



News

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How should your charity be fundraising?

Fundraising is perhaps the most high-profile way in which a charity engages with the public, and therefore high standards are vital. This CC News covers several key things trustees should be doing to ensure best practice.

Consider your charity's reputation....

It has never been more important that donors have complete confidence in an organisation. Read our [fundraising guidance](#) and make sure your fundraisers understand the legal requirements for public collections and the need to include key information on campaign materials.

A charity's reputation can be seriously damaged if fundraising costs are unreasonably high or if the trustees fail to comply with the law. Charities can work with businesses and professional fundraisers to raise money or public awareness, but must familiarise themselves with [guidance](#) beforehand. This [case study](#) highlights where things can go wrong, and what trustees should

do to avoid these pitfalls.

See also our guidance on [fundraising](#) and [decision making](#). [The Trading Standards Board](#), [Institute of Fundraising](#) and the [Police](#) all offer additional helpful advice on fundraising.

Help your donors give with confidence...

In addition to this, trustees must take steps to ensure the public feel confident when donating to their charity.

A [recent survey from ICM](#), commissioned by us and the Fundraising Standards Board, found many people already make checks before donating. Almost 4 in 10 UK donors ask charity collectors for ID or question them about the organisation, nearly 3 in 10 check that it is a registered charity and 1 in 5 respondents look for the

FRSB 'give with confidence' tick branding, indicating that the charity's fundraising is regulated. After completing the survey, almost 7 in 10 donors said they would be more likely to make checks in the future.

See our guidance about [safer giving for more information](#). For further information about fundraising regulation, contact the [Fundraising Standards Board](#).

...and file on time this year

Charities have ten months from the end of their financial year to submit their accounts and annual return to us. This is a legal requirement and a key factor in public trust and confidence in charities; the ICM survey found **3 in 4 adults (76%) would not donate to a charity which**

had failed to file its accounts on time. In September we launched a class inquiry into 'double defaulting' charities (those which have failed to file annual reports, accounts or returns in two or more years, within the last five years). As of 24 January, 10 charities were still

part of the inquiry. The beginning of the calendar year is a peak time for charities to submit their documents, so don't leave it to the last minute – [get your accounts in](#) and make sure your charity is remaining accountable to donors. It's a criminal offence not to do so.

Do you know about the upcoming changes to the Annual Return?

In 2013 we consulted on proposed changes to the Annual Return for 2014. As a result of this consultation we are introducing some new questions to the Annual Return for 2014, as well as removing the requirement for charities with income over £1million to complete the Summary Information Return (SIR). The new questions ask charities for information about whether they:

- raise funds from the public
- have a trading subsidiary
- pay one or more of their trustees for carrying out their trustee duties

- have certain policies in place
- are regulated by a regulator or registered with a registrar other than the Commission
- carry out the charity's purposes through predominantly grant-making

These questions help make your charity more accountable to the public and are now compulsory. Our [analysis of the consultation responses](#) contains more details.

The Annual Return for 2014 together with detailed guidance will be available on our website shortly.

Have you read our Tackling abuse and mismanagement report?

This [annual report](#) of our investigatory and compliance case work showed that fraud, financial abuse and financial mismanagement featured in almost 80% of our investigations last year. Serious governance issues including unmanaged conflicts of interest, trustee benefits and breaches of governing documents also featured heavily.

Whilst the majority of trustees have the best intentions for their charities at heart, trust alone is not enough - they must take responsibility for understanding their legal duties, overseeing the charity's work, and ensuring the necessary steps are taken to ensure there is no misuse of funds. This report is a key tool for trustees; if you don't have time to read it in full, read the case studies, which highlight examples of things

which commonly go wrong.

Key figures in our investigatory and compliance work include:

216 - times we have used our statutory powers

1,232 - operational compliance cases completed

171,662 - trustee checks completed

Did you know.... You should not be taking large amounts of cash abroad for aid on your person, or in your personal luggage. Doing so puts your charity at risk from criminal terrorist groups and may be viewed as suspicious by port officers, with the money possibly being seized. See [our guidance](#) for more advice on relief overseas.

What can you expect from us in the future?

We have [accepted and endorsed the recommendations](#) of a report by the National Audit Office (NAO) which identified weaknesses in our approach to investigations and registrations. As a result, you can expect us to be doing more monitoring and investigatory work. We have already started to make improvements in these areas. Key changes include:

- stepping up our serious case work - between April and December 2013, we opened 26 statutory inquiries (in comparison, during the twelve months

2012-13, we opened 15 inquiries)

- changing our approach to gathering information during statutory inquiries - we now routinely use our powers to direct charities to provide information, rather than requesting the voluntary release of information first
- investigating and using legal powers against charities that have repeatedly defaulted on their reporting requirements

There's still time to.....Have your say in the Cabinet Office consultation on extending our powