



# Tackling abuse and mismanagement 2016 to 17

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## 1. Performance headlines and impacts for our Investigations, Compliance and Enforcement work 2016-2017

Performance headlines	April 17-Sept 17 (half year)	2016-17	2015-16	2014 -15	2013-14
Number of regulatory compliance cases opened	1,131	<b>1,664</b>	1,327	1,182	1,865
Number of regulatory compliance cases closed	1,165	<b>1,499</b>	1,309	1,257	1,972
Number of active compliance cases	280	<b>379</b>	314	318	-
Number of operational case reports (OCRs) published	9	<b>16</b>	25	29	14
Average duration of active compliance cases (c/days)	144.4	<b>162.2</b>	-	-	-
Number of new IME monitoring cases opened	209	<b>503</b>	424	429	96
Number of IME monitoring cases closed	240	<b>586</b>	405	375	54
Number of active IME monitoring cases	143	<b>178</b>	-	-	-
Number of IME compliance or inspection visits	39	<b>113</b>	106	116	68
Number of statutory inquiries opened	21 <sup>1</sup>	<b>187<sup>2</sup></b>	53	103	64
Number of statutory inquiries closed	45	<b>94</b>	48	51	23
Average case duration of closed Inquiry cases (c/days)	232.1	<b>380.3</b>			
Number of statutory inquiry reports published	16	<b>67</b>	35	39	16
Percentage of inquiry reports published within 3 month target	65%	<b>71% (75% minus STC)<sup>3</sup></b>	85%	73%	75%
Number of active Inquires	223 <sup>4</sup>	<b>248</b>	157	135	97
Number of accounts scrutinised	394	<b>894<sup>5</sup></b>	986	1,097	1,664

<sup>1</sup> Figures lower at this stage primarily due to the timing of phases in the double defaulter's class inquiry but expected to resume to predicted levels by the end of the financial year.

<sup>2</sup> Including the 70+ charities in a single class inquiry

<sup>3</sup> 75% excluding those where we had to "stop the clock" due to reasons such as litigation or not prejudicing other agencies' work

<sup>4</sup> Including those at report writing stage and on stop the clock

<sup>5</sup> During the year we looked at 894 sets of accounts covering 607 charities. As part of our proactive monitoring activities we reviewed 380 sets of accounts as part of the themed reviews for particular issues and 514 to progress our individual regulatory casework.

Performance impacts	April 2017 - Sept 2017	2016 - 17	2015 - 16	2014 - 15	2013 - 14
Amount of charitable funds directly protected by regulatory action (prior to 15/16). Figures only include IME, but they now include IME and Operations compliance work	<i>£19.9m</i>	<b>£81m</b>	<i>£14.9m</i>	<i>£44.6m</i>	<i>£31m</i>
Total income of charities directly regulated by compliance supervision (prior to 15/16 figures only include IME, but they now include IME and Operations compliance work)	<i>£34.964 bn</i>	<b>£21.9bn</b>	£1,6029m	<i>£1,426m</i>	<i>£1,150m</i>

Performance impacts: the number of compliance, monitoring and inquiry cases where we have;	Case Impacts 2016/17
Accounting procedures more efficient	90
Charitable funds can be used more effectively	45
Charity can support beneficiaries more effectively	73
Charity on notice to improve	91
Charity's independence maintained	42
Clearer guidance available to sector	17
Conflict of interest removed/managed	49
Contribution or support given to other agency/regulators	100
Ensuring charities comply with safeguarding issues	135
Greater transparency in charity's operating practices, reports, accounts	99
Improved accuracy of Register of Charities	223
Influence government policy or legislation	0
Internal dispute overcome and charity functioning	20
New guidance requirement reported to policy	2
Protected Assets	172
Protected charity's reputation	220
Protected sector - public trust and confidence	286
Protected vulnerable beneficiaries	88
Public no longer exposed to unlawful fundraising	19
Reassurance that issues are being handled/resolved by the charity	656
Significant and necessary improvements in governance	184
Trustees acting on regulatory advice	263
Trustees are aware of their responsibilities/duties	707
Trustees are complying with charity law	48
Verified that concerns not substantiated	240
Worked effectively with other regulators	191

## Performance measures 2016-17

We report on the performance of our investigations and related regulatory work with performance measures divided into 3 areas:

- ) detection
- ) investigation, sanction and redress
- ) prevention and deterrence

