



Preparation for Audit

Made Simple

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What is a
Statutory Audit?



What is a statutory audit?

- To give an opinion that financial statements:
 - give true and fair view of activities
 - are properly prepared
- Difference to independent examination
 - Positive assurance
 - IE gives negative assurance - “nothing has come to our attention”
 - Includes completeness testing
 - Review of internal systems and controls



Components for audit success

1. Planning

- Start early
- Manage expectations
- Manage fees
- Ensure quality output

2. Resourcing

- Who needs/wants to be involved

3. To do list

- Clear roles and responsibilities

Planning

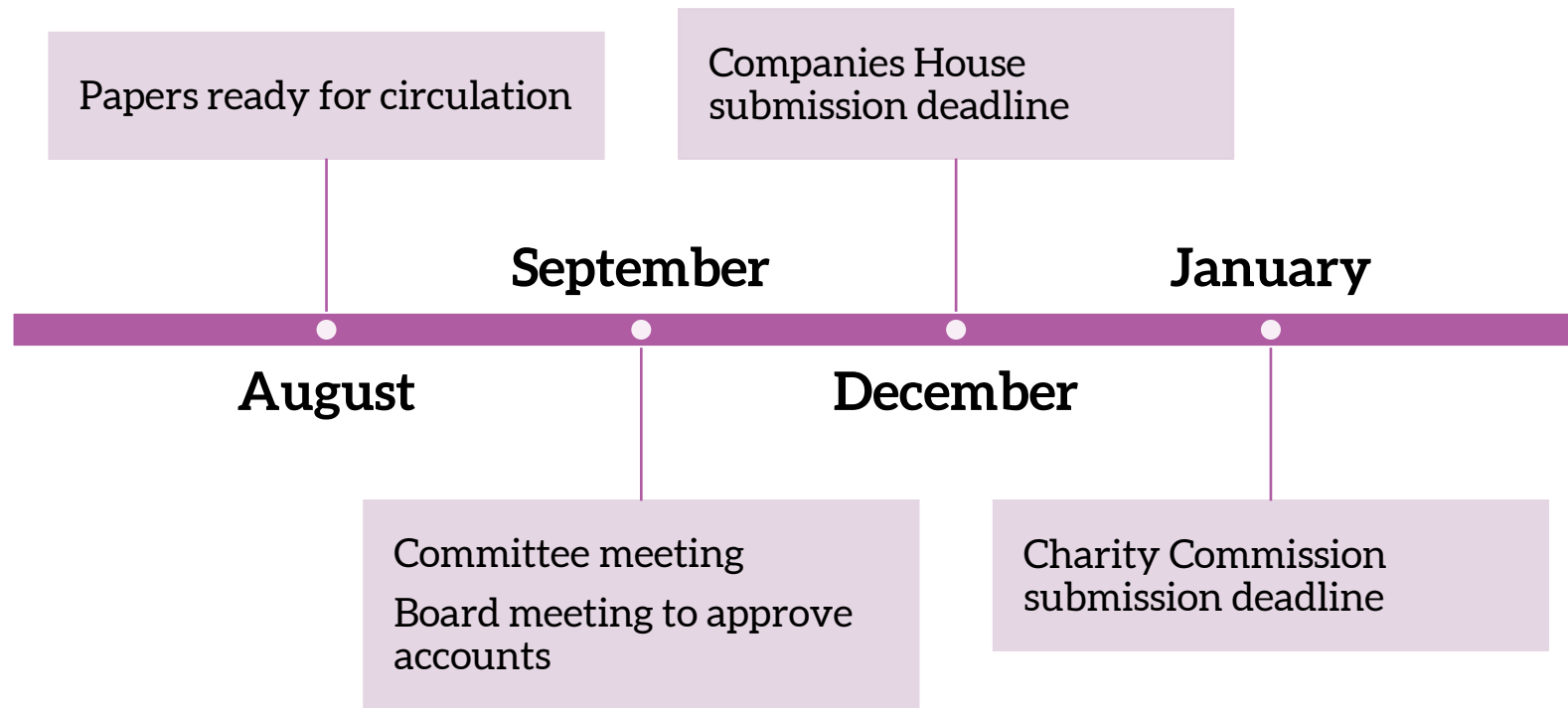


Planning

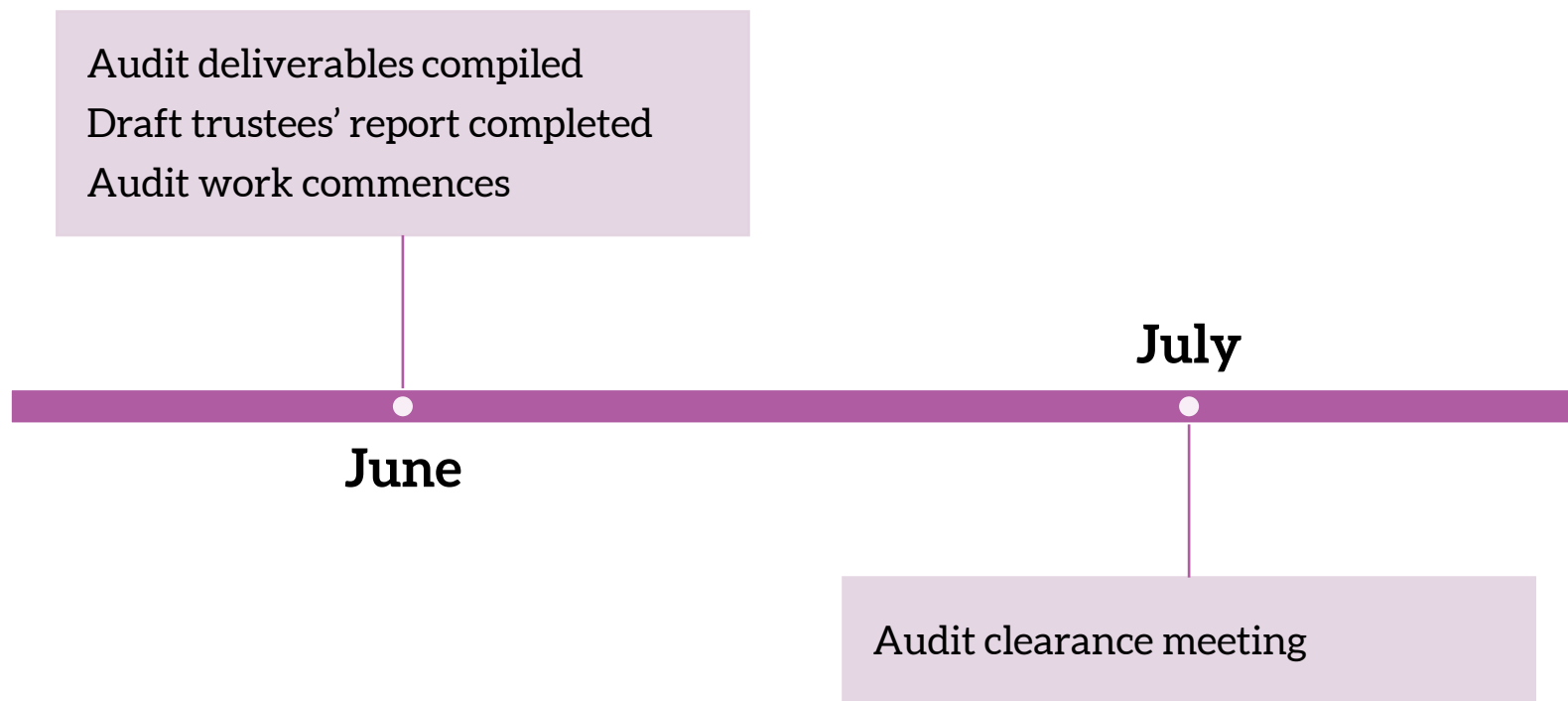
- Start early
 - Well before year-end
- Establish timetable
 - Be realistic
 - Work backwards from approval
 - Avoid unnecessary pressure
 - Think about annual leave and bank holidays

