



13 March 2024

Rt Hon Stuart Andrew MP
Parliamentary Under Secretary of State for Sport, Gambling and Civil Society
Department for Culture, Media and Sport
100 Parliament Street
London
SW1A 2BQ

Dear Minister,

CONSULTATION ON THE THRESHOLD FOR AUDIT OF CHARITIES

On behalf of the Institute of Chartered Accountants in England and Wales (ICAEW), I am writing to express our support for your Department's proposed consultation on the threshold for audit of charities in England and Wales. ICAEW would like to see this consultation taken forward before the end of this Parliament.

ICAEW is a leading professional body supporting over 200,000 chartered accountants and students. Our members advise businesses, organisations and charities in every sector and region of the country, both as internal leaders, financial directors and managers and as external advisors in practice. Specifically, our insights on the third sector are informed by the expertise of our Charity Committee and feedback from our nationwide Charity Community, comprising thousands of members actively involved in charity accounting, tax and governance – including many who conduct audits.

Reflecting their views, ICAEW would like to make three points:

- The Charity Commission's strategy for 2024-2029 highlights the longer-term issues facing the charity sector and the need for proportionate and effective regulation.
- The effect of recent inflation is to drag many smaller charities towards current audit thresholds: this is disproportionate, especially at a time when they face other financial pressures.
- The audit profession is facing increased demands in other sectors (including the audits of public interest entities and local authorities) and the requirements of regulators and standard setters have grown more exacting in recent years. It cannot be assumed that market pressures alone will lead to an increase in the supply of suitably skilled auditors in the charity sector or materially reduced audit costs for charities in the short term.

ICAEW

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There is additional information relating to these points in the attached supplementary document.

We look forward to engaging with the consultation in due course. We would also welcome the opportunity to discuss more imaginative or radical approaches for reform and ways to simplify and future-proof regulation of this nature.

Yours sincerely,

A handwritten signature in black ink that reads "Michael Izza". The signature is written in a cursive style with a large initial 'M' and a long, sweeping tail on the 'z'.

Michael Izza
Chief Executive

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