

Inquiry Report

Guru Tegh Bahadur Gurudwara

Registered Charity Number 505157



A statement of the results of the class inquiry into double defaulter charities in particular Guru Tegh Bahadur Gurudwara (registered charity number 505157) ('the charity').

Published on 25 September 2015.

The class inquiry

On 20 September 2013, the Charity Commission ('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 2 or more years in the last 5 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
- 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 then those with a last known income of between £200,000 and £249,999.

The charity

The charity was registered on 20 May 1976. It is governed by scheme of the commissioners made under an order dated 11 October 1996 as amended 20 August 2006.

The charity's objects are:

To promote Sikh religion in the city of Leicester by the following means and by such other means as the committee shall think fit:

- the maintenance of a temple for worship
- the celebration of Sikh religious festivals
- the conduct of baptism, marriage and funeral rites in accordance with Sikh religious observance
- the establishment of a library containing books in punjabi and english on Sikh religion, history and culture
- the instruction of children and adults in Sikh religious principles and promoting the application of those principles generally to relationships within and outside the Sikh community

In the promotion of the said object the committee and the members of the charity shall respect and obey Hukamnama of Akal Takhat Sahib.

More details about the charity are available on the [register of charities](#) ('the register').

Issues under investigation

The charity failed to submit its annual accounts, reports and annual returns to the commission required for the financial years ending 31 December 2012 and 31 December 2013. During the whole period of default, the charity was sent various computer generated reminders from the commission regarding the submission of their annual accounting documents. Although reminders were sent the charity remained in default of its obligations under the Charities Act 2011 ('the act').

Further to this the commission wrote to the charity with a final warning on 7 January 2015 requesting that the missing documents be provided by 27 January 2015, and warning the charity that if it remained in default on 28 January 2015 it would become part of the inquiry.

Whilst the charity did submit the outstanding documents for financial year ending 31 December 2012 on 27 January 2015, the charity failed to submit its outstanding documents for financial year ending 31 December 2013 by the deadline and became part of the inquiry on 28 January 2015.

The inquiry is confined to dealing with the trustees' mismanagement and misconduct¹ and remedying the non-compliance in connection with the annual accounting documents.

The outstanding annual accounts and reports, annual returns for the financial year ending 31 December 2013 were submitted on 4 August 2015.

The charity contact informed the commission on 27 March 2015 the reason for not complying was that the charity had encountered problems with their firm of accountants. The accountant was also spoken to by commission staff and confirmed that due to severe staff shortages the accounts would not be completed and ready for submission until the end of July 2015.

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.

Conclusions

The reasons the trustees gave for non-compliance were not a legitimate excuse.

The charity's trustees were in default of its legal obligations to file proper accounting information with the commission. This was mismanagement and misconduct in the administration of the charity and a breach of its legal duties.

As a result of the inquiry, the commission ensured the charity complied with its legal obligations to submit their annual accounting information. Two sets of accounts were filed and as a result over £594,056 of charitable income is now transparently and publicly accounted for on the register.

The charity ceased to be part of the inquiry when it was no longer in default of its accounting obligations. This happened on 4 August 2015 when the charity filed the missing documents.

¹ 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.

Regulatory action taken

The commission used its information gathering powers under section 52 of 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 4 February 2015 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 the discussions with Mr Rai and the charity accountants a further section 84 order was issued on 10 July 2015.

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 over £25,000 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 not greater than £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.