Timetable of key events: Post-audit

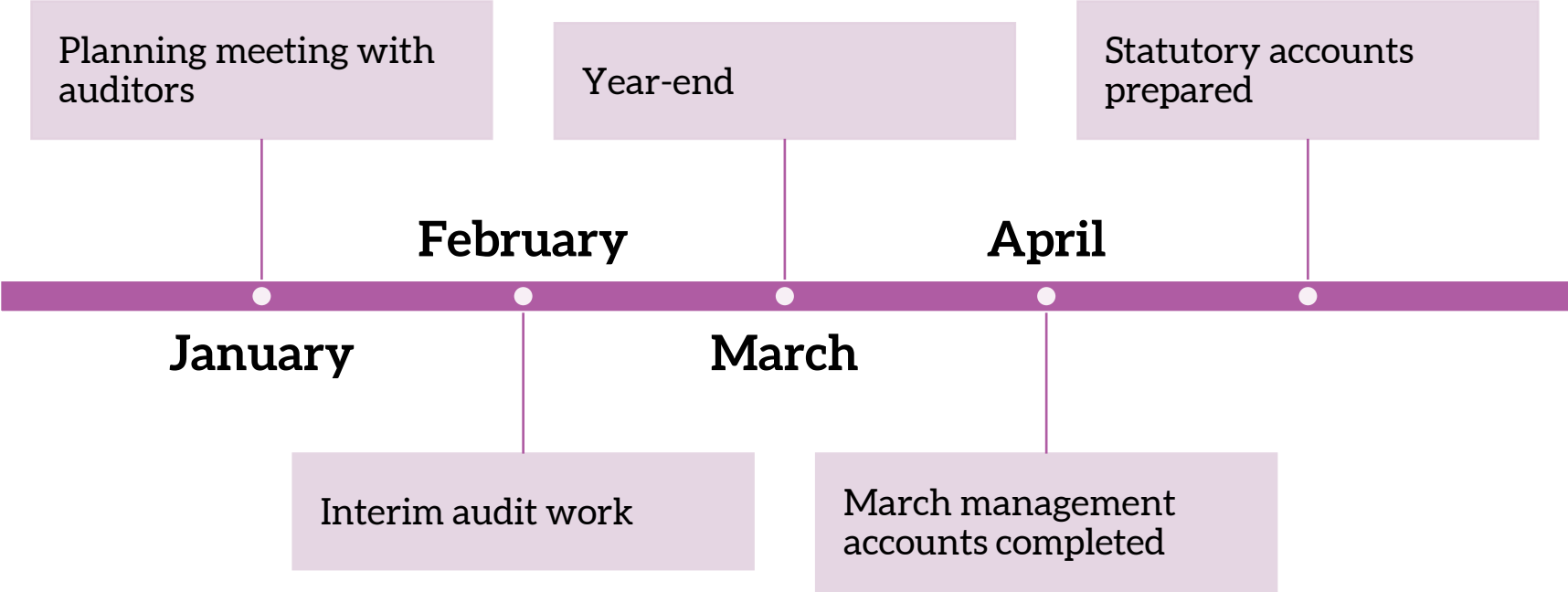
Example 31 March year-end



Timetable of key events: Audit



Timetable of key events: Pre-audit



Resourcing



Engaging with auditors

- Engage as early as possible
 - Three months before year-end
 - Raise technical queries as they happen
 - Consider timing of interim work
 - Stock take requirements
 - Audit strategy requirements for trustees

A photograph of a rowing team on a lake at sunset. The sun is low on the horizon, creating a warm orange and yellow glow. The rowers are silhouetted against the bright water. In the background, there are mountains and a distant city skyline. A large teal circle is partially visible on the right side of the slide.

Engaging with auditors

- Auditors are there to help
 - There to deliver an opinion on the financial statements, not on you!
 - Ask questions through the year
 - Preparation checklist
- They want the project to succeed too
- If you aren't sure - ask!

Who else should be involved?

- Internal
 - Trustees
 - Senior management
 - Marketing/communications
 - Fundraising – alignment with strategy
 - Buildings/facilities – asset management
 - HR/payroll – staff cost testing
 - Project teams – access to income documentation
 - Other budget holders



Who else should be involved?

- External
 - Banks and investment managers – balance confirmations
 - Payroll bureau
 - Legal advisors – legacies
 - Actuaries – pension valuations
 - Extra resource



To-do list



To-do list

- Learning from experience
 - Consider last year's audit
 - Any findings to deal with?
 - Any timetable challenges?
- Audit preparation checklist
 - Be clear on requirements
 - Assign roles and responsibilities
 - Determine deadlines
 - Clarify file sharing requirements

Year-end preparation

- Completeness of income and expenditure
 - Review post y/e receipts
 - Anything more income to recognise or defer?
 - Careful consideration of legacies
 - Ensure you are aware of accruals and prepayments
- Restricted funds
 - Do you have all the paperwork?
 - Consider cost allocations – direct and indirect costs
 - Completed projects
 - Any underspends to repurpose/return
 - Any overspends to cover from unrestricted funds



Year-end preparation

- Balance sheet
 - Check reconciliations
 - Check opening balances
 - Consider completeness of creditors and accruals
 - Consider recovery of debtors
 - Fixed asset register
 - Completeness of fixed asset additions
 - Existence of assets – any lost/damaged/sold
 - Consider lease commitments
- Gather information for accounts disclosures
 - Salaries, trustee expenses, related party transactions





Trustees' report

- Start early
 - It is the report of activities for the year
 - Most sections are not dependent on financial statements
- Consider how it aligns with strategy and activities
- Consider who needs to be involved
 - Management
 - Marketing and fundraising teams
 - Trustees
- Auditor has to ensure consistent with financial statements



Going concern assessment

- Trustee assessment
- Auditor reviews and confirms agreement to assessment
- Must be done at time of accounts approval
 - Can't be done in advance
 - Ensure decision minuted
- Review of forecasts at least 12 months from approval

SORP 2026



How to prepare for SORP 2026

- Understand changes and implications
- Review existing agreements and arrangements for income and leases
- Considering training and advice
- Effective periods starting 1 January 2026
 - Year ends from 31 December 2026
 - Watch for short periods
- Opportunity to refresh reporting
 - Engage with wider management and trustees

The end of the
audit process



The end of the audit process

- Trustee meeting
 - Confirm going concern basis of preparation
 - Approve accounts and letter of representations
 - Auditor's report is draft at this stage
- Signed documents returned to auditor
- Auditor "subsequent events" check
 - Considers events after balance sheet date
 - May request evidence including minutes, bank balances, management accounts
- Auditor's report approved



Key tips

- Be organised – avoid late adjustments
- Regular reviews
- Automated e.g. excel
- Delegate
- Engage other staff and trustees
- ‘Audit’ yourself
- Do discuss tricky issues with your auditors
- Learning from experience



Any questions?

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