### Detection

	Target	Achievement
Carry out a minimum number of compliance visits annually, to charities which are subject to monitoring and identified following a risk assessment	102	113
Report on the number of exchanges of information with other regulators and agencies, made via the commission's statutory gateway	N/A for overall number. The aim is to increase the percentage of information disclosures received	Information exchanges with other agencies increased to <b>2,733</b> , (2015-16: 2,332) and the number of times we requested and were provided with information grew 31% to <b>1,212</b> (2015-16: 922).
Respond to requests for information via the statutory gateway within 15 working days, or 8 working days for issues relating to strategic priorities	90%	85%
Number of proactive accounts scrutinised	N/A	<i>During the year we looked at 894 sets of accounts covering 607 charities. As part of our proactive monitoring activities we reviewed 380 sets of accounts as part of themed reviews for particular issues and 514 to progress our individual regulatory casework</i>

## Investigation, sanction and redress

	Target	Achievement
Report on the number of powers used in compliance case work (IME and Operations)	N/A	1099 (2015-16: 1,073)
Ensure 90% of all inquiry, compliance and monitoring cases result in at least one of the specified beneficial impacts (see 'Detection' table) which protect charities from mismanagement, misconduct or abuse	90%	<b>90% overall</b> 88% for inquiries 91% for monitoring cases 88% for compliance cases
Total funds directly protected by regulatory intervention [IME and Operations]	N/A	£81m
Total income protected by compliance work [IME and Operations]	N/A	£21.9bn

## Prevention and deterrence

	Target	Achievement
Publish 90% of reports on the results of investigations within 3 months of the end of the substantive investigation process (x out of x published in target)	90%	71%, 75% minus STC <sup>6</sup>
Publish an annual report on the 'Themes and Lessons from the Charity Commission's Compliance Work' which includes the duration of each statutory inquiry, the impact of investigations, the use of sanctions (including legal powers of remedy and protection), and the operation of our investigatory work	N/A	Published December 2016
Number of regulatory alerts issued	4	6

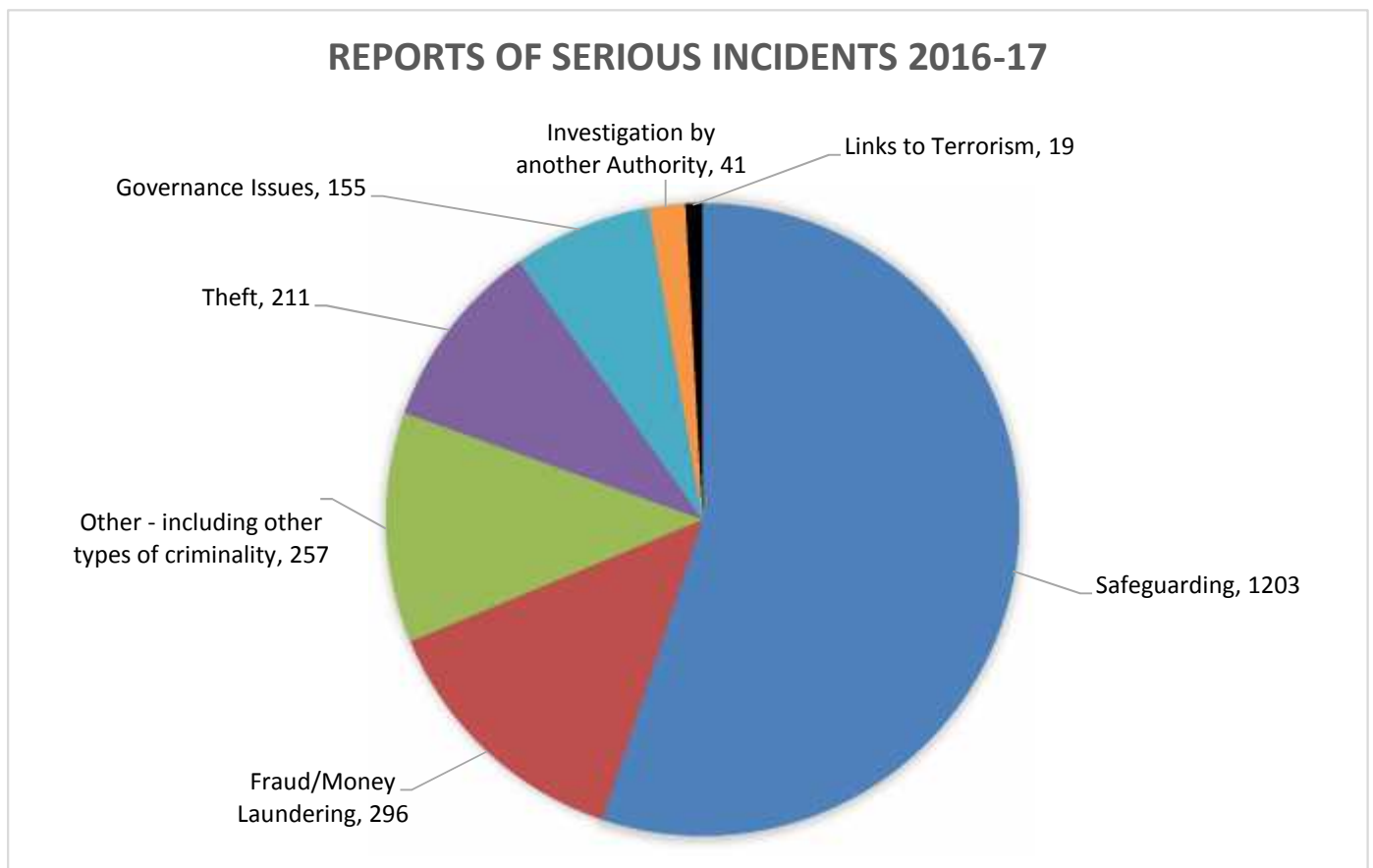
<sup>6</sup> 75% excluding those where we had to "stop the clock" due to reasons such as litigation or not prejudicing other agencies' work

