

# Inquiry Report

Bridgegate Drugs Advice Service (Peterborough) Ltd

Registered Charity Number 1086422



## A statement of the results of the class inquiry into double defaulter charities in particular, Bridgegate Drugs Advice Service (Peterborough) Limited (registered charity number 1086422).

Published on 4 August 2014.

### The Class Inquiry

On 20 September 2013, the Commission opened a statutory class inquiry (“the Inquiry”) into charities that were in default of their statutory obligations to meet reporting requirements by failing to file their annual documents for two or more years in the last five years and met certain criteria, including that

- the charities were recently (or in the case of charities that would become part of it in due course, would be) given final warnings to comply by a specified date; and
- on the day after the specified date they were still in default (partially or otherwise).

At the point a charity met the criteria they would become part of the Inquiry. The Commission started by looking at and sending final warnings to charities with a last known income over £500,000 and then moved on to those over £250,000 and other high income charities.

### The Charity

Bridgegate Drugs Advice Service (Peterborough) Limited (“the Charity”) was registered on 1 May 2001. It is a charitable company governed by memorandum and articles of association dated 4 September 2000.

The Charity’s objects are:

- to help the prevention of drug and substance misuse through the provision of education and training for professionals and volunteers working in the field.*
- to promote awareness amongst the general public of the effects of drug misuse and to contribute to research into the greater understanding of the nature and extent of drug misuse.*
- to provide appropriate help to persons who misuse both by treatment and prevention.*
- to support liase and co-operate with other organisations interested in the prevention and treatment of those who misuse drugs.*

More details about the Charity are available on the Register of Charities which can be accessed through the Charity Commission’s website<sup>1</sup>.

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<sup>1</sup> <http://www.charitycommission.gov.uk/find-charities/>

## Issues under Investigation

The Charity failed to submit to the Commission annual returns required for the financial year ending 31 March 2012 and annual accounts and reports and annual returns required for the financial year ending 31 March 2013. The Charity was sent various computer generated reminders from the Commission regarding the submission of their annual accounting documents.

In addition, the Charity the Commission attempted to contact the charity by telephone on 8 April 2014. Further to this the Commission wrote to the Charity with a final warning on 8 April 2014 requesting that the missing documents be provided by 15 April 2014. The Commission warned what would happen if the Charity remained in default on 16 April 2014. The Charity has been in default of its obligations under the Act for a lengthy period of time, in respect of more than one set of documents and in spite of receiving numerous reminders.

The Charity met the criteria and became part of the Inquiry on 16 April 2014.

The Inquiry is confined to dealing with the trustees' mismanagement and misconduct<sup>2</sup> and remedying the non-compliance in connection with the annual accounting documents.

The Charity's correspondent informed the Commission on 2 May 2014 that the reason for not submitting accounts was a combination of confusion caused by the Charity ceasing activities and a change in the Charity's financial year end, which had not previously been communicated to the Commission. Furthermore, the correspondent stated that the Charity had attempted to submit accounts to the Charity Commission by post and were unaware that they had not been received by the Commission.

The correspondent also stated that the trustees had not received the e-mail reminders from the Charity Commission as the charity's e-mail system was not functioning following the closure of its operations.

The correspondent also stated her view that the failures were due to the "extraordinary situation" of the sudden closure of the Charity and that once aware of the situation, on 8 April 2014, actions were taken by the trustees to fulfil their obligations as promptly as possible.

During the Inquiry the Charity filed the missing annual returns for the years ending 31 March 2012 and 31 March 2013 on 29 May 2014 and the accounts and reports for the financial year ending 30 September 2013 on 25 June 2014.

When the Charity's missing documents were submitted, the accounts were referred for scrutiny by the Commission's accountants and if any issues arise from that they will be followed up separately.

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<sup>2</sup> The terms misconduct and mismanagement are taken from section 76 of the Charities Act 2011. Misconduct includes any act (or failure to act) in the administration of the charity which the person committing it knew (or ought to have known) was criminal, unlawful or improper. Mismanagement includes any act (or failure to act) in the administration of the charity that may result in significant charitable resources being misused or the people who benefit from the charity being put at risk. A Charity's reputation may be regarded as property of the charity.

## Conclusions

The Charity's trustees were in default of their legal obligations to file accounting information with the Commission. This was mismanagement and misconduct in the administration of the Charity and a breach of their legal duties.

The reasons the charity gave for non compliance was not a legitimate excuse. It is the responsibility of the trustees to ensure that the information that they provide which is on the Register of Charities is accurate, including ensuring that correct and up to date contact details are held by the Commission.

As a result of the Inquiry, the Commission ensured the Charity complied with its legal obligations to submit their annual accounting information. One set of accounts was filed and as a result over £60,000 of charitable income and expenditure is now transparently and publicly accounted for on the Register of Charities.

The Charity ceased to be part of the Inquiry when it was no longer in default of its accounting obligations. This happened on 29 May 2014 when the Charity filed the last missing documents.

## Regulatory Action Taken

The Commission used its information gathering powers under section 52 of the Charities Act 2011 (the "Act") to order and obtain bank records and financial information of the Charity relating to the missing years accounts. These will be used in connection with the Commission's scrutiny of the accounts.

On 23 and 24 April 2014 the Inquiry exercised powers under section 84 of the Act to direct the trustees to prepare and complete the relevant missing annual accounts, reports and returns for the Charity and provide copies of these to the Commission.

Following a request from the charity's correspondent, on 21 May 2014 the Commission extended, by order, the deadline for compliance until 30 June 2014.

The Commission provided regulatory advice and guidance about the trustees' duty to file the Charity's annual accounting information.

## Issues for the wider sector

Trustees of charities with an income of £25,000 or over are under a legal duty as charity trustees to submit annual returns, annual reports and accounting documents to the Commission as the regulator of charities. Even if the Charity's annual income is under £25,000 trustees are under a legal duty to prepare annual accounts and reports and should be able to provide these on request. All charities with an income over £10,000 must submit an annual return.

Failure to submit accounts and accompanying documents to the Commission is a criminal offence. The Commission also regards it as mismanagement and misconduct in the administration of the Charity.

For those individuals who were not trustees at the initial date of default, when they became a trustee, they became responsible for making good the default.

It is important that the financial activities of charities are properly recorded and their financial governance is transparent. Charities are accountable to their donors, beneficiaries and the public. Donors to charity are entitled to have confidence that their money is going to legitimate causes and reaches the places that it is intended to. This is key to ensuring public trust and confidence in charities.

Furthermore, trustees are under a legal obligation to tell the Commission about changes to their charity's contact and other details, including trustee appointments, areas of operation, the charity's activities, bank or building society account details and financial year ends. Keeping a charity's details up to date is essential for public accountability and prevents the Commission taking regulatory action when not necessary.

