

2. How to use this guidance

This guidance has been developed specifically for use in relation to Scottish charities and is designed to be of use to the following groups:

- charity trustees
- individuals already acting as independent examiners
- individuals who have been approached to act as independent examiners
- third parties with an interest in charity accounts.

Charity trustees need to understand:

- when an independent examination is required
- what independent examination actually involves
- what an independent examiner's report means.

Third parties with an interest in charity accounts are likely to need to be aware of these key aspects as well, although they would be expected to take a slightly different interest from that of a person within a charity.

Individuals who are acting as independent examiners, or have been approached to do so, need to have a good understanding of:

- who can act as an independent examiner
- what independent examination actually involves – this will involve greater detail and depth of knowledge than required by charity trustees
- how to draft an independent examiner's report, what the report means and how to report on any other matters to OSCR.

This guidance document covers each of the key areas outlined above and also provides example reports for independent examiners to use in various situations. The document has been written with a view to enabling everyone to understand the requirements and best practice procedures.

In order to make this guidance document user friendly, there are specific sections of the document that are written with particular groups in mind, while others are more widely applicable.

Each section is clearly marked at the start with the relevant interest group. Where a section is marked as being particularly relevant for independent examiners, it should also be read by individuals who are approached to act in such a capacity to ensure they are fully aware of what independent examination entails. We would encourage users of the document to read the other sections where relevant. Independent examiners are strongly recommended to read all of this guidance.

The following terms, in particular, are used throughout this guidance:

The '2005 Act' means the Charities and Trustee Investment (Scotland) Act 2005.

The '2006 Regulations' means The Charities Accounts (Scotland) Regulations 2006 (as amended).

The 'SORP' means either:

- Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland, or;
- Accounting and reporting by charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities.

There is a full glossary of terms used in this guidance booklet at Appendix 6.

Within the guidance, we have posed some 'milestone' questions for the reader. These are designed to help indicate where it is time to make a particular decision. We have provided some answers to these questions where this may be useful and in some cases we have provided some practical tips. Hopefully you will find these helpful as you progress through the guidance.