

# Governance and internal control



1998	1998	1999	2000
<p>ACE's Wonderbra spoof captures the nation's attention securing 10 hours of television and radio coverage and 26,000 newspaper column centimetres highlighting the issue of age discrimination.</p> 	<p>In response to our ongoing campaigning, the Chancellor announces new Winter Fuel Payments of £20, increasing this to £100 the following year.</p>	<p>Age Concern's "Debate of the Age" supports nationwide discussion of the implications of an ageing society.</p>	<p>Age Concerns across England adopt a federal structure with governance mechanism and a quality assurance system.</p>

### Governance and internal control

The body responsible for the management of the Charity is the Board of Trustees. The Board meets four times a year. It is elected every three years and it has up to 39 members including three co-optees and the honorary officers. The list of Trustees and the method of their election are shown on pages 59 to 60.

The Board of Trustees receives reports from two formally constituted committees: the Finance Committee and the Audit Committee; and the Director General. Each committee has specific terms of reference and functions delegated by the Board and has a Chair appointed by the Board.

The Finance Committee meets eleven times a year. The specific responsibilities of the Committee include the management of the assets and liabilities of the Charity and the Group, the agreement and monitoring of the annual budget, management of the investment portfolio, ensuring the Charity meets high and consistent levels of quality and approving levels of delegation to executive management.

The Director General and the executive directors attend meetings of the Board of

Trustees. The Director General and the Finance Director attend meetings of the Finance Committee with other Directors attending as necessary.

Age Concern England is the National Council on Ageing, and brings together over one hundred national organisations in the UK, including the main professional bodies and pensioner organisations. These are listed on page 62.

### Trustees' responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the charity and the group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and

estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the trustees have taken all steps that they ought to have

2000	2000	2001	2002	2002
Threatening legal action, ACE forces major Government concessions on the amount of SERPs widow/ers will inherit from their spouses. The amount involved is around £12 billion.	ACE's campaigning leads to new guidance regarding resuscitation of hospital patients.	ACE begins providing mobile IT training around the country to introduce older people to IT.	"Opening Doors", ACE's initiative to address the often hidden needs of older lesbians, gay men and bisexuals, is launched.	ACE's "Penalised for Being Ill" campaign, is launched, another attempt to end pensions down-rating in hospital. Chancellor extends grace period from six to 13 weeks.

taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Internal control

The Trustees have overall responsibility for ensuring that the Charity has appropriate systems of internal controls across the entire organisation. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and the Group and enable them to ensure that the financial statements follow best practice. They are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The systems of internal control are designed to provide reasonable, but not absolute,

assurance against material misstatement or loss. Internal control processes implemented by the Trustees include:

- an Audit Committee which meets at least twice a year and is mandated by and reports to the Board of Trustees. It is responsible for providing:
  - assurance to the Trustees that the Charity and Group operate sound systems of internal control; and
  - comfort and transparency to donors and beneficiaries that there are appropriate systems in place to ensure that the resources of the Charity and Group are effectively allocated and utilised.
- an internal audit function which is outsourced to Deloitte and Touche LLP, which conducts an ongoing programme of reviews of internal controls across all areas of the Charity and its trading subsidiaries. The programme is approved and monitored by the Audit Committee.
- a strategic plan and an annual budget approved by the Trustees.
- regular consideration by the Trustees of financial results, variances from budgets, forecasts, and performance

indicators.

- delegation of authority and segregation of duties.
- identification and management of risk.

### Risk

The Trustees have in place a formal risk management process to assess risks and implement risk management strategies. This process includes review by Trustees, directors and other charity officers. The process identifies the types of risks the Charity faces, prioritises them in terms of likelihood of occurrence and potential impact and identifies the means of mitigating these risks. Risk management is embedded in the day to day processes of the Charity and its trading subsidiaries.

The review of risk management continues to be part of the brief of the Audit Committee.

### Grant making policy

The Charity has a programme of grants to provide direct financial assistance to Members of Age Concern, the federation in England and other voluntary bodies working on behalf of older people. The core programme is periodically reviewed to ensure it continues to meet those needs and the next review will take place in 2006/2007 for implementation in the 2007/2008

The Chancellor announces that hospital down-rating will cease completely.

ACE launches its Black & Minority Ethnic Elders' Forum, composed of representatives of organisations meeting the needs of BME Elders.

ACE and the Fawcett Society launch a campaign to highlight the plight of many women pensioners. Government agrees to our idea of creating a report on women and pensions.



Age Concern is named Tesco Charity of the Year. During the year a total of £2 million is raised to support the work of Age Concerns across the country.

budget year. This core programme is also supplemented by grants from a number of specific restricted funds.

All grant programmes have specific guidelines, criteria and priorities and there is a formal process of approval.

### Reserves

The Finance Committee, on behalf of the Board of Trustees, conducts an annual review of the level of unrestricted reserves in the general fund by considering risks associated with the various income streams, expenditure plans and balance sheet items. This enables an estimate to be made of the level of reserves that are sufficient:

- to allow time for re-organisation in the event of a downturn in income or asset values;
- to protect ongoing work programmes; and
- to allow the Charity to meet its objectives.

Risks and issues considered by the Finance Committee in making this judgement on the level of unrestricted reserves include:

- over-dependence on any single source of income;
- likelihood of a downturn in income streams;
- period of time required to

re-establish income streams;

- period of time required to downsize the Charity operations;
- whether there is adequate control over budgets;
- potential decrease in the value of the investment portfolio; and
- requirements for a reasonable level of working capital.

The target for unrestricted level of reserves in the General Fund is estimated at the equivalent of six months of the Charity's general expenditure budget. The unrestricted reserve held in the General Fund as at 31st March 2006 is £10.0m, which represents approximately six months of the general expenditure budget.

### Designated Funds

These reserves are shown in note 24 in the financial statements. The Charity has a number of designated funds which are for future use. A permanent designated fund is matched to fixed assets, as this cannot be quickly utilised to realise cash in the event of a cash requirement. The rest of these funds is earmarked for specific work and allows the charity to take advantage of opportunities for new projects. The priority development fund is expected to be used over the next two years

to fund projects designed to expand work on the five main objectives. The Trustees have allocated the largest element to be used in the promotion of the Membership programme, which will take place during the next 18 months. The aims of the Membership programme include broadening the reach of the charity by maintaining a more regular contact with older people and offering goods, services and discounts which will enhance their lives.

By order of the Trustees

Catherine McLoughlin CBE  
Chair

12th July 2006

# Independent Auditors' report to the trustees of Age Concern England

We have audited the group and parent charity financial statements of Age Concern England for the year ended 31st March 2006 which comprise the principal accounting policies, the group and charity statements of financial activities, the group and charity balance sheets, the group cash flow statement and notes 1–35. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with the regulations made under Section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under Section 43 of the Charities Act 1993 and report in accordance with regulations made under Section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Charities Act 1993 and whether the information given in the Trustees' Report is consistent with the financial statements. We also report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chair's message, the Director General's message and the Trustees' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent charity's affairs as at 31st March 2006 and of the group and charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with the Charities Act 1993; and
- the information given in the Trustees' Report is consistent with the financial statements for the year ended 31st March 2006.

Grant Thornton UK LLP

Grant Thornton UK LLP, Registered Auditors, Chartered Accountants  
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12th July 2006