## 2. Reported concerns about charities 2016-17

### 2.1 Reports of serious incidents (RSIs)

There were 2182 serious incidents reported to us in 2016-17 (2015-16: 2217). The key issues in these reports were as follows, showing the principal issue only.

We engaged with charities that had previously reported serious incidents, to seek assurances that they have since acted on the regulatory advice we had given. Of the serious incidents reported to us, 1813 (83%) were dealt with solely by our Gateway/Assessment team, 57 referred to our investigations and monitoring teams, and 311 to our Operations teams.



## 2.2 Whistleblowing reports

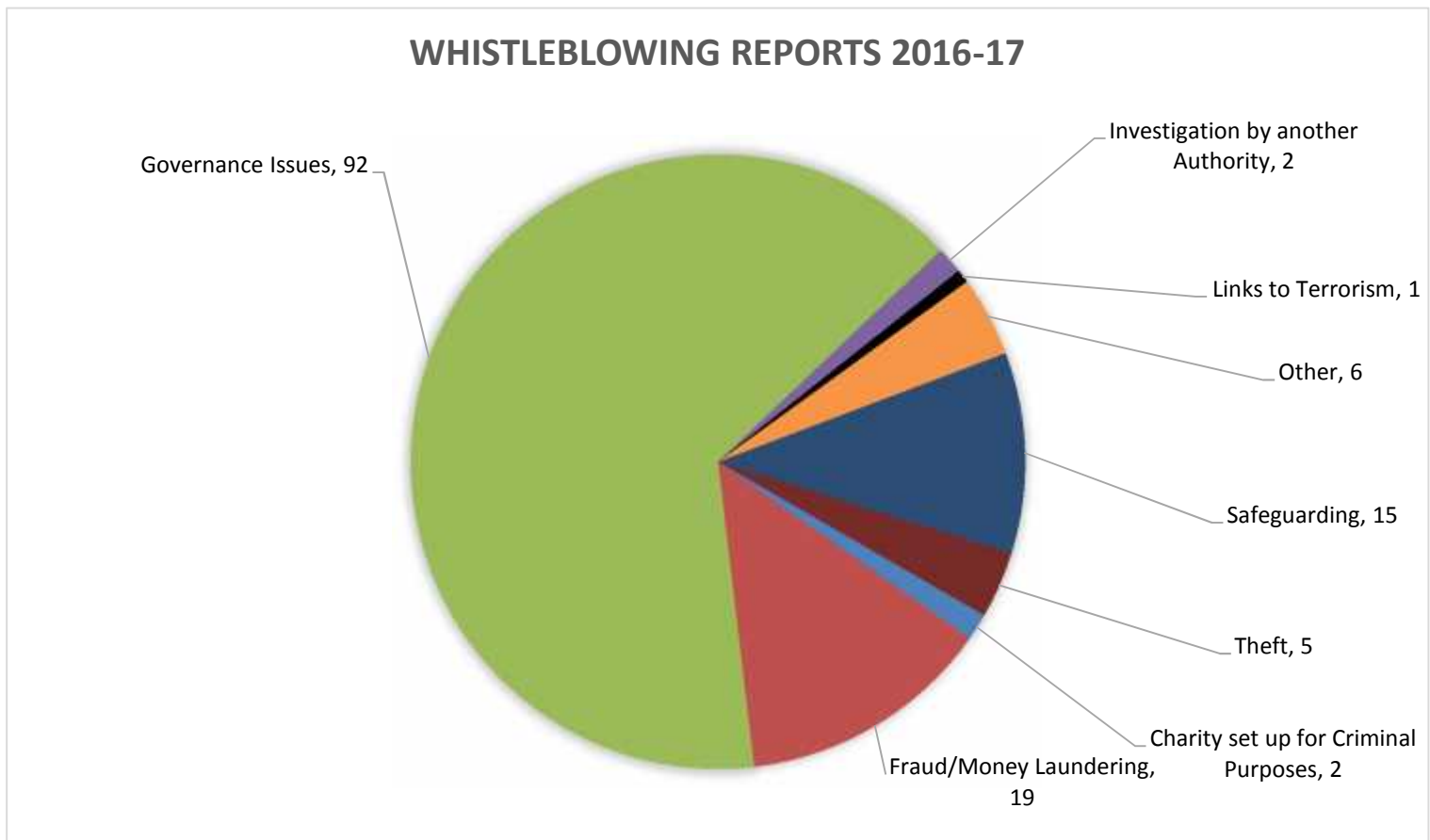
We dealt with 142 whistleblowing enquiries this year (2015-16: 143). They fall into three source categories

