



Charities Act 2011

2011 CHAPTER 25

PART 8

CHARITY ACCOUNTS, REPORTS AND RETURNS

CHAPTER 3

AUDIT OR EXAMINATION OF ACCOUNTS

Audit or examination of group accounts

151 Audit of accounts of larger groups

- (1) This section applies where group accounts are prepared for a financial year of a parent charity under section 138(2) and—
 - (a) the aggregate gross income of the group in that year exceeds the relevant income threshold (see section 176(1)), or
 - (b) the aggregate gross income of the group in that year exceeds the relevant income threshold and at the end of the year the aggregate value of the assets of the group (before deduction of liabilities) exceeds the relevant assets threshold (see section 176(2)).
- (2) This section also applies where—
 - (a) group accounts are prepared for a financial year of a parent charity under section 138(2), and
 - (b) the appropriate audit provision applies in relation to the parent charity's own accounts for that year.
- (3) In this section “the appropriate audit provision”, in relation to a financial year of a parent charity, means—
 - (a) (subject to paragraph (b), (c) or (d)) section 144(2) (audit of accounts of larger charities);

Changes to legislation: Charities Act 2011, Cross Heading: Audit or examination of group accounts is up to date with all changes known to be in force on or before 23 May 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (b) if section 149 (audit or examination of English NHS charity accounts) applies in relation to that year, section 149(2);
 - (c) if section 150 (audit or examination of Welsh NHS charity accounts) applies in relation to that year, section 150(2);
 - (d) if the parent charity is a company—
 - (i) section 144(2), or
 - (ii) (as the case may be) Part 16 of the Companies Act 2006.
- (4) If this section applies in relation to a financial year of a parent charity by virtue of subsection (1) or (2), the group accounts for that year must be audited—
- (a) (subject to paragraph (b) or (c)) by a person within section 144(2)(a) or (b);
 - (b) if section 149 applies in relation to that year, by [^{F1}a person, appointed by the charity trustees of the parent charity, who is within section 149(2)(a), (b) or (c)] ;
 - (c) if section 150 applies in relation to that year, by the Auditor General for Wales.
- (5) If this section applies in relation to a financial year of a parent charity by virtue of subsection (1)—
- (a) (subject to paragraph (b)) the appropriate audit provision applies in relation to the parent charity's own accounts for that year (whether or not it would otherwise so apply);
 - (b) if the parent charity is a company and its own accounts for that year are not required to be audited in accordance with Part 16 of the Companies Act 2006, section 144(2) applies in relation to those accounts (whether or not it would otherwise so apply).
- (6) [^{F2}Section 149(6) applies] in relation to any appointment under subsection (4)(b) as [^{F3}it applies] in relation to an appointment under section 149(2).
- (7) References in this Act to an auditor have effect in relation to subsection (4)(c) as references to the Auditor General for Wales acting under subsection (4)(c) as an auditor.

Textual Amendments

- F1** Words in s. 151(4)(b) substituted (1.4.2017) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 120\(2\)](#); S.I. 2015/841, art. 4 (with [Sch. para. 11](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F2** Words in s. 151(6) substituted (1.4.2017) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 120\(3\)\(a\)](#); S.I. 2015/841, art. 4 (with [Sch. para. 11](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F3** Words in s. 151(6) substituted (1.4.2017) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 120\(3\)\(b\)](#); S.I. 2015/841, art. 4 (with [Sch. para. 11](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

152 Examination of accounts an option for smaller groups

- (1) This section applies if—
- (a) group accounts are prepared for a financial year of a parent charity under section 138(2), and

Changes to legislation: Charities Act 2011, Cross Heading: Audit or examination of group accounts is up to date with all changes known to be in force on or before 23 May 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

(b) section 151 (audit of accounts of larger groups) does not apply in relation to that year.

(2) If—

- (a) this section applies in relation to a financial year of a parent charity,
- (b) the aggregate gross income of the group in that year exceeds the sum specified in section 145(1), and
- (c) subsection (6) or (7) (NHS charity: group accounts) does not apply in relation to it,

the group accounts for that year must, at the election of the charity trustees of the parent charity, be examined by an independent examiner (as defined in section 145(1)

(a)) or audited by a person within section 144(2)(a) or (b).

(3) Subsection (2) is subject to—

- (a) subsection (4), and
- (b) any order under section 153(1).

(4) If subsection (2) applies to the group accounts for a year and the aggregate gross income of the group in that year exceeds the sum specified in section 145(3), a person qualifies as an independent examiner for the purposes of subsection (2) if (and only if) the person is independent and meets the requirements of section 145(3)(a) or (b).

