

**Social Justice and Social Security Committee
Charities (Regulation and Administration)
(Scotland) Bill
Correspondence from Dr Simon Gilmour,
Director, Society of Antiquaries of Scotland
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Dear Social Justice and Social Security Committee members,

I understand that the consultation period for this Bill at Stage 1 has passed, but I wanted to highlight an issue that has been made very clear to me as CEO of a charity in Scotland recently. While not a question specifically asked or considered in the present Bill there is a growing issue in the sector, especially for smaller charities, around the audit process. Charities, especially, but not restricted to, smaller charities are finding it increasingly difficult to appoint an auditor. It is best practice to at least seek tenders for new auditors at regular intervals to ensure a charity is receiving value for money in this important area of governance, but we are hearing that many such tender processes are failing with no audit approved accountants willing to take on the work.

It appears that one issue is that it is increasingly difficult for audit registered firms to offer audit services to charities for a fee that is financially viable for the firm and affordable to the charity. The result may be that charities cannot secure their legally mandated audit in future.

In discussion with our auditors one issue may be that the gap between the audit threshold for Scottish charities in the 2006 Regulations and the Companies Act 2006 audit threshold is now considerable. This, combined with economic conditions and increased regulatory requirements makes the preparation and delivery of an audit increasingly complex/onerous for both the auditor and the charity itself (often with only one finance manager where anyone is employed at all). This is putting strain on both staff and trustees of charities who are increasingly worried about their governance requirements. It may be that one resolution to the issue (as suggested by the ICAS Charities Panel) would be to increase the charity audit threshold (subject to public consultation); any agreed increase in the audit threshold could be accompanied by a more robust independent examination regime.

At the moment the evidence is anecdotal and it would be very useful to the small charity sector for the Committee to ask OSCR to undertake research into the sector to determine the extent of the problem both now and for the immediate future.

Yours faithfully,
Simon

Dr Simon Gilmour (he/him)
Director
Society of Antiquaries of Scotland