- ) 17 from auditors (2015-16: 16)
- ) 37 from independent examiners (2015-16: 40)
- ) 88 from employees: (2015-16: 87)

As a result we opened 109 cases. Of the Whistleblowing incidents reported to us, 20 were dealt with solely by our Gateway/Assessment team, 2 referred to our investigations and monitoring teams, and 120 to our Operations teams.

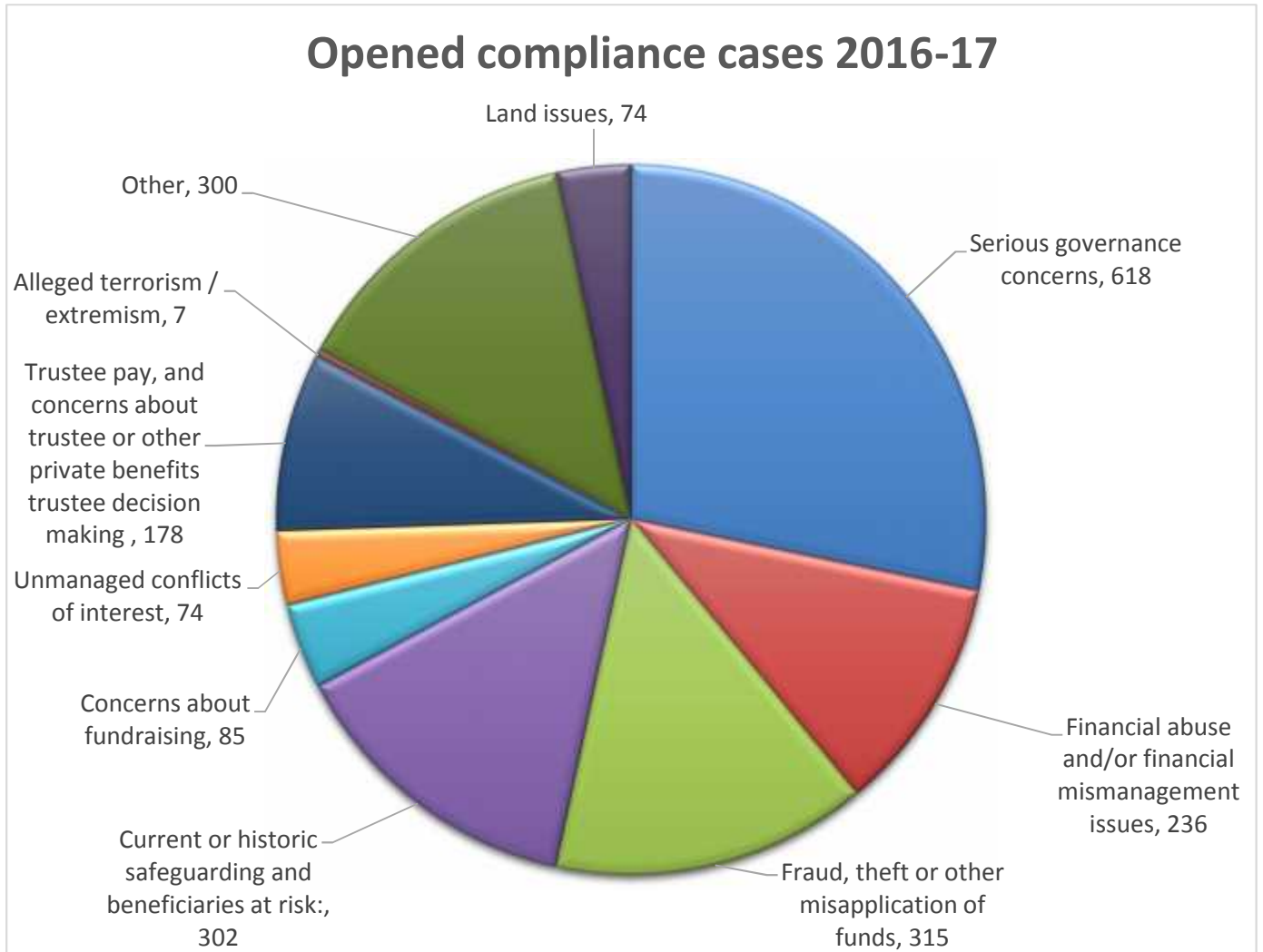
The key issues in these reports were as follows, showing the principal issue only.