(5) The Commission may—

- (a) give guidance to charity trustees of a parent charity in connection with the selection of a person for appointment as an independent examiner;
- (b) give such directions as it thinks appropriate with respect to the carrying out of an examination in pursuance of subsection (2);

and any such guidance or directions may either be of general application or apply to a particular charity only.

(6) If—

- (a) this section applies in relation to a financial year of a parent charity, and
- (b) section 149 (audit or examination of English NHS charity accounts) also applies in relation to that year,

the group accounts for that year must at the election of [^{F4}the charity trustees of the parent charity be audited by a person, appointed by those trustees, who is within section 149(2)(a), (b) or (c); or examined by a person, appointed by those trustees, who is qualified to be an independent examiner] .

Subsections [^{F5}(3A), (5) and (6)] of section 149 apply for the purposes of this subsection as they apply for the purposes of section 149(3)[^{F6}; except that in subsection (3A)(b) of that section the reference to “the charity trustees” is to be read as a reference to “the charity trustees of the parent charity].

(7) If—

- (a) this section applies in relation to a financial year of a parent charity, and
- (b) section 150 (audit or examination of Welsh NHS charity accounts) also applies in relation to that year,

the group accounts for that year must, at the election of the Auditor General for Wales, be audited or examined by the Auditor General for Wales.

Changes to legislation: Charities Act 2011, Cross Heading: Audit or examination of group accounts is up to date with all changes known to be in force on or before 23 May 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

References in this Act to an auditor or an examiner have effect in relation to this subsection as references to the Auditor General for Wales acting under this subsection as an auditor or examiner.

- (8) If the group accounts for a financial year of a parent charity are to be examined or audited in accordance with subsection (2), section 145(1) applies in relation to the parent charity's own accounts for that year (whether or not it would otherwise so apply).
- (9) Nothing in subsection (6) or (7) affects the operation of section 149(3) to (6) or (as the case may be) section 150(3) in relation to the parent charity's own accounts for the financial year in question.

Textual Amendments

- F4** Words in s. 152(6) substituted (1.4.2017) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 121\(2\)\(a\)](#); S.I. 2015/841, art. 4 (with [Sch. para. 11](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F5** Words in s. 152(6) substituted (1.4.2017) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 121\(2\)\(b\)](#); S.I. 2015/841, art. 4 (with [Sch. para. 11](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)
- F6** Words in s. 152(6) inserted (1.4.2017) by [Local Audit and Accountability Act 2014 \(c. 2\), s. 49\(1\), Sch. 12 para. 121\(2\)\(c\)](#); S.I. 2015/841, art. 4 (with [Sch. para. 11](#)) (as amended (27.6.2016) by S.I. 2016/675, art. 2)

153 Commission's powers to order audit of group accounts

- (1) The Commission may by order require the group accounts of a parent charity for a financial year to be audited by a person within section 144(2)(a) or (b) if it appears to the Commission that—
- (a) section 151(4)(a), or (as the case may be) section 152(2), has not been complied with in relation to that year within 10 months from the end of that year, or
 - (b) although section 151(4)(a) does not apply to that year, it would nevertheless be desirable for the group accounts for that year to be audited by a person within section 144(2)(a) or (b).

But this subsection does not apply if section 149 or 150 (audit or examination of NHS charity accounts) applies in relation to the parent charity for that year.

- (2) If the Commission makes an order under subsection (1) with respect to group accounts, the auditor must be a person appointed by the Commission unless—
- (a) the order is made by virtue of subsection (1)(b), and
 - (b) the charity trustees of the parent charity themselves appoint an auditor in accordance with the order.
- (3) The expenses of any audit carried out by an auditor appointed by the Commission under subsection (2), including the auditor's remuneration, are recoverable by the Commission—
- (a) from the charity trustees of the parent charity, who are personally liable, jointly and severally, for those expenses, or

Changes to legislation: Charities Act 2011, Cross Heading: Audit or examination of group accounts is up to date with all changes known to be in force on or before 23 May 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

- (b) to the extent that it appears to the Commission not to be practical to seek recovery of those expenses in accordance with paragraph (a), from the funds of the parent charity.

Changes to legislation:

Charities Act 2011, Cross Heading: Audit or examination of group accounts is up to date with all changes known to be in force on or before 23 May 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

[View outstanding changes](#)

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 106(1)-(1B) substituted for s. 106(1) by [2022 c. 6 s. 16\(a\)](#)
- s. 322(2)(ea) inserted by [2022 c. 6 Sch. 2 para. 26](#)
- s. 331A331B and cross-heading inserted by [2022 c. 6 s. 15](#)