1 determine the reasons why the charity is changing its Independent Examiner; and
 - 6.1.2 unless, in the circumstances, it would not be appropriate to do so:
 - a request the charity to authorise the existing/previous Independent Examiner to

co-operate with his/her potential successor; and

- b write to the existing/previous Independent Examiner and obtain the details of any issues or circumstances (for example, fundamental disagreements, lack of integrity, lack of co-operation and non-payment of fees) that might be relevant to their decision whether to accept or decline the appointment, making oral enquiries if no written reply is forthcoming.

- 6.2 Members receiving authority from a client to co-operate with a potential successor as Charity Independent Examiner should deal promptly and candidly with any reasonable request for information from their potential successor.
- 6.3 Members should ensure that they do not appear to give charitable recognition to non-charitable organisations by conducting what appears to be an independent examination of the organisation's accounts in accordance with charity law. Similarly, statutory independent examination has only become applicable to company charities in very recent years. Members should not therefore refer inappropriately to charity law for earlier accounting periods.

7 Terms of appointment

- 7.1 When members accept any appointment as Charity Independent Examiner:
 - 7.1.1 the terms of the appointment (including the billing and payment arrangements, if any) should be defined in writing, preferably in the form of an engagement letter; and
 - 7.1.2 the charity's trustees or officers should confirm their agreements to those terms in writing.
- 7.2 Members should not accept or continue any appointment as Charity Independent Examiner if any restrictions are placed on:
 - 7.2.1 their right of access to any of the charity's books, documents and other records (however kept) that they consider it necessary to inspect; or
 - 7.2.2 their entitlement to require such information and explanations from past and present trustees, officers or employees of the charity as they consider it necessary to obtain.
- 7.3 Whilst it is the legal duty of the charity's trustees to supply the above information, members may wish to consider using a letter of representation, on a regular or as-needed basis, to draw the trustees' attention to the requirement to provide *all* relevant data. This may be particularly useful where the member has concerns that this duty may not be fully understood by the trustees or where the circumstances of the charity are complex or changing.

8 Procedure when requested to act for charities which have omitted to register with the Charity Commission

- 8.1 When a member is approached to act as independent examiner to an organisation which appears to be charitable (and which is not excepted from the requirements for charity registration or recognition) but which has not applied for charity registration or recognition, he/she should decline the appointment unless the trustees have confirmed that such application is being prepared. If the trustees provide this confirmation and the member accepts appointment as independent examiner, the member should draw attention to the organisation's current status in the examination report.
- 8.2 If the member is asked to act for the organisation for a subsequent year and the application for charitable status has still not been made, the member should decline the appointment.

9 Summarised and partial financial statements

- 9.1 If a charity for which a member is acting as independent examiner wishes to publish summarised accounts, the member shall ensure that such summarised financial statements are accompanied by the relevant information required under the Charities SORP or any other legal requirement.
- 9.2 If a member is asked by a charity to provide a report specifically on certain parts of the accounts (for example, on a report of a particular fund to a particular funder, or on the accounts of a local branch of a larger charity), the member shall ensure that such duties are properly documented in a letter of engagement, and that any report made on those partial accounts make clear that it is not an independent examination report or audit report for the purposes of charity law. This applies whether or not the member is acting as an independent examiner to the charity as a whole.

10 Promotional activity

- 10.1 When undertaking any promotional activity in connection with charity independent examinations, members should seek to ensure that:
- 10.1.1 advertisements comply with any applicable laws, regulations or codes of practice - in particular, as to legality, decency, clarity, honesty and truthfulness;
 - 10.1.2 the promotional activity is not undertaken in such a way, or to such an extent, as to amount to harassment of any client, potential client or other third party;
 - 10.1.3 there are no disparaging references to, or disparaging comparisons with, the services or achievements of others.
- 10.2 Any prescribed designatory letters awarded by the Association are personal to paid-up Full Members and may not be used after, or as part of, the name of any firm or practice.
- 10.3 A Full Member's agreed Category is personal and may not be applied to any firm or practice.
- 10.4 A Full Member may use the ACIE logo as part of their promotional materials as prescribed by Council at Appendix 1 of the Regulations for Full Members.
- 10.5 Associate Members must not give the impression that their membership of ACIE amounts to a qualification. They are not entitled to use any designatory letters in relation to ACIE or to use the ACIE logo on any of their own promotional materials, including letterheads.

11 Professional qualifications

Membership of ACIE, either as an Associate or Full Member, does not over-ride the requirements of other professional bodies that members may belong to in respect of those bodies' requirements for the carrying out of Independent Examination, including conditions relating to practising certificates and professional indemnity insurance. In respect of Independent Examination, therefore, members are expected to know and adhere to the requirements of any other body they belong to. [See also section 12 of Regulations for Full Members.]

12 Discipline

Any member found to have breached this Code of Ethics may be deemed to have acted prejudicially to the interests of the Association and, in accordance with Clause E(5) of the Constitution, the Council may terminate the membership of any such individual, or may

declare that a Full Member be re-classified to an Associate Member, provided that the individual concerned shall have a right to be heard by Council, accompanied by a friend, before a final decision is made.