### Whistleblowing incidents by category 2016-17



### 3. Regulatory compliance cases opened and completed 2016-17 – the type and frequency of issues of concern

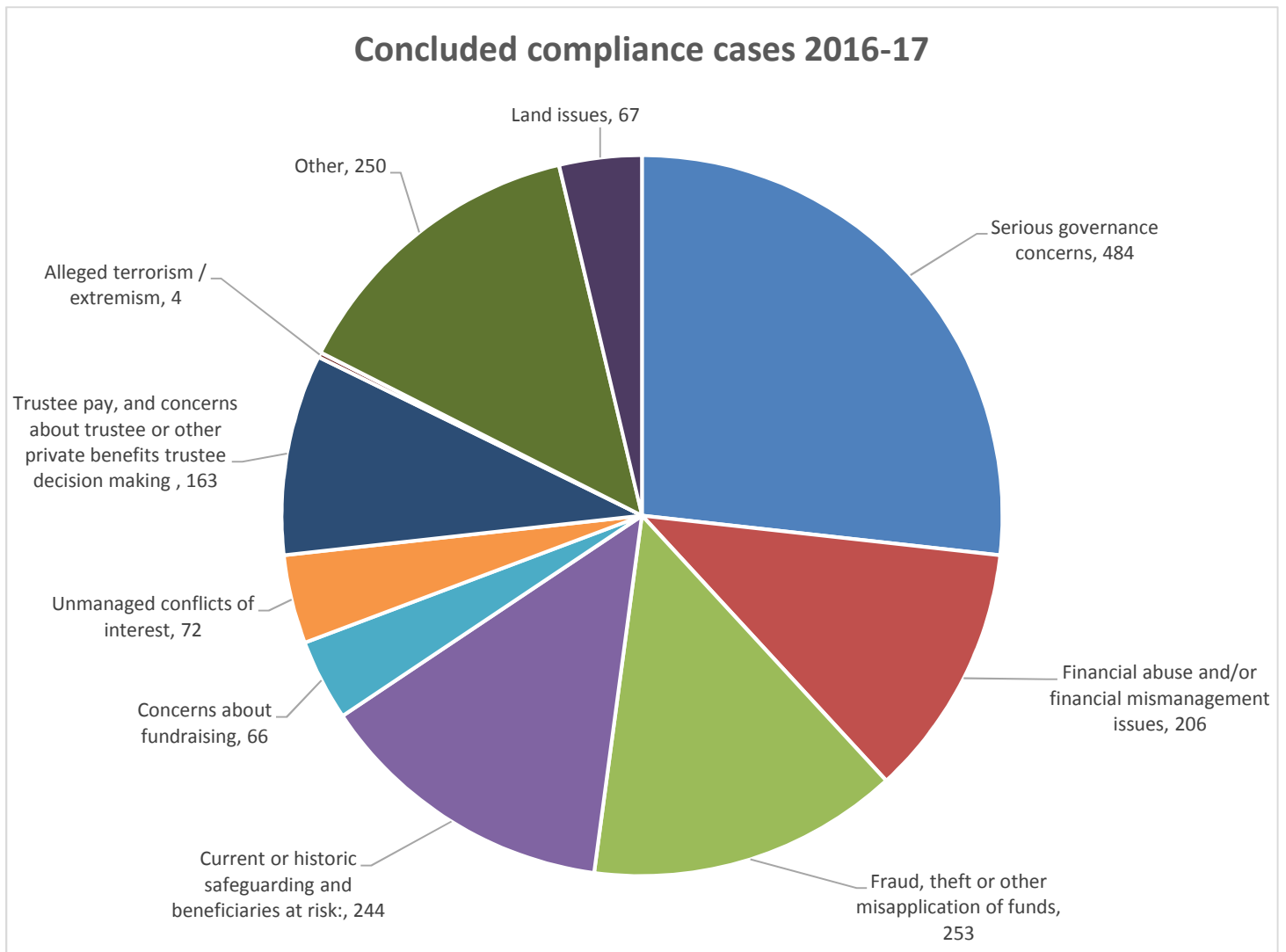
#### Opened



Baseline: 1664 cases. However more than one issue can be selected per case meaning the total of issue may come to more than the total number of cases



