

## **New Policy on Audits for Applicants**

For some time there has been concern from both community organisations and funders about the issue of audits for community organisations.

For community organisations these concerns have centred around the issues of finding auditors who are prepared to do the work and when they are able to find an auditor, the cost.

Many funders have had concerns about the value for money and what exactly we know from the audit. We know that the accounts will meet generally accepted accounting principles. We do not know much else.

Of recent times the New Zealand Institute of Chartered Accountants has looked closely at this issue. They have suggested the following possibilities

- 1 Audit. This is an opinion that after looking at the accounts they are of the view that they appear to be correct. There is in depth examination of transactions.
- 2 Review. This is an opinion that after looking at the accounts they are of the view that they do not appear to be incorrect. There is less work done and a reasonable criterion applied to transactions.
- 3 Agreed upon procedures. This is tailored to the needs of the client and the opinion expressed relates only to the issues agreed upon.
- 4 Compilation. This is where the accountant takes the data and information provided by the client and compiles a set of Annual Accounts.

As a result the Whanganui Community Foundation has adopted the following:

- The Whanganui Community Foundation has adopted agreed upon procedures with the following requirements as its preferred method of establishing financial accountability.
  - (a) Are there reasonable controls within the organisation relative to the size and scope of the organisation?
  - (b) Have funds granted to the organisation been used for the purposes for which the grant was given?  
(This would be prepared by a suitably qualified person)
- Discussions are to be held with other funders to try to work to a common system for all funders
- The Whanganui Community Foundation will adopt a flexible practice to avoid multiple requirements on grantees. This means that if another funder requires an audit the Foundation will not impose other requirements on top of that.
- Applications for grants under \$10,000 will be exempt from any financial accountability requirements. Accounts will still need to be supplied with the application but will not need to be "audited"