



Operational Case Report

Wildlife Rescue Sanctuaries (1118457)

About the charity

The charity cares for sick and injured wildlife by running an animal hospital and educating the public about wildlife, including by providing information to local schools. It is based in Keighley in West Yorkshire.

Why the commission got involved

The commission received complaints that very little of the money raised by the external fundraising company went to help animals. We found that the system used by the external fundraising company and third party independent fundraisers, meant that the charity only received 10% of the funds donated by the public through these collections. The remaining 90% went to the individual fundraisers, the fundraising company and other people involved in administering the funds. The complainant also raised serious concerns about trustee oversight and financial controls within the charity.

The commission took action in this case, because we were concerned that such high fundraising costs would seriously damage the charity's reputation, and by extension undermine public trust and confidence in giving to charities more widely. Fundraising as an activity is self-regulated by charities and we do not usually have a role in assessing complaints about the nature of charities' fundraising activities. However, in this case the very high cost of fundraising and the failure to ensure that the relevant legal requirements were met, raised serious concerns that do fall within our remit as a regulator.

We were also concerned that there appeared to be only one trustee of the charity, which is in contravention of the charity's governing document.

The action we took

We met with the charity to highlight the concerns about these very high fundraising costs. We directly asked the trustees whether they would donate money if they knew only 10p in the £1 actually made it to the charity and pointed out the negative media stories and impact on their reputation.

We examined the charity's accounts to determine the true cost of fundraising. We asked the trustees to explain how the charity fundraises and instructed them to provide a range of documents, including a copy of fundraising agreements between the charity and any commercial partners, a copy of the solicitation statements agreed with the commercial fundraisers (see below for information about solicitation statements), bank statements and minutes of meeting at which the trustees agreed to enter into the fundraising agreement with the commercial fundraisers. We also instructed the trustees to provide information about the charity's internal financial control processes and to address the problem regarding the number of trustees.

What we found

Fundraising concerns

We found that the costs of the charity's fundraising were indeed very high. We found that if an individual had donated £1 in 2012, only 16p would have gone to the charity.

We are not satisfied that the trustees had properly considered the arrangements with the commercial companies before entering into fundraising agreements. In particular, we found that the trustees did not appear to have considered the reputational risk to the charity associated with the high cost of fundraising, nor ensured that the relevant legal requirements were met. We also found that the trustees failed to take steps to ensure that the fundraisers made a solicitation statement. The law requires that such a statement is made and sets out what it should contain. Solicitation statements explain to the public the level of remuneration that is received by the fundraisers, allowing people to make informed decisions about whether or not they wish to donate to the charity in this way. We found that the trustees should have considered taking professional advice on the arrangements, keeping a record of their decision and any advice taken.

Internal financial controls

We found that the trustees had not ensured all funds raised for the charity had been paid into the charity's bank account before any expenses (such as the payment of collectors) were deducted and this runs counter to our guidance.

We also found that the trustees appeared not to regularly review the charity's financial records or have appropriate checks and balances in place.

We instructed the charity to review its systems of internal financial control and to ensure they were aware of their duties under charity law, as explained in our guidance.

The number of trustees

We found that there was, at the time we became involved, indeed only one trustee. That is not acceptable and we instructed the trustee to focus on recruiting suitable trustees as a matter of urgency, to ensure that decisions could be taken in line with charity law and the charity's governing document.

Impact of our involvement

As a result of our case, the trustees have taken a number of positive steps to address the concerns that have been raised. They have terminated the contract with the fundraising company and have confirmed that fundraising is now conducted exclusively by volunteers. This should considerably reduce the charity's fundraising costs and protect its reputation with the giving public. They now have the required number of trustees and are taking steps to further strengthen the trustee body.

The involvement of the commission has both addressed public concern and also assisted the charity with a considerable amount of advice on proper financial controls and governance. We will follow this up by writing to the charity in due course asking for an update on the steps they have taken in relation to our advice.

Lessons for other charities

This is an example where external fundraisers had greatly increased the income of the charity and the trustees had only focused on caring for more rescued animals. They had not given sufficient attention to the legal requirements running a charity which was involved in significant public fundraising.

This highlights the importance for all charities to fundraise in a responsible way, being mindful of the damage to their reputation if costs are unreasonable. Regardless of whether trustees use professional fundraisers or volunteers they must ensure the charity complies with the law relating to fundraising and follow best practice, including the commission's guidance on [Charities and fundraising \(CC20\)](#).

Further guidance is available on the [Institute of Fundraising](#) website. Trustees should also consider taking professional advice or advice from a local CVC or the Institute of Fundraising to help ensure that all fundraising complies with the legal and best practice requirements.

Often, the main focus of trustees, especially of small charities, is on the work the charity does with its beneficiaries. This is understandable. But charity trustees carry important legal duties which mean that they must balance their attention on the charity's beneficiaries with an oversight of its governance. They must ensure their charity is run in line with the law and the commission's guidance, thus protecting its assets and reputation.