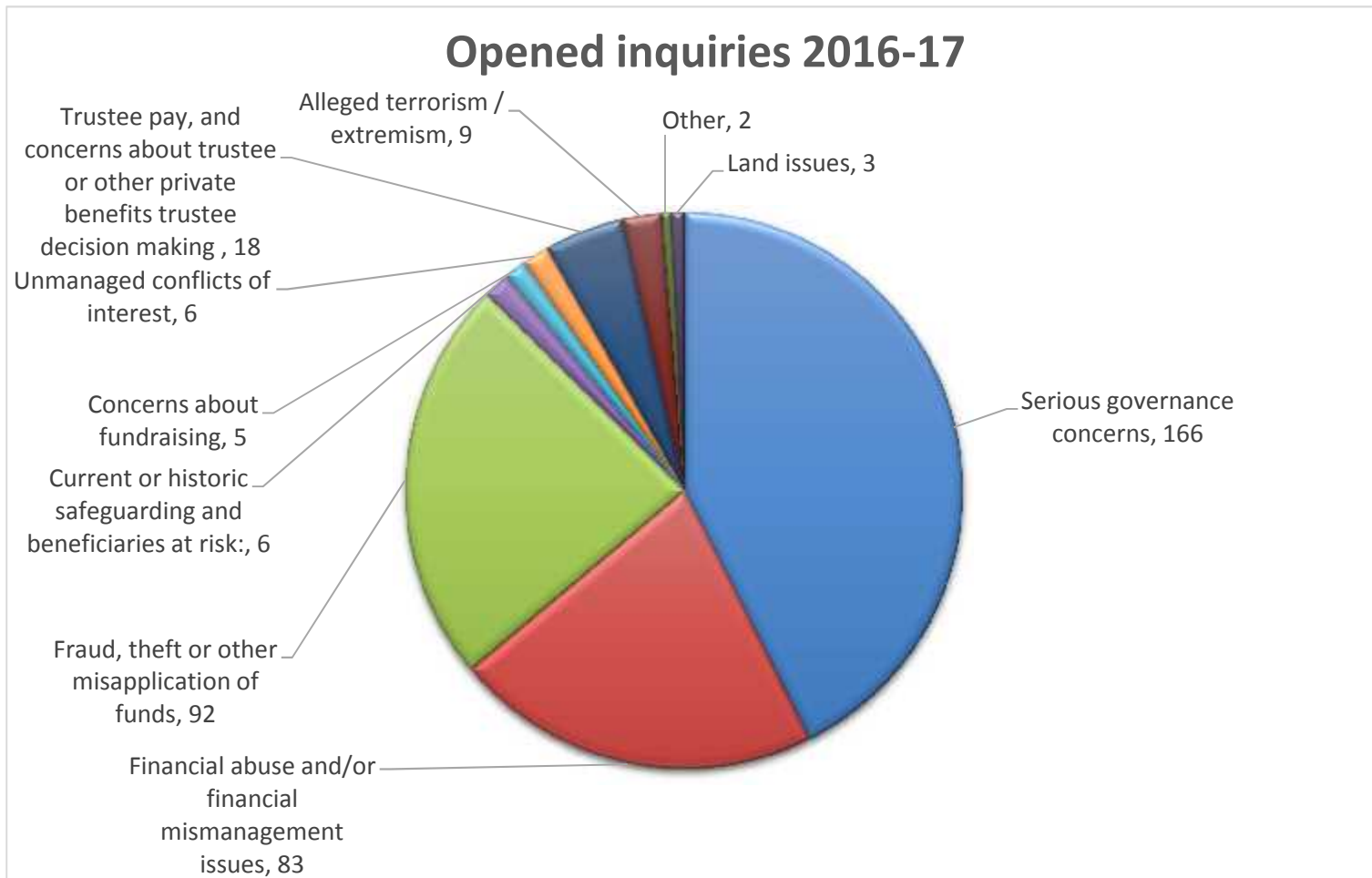
Closed



Baseline: 1499 cases. However more than one issue can be selected per case meaning the total of issue may come to more than the total number of cases

#### 4. Inquiry cases opened and completed 2016-17 – the type and frequency of issues of concern

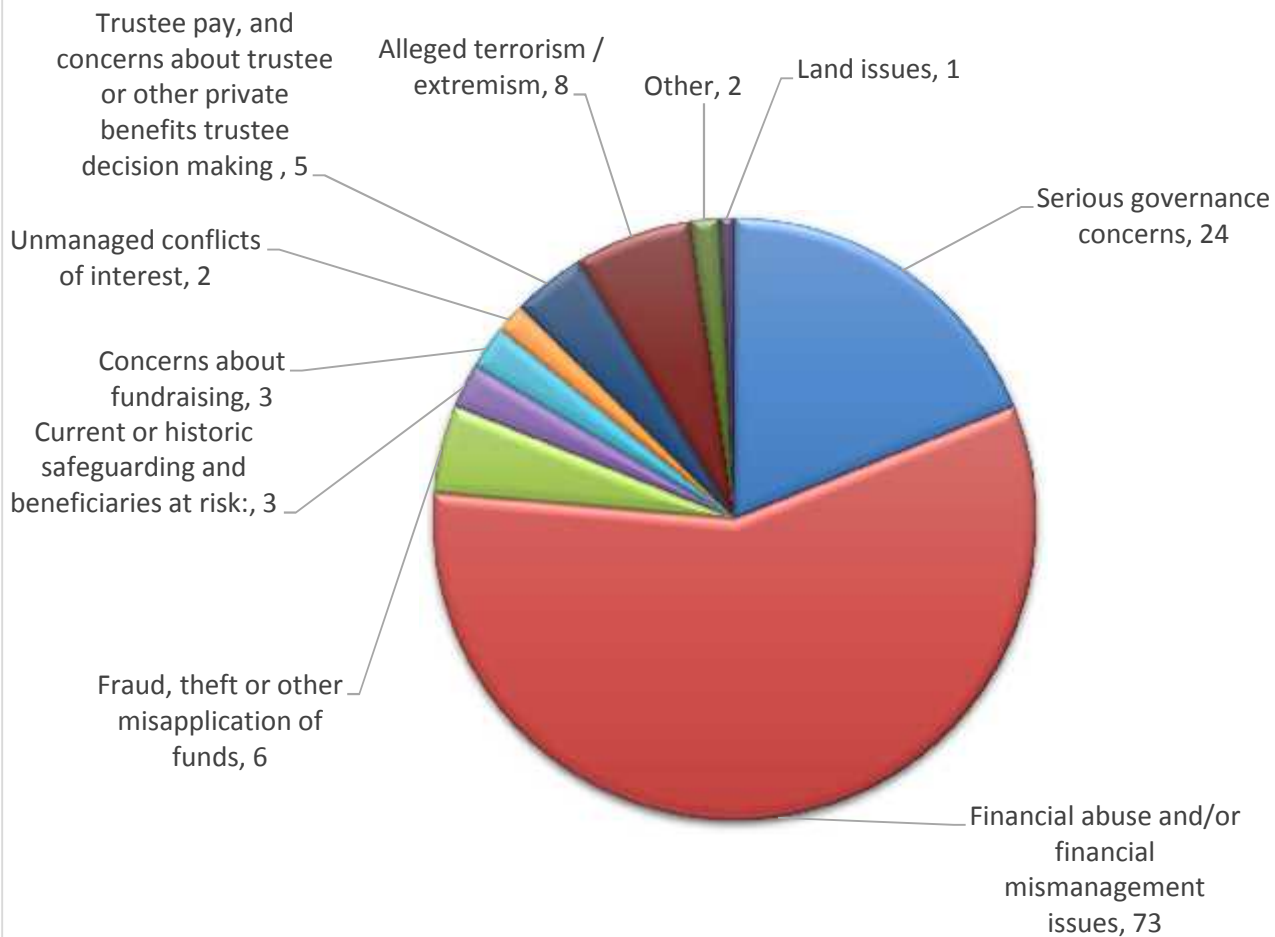
Causes of concern in opened investigations/ inquiries 2016 - 17



Baseline: 187 Inquiry cases. However more than one issue can be selected per case meaning the total of issue may come to more than the total number of cases

## Causes of concern in closed investigations/ inquiries 2016 - 17

### Concluded inquiries 2016-17



Baseline: 94 Inquiry cases. However more than one issue can be selected per case meaning the total of issue may come to more than the total number of cases

## 5. Use of commission's compliance powers 2016-17

Breakdown of the number of individual orders or directions under the Charities Act 2011 (or equivalent in 2003 Act)	Powers used April 2017 – Sept 2017	Compliance Powers used 2016/17
<i>Letter / Direction</i>		
015(2) Giving advice or guidance with respect to the administration of charities	38	74
034(1)(a) Decision to remove an institution which is no longer considered a charity	0	16
034(1)(b) Decision to remove a charity which has ceased to exist or operate	10	30
034(3) Voluntary removal of a charity	0	1
042(2)(a) Directing change of name – name the same as or too similar to existing charity	1	1
042(2)(b) Directing change of name - name misleading about purposes or activities	1	6
042(2)(c) Directing change of name – name misleading about the status of the charity	2	0
042(2)(d) Directing change of name – name misleading about connections of the charity	0	1
047(2)(a) Direction for the provision of accounts and statements	43	123
047(2)(b) Direction for the provision of documents	61	142
047(2)(c) Direction to attend an interview	2	1
110 Formal advice to a charity trustee	1	0
198 Consent to regulated alteration by a charitable company	1	1
284 Concurrence with a resolution to spend capital	1	0
338 Varying or revoking a direction	1	0
Under governing document	0	1
<b>All powers of this type</b>	<b>162</b>	<b>397</b>
<i>Scheme</i>		
067 Cy-pres	0	1
<b>All powers of this type</b>	<b>0</b>	<b>1</b>
<i>Order</i>		
052 Call for information or documents	4	24
052(1)(a) Furnish information	63	96
052(1)(b) Furnish copies/documents	133	339
069(1)(b) Appointing, discharging or removing a trustee or officer	1	0
069(1)(c) Vesting land	0	1
070(5) Scheme of our own motion	0	1
075A(1) Issue official warning	3	0
075A(3) Notice of official warning	2	1
076(3)(a) Suspension of a trustee or officer during an inquiry	8	3
076(3)(c)(i) Vesting land during an inquiry	1	2
076(3)(c)(ii) require the persons in whom any such property is vested to transfer it to the official custodian	1	2
076(3)(d) Direction not to part with property during an inquiry	10	36
076(3)(f) Restricting transactions during an inquiry	8	8
076(3)(g) Appointing an interim manager during an inquiry	1	7
079(A) remove disqualified person from trustee position	6	1
079(2)(a) Removal of a trustee or officer during an inquiry	9	2
080(1) Removal of a trustee of our own motion	1	7
080(2) Appointment of a trustee of our own motion	1	4

084 Directing an action expedient in the interests of the charity	13	90
084(A) direct specified action not to be taken	3	3
085 Directing the application of property in the interests of the charity	4	30
089(5) Notice of intention to remove trustee / officer / agent or employee of a charity	7	3
105 Authorising an action expedient in the interests of the charity	8	1
117 Disposal of land	2	0
181(a) disqualify trustee	10	0
181(c)(1)(a) Notice of disqualify trustee under s.181	10	0
181(4)(b) power to suspend a trustee	1	0
263(1) Dissolving incorporated trustee body of our own motion	0	1
335 Directions to ensure compliance with requirements under the Act	3	11
337(4) Discharging an Order	4	6
337(6) Power to Vary or Revoke an order	21	16
Order under other legislation	0	6
<b>All powers of this type</b>	<b>338</b>	<b>707</b>
<b>Powers of all types</b>	<b>500</b>	<b>1099</b>

<b>Additional Powers or directions</b>	<b>Powers used April 2017-Sept 2017</b>	<b>Compliance Powers used 2016/17</b>
046(1) Decision to open an inquiry	21 <sup>7</sup>	187
054 Disclosure of information from a relevant public authority	741	1212
056 Decision to disclose information to a relevant public authority	891	1521

<sup>7</sup> Figures lower at this stage primarily due to the timing of phases in the double defaulter's class inquiry but expected to resume to predicted levels by the end of the financial year.

## New Powers

During 2016/17, a number of the provisions strengthening the legal framework giving the Commission new powers to help regulate more effectively in line with public expectations came into force.

We used the updated (new or amended) powers introduced by the Charities (Protection and Social Investment) Act 2016 13 times up to 31 March 2017, including directing actions not to be taken and issuing the first notice of our intention to issue an official warning.

The total number of times we have used the new powers or those updated by the 2016 Act, at 30 September 2017 was 68:

)	Total 2016-2017 (April 2016 – March 2017)	- 13
)	Total 2017-2018 (April 2017- Sept 2017)	- 55

Power name/type	April 2017- Sept 2017 (half year)	2016-17	Total number of times we have used the new powers
<b><i>Power type - Letter / Direction</i></b>	<b>5</b>	<b>1</b>	<b>6</b>
075A(1) Issue official warning	3	0	3
075A(3) Notice of official warning	2	1	3
<b><i>Power type - Order</i></b>	<b>50</b>	<b>12</b>	<b>62</b>
079(2)(a) Removal of a trustee or officer during an inquiry	9	2	11
079(A) remove disqualified person from trustee position	6	1	7
084(A) direct specified action not to be taken	3	3	6
085 Directing the application of property in the interests of the charity	4	3	7
089(5) Notice of intention to remove trustee / officer / agent or employee of a charity	7	3	10
181(a) disqualify trustee	10	0	10
s.181(c) (1)(a) -Notice of disqualify trustee under s.181	10	0	10
181(4)(b) power to suspend a trustee	1	0	1
<b>Grand total</b>	<b>55</b>	<b>13</b>	<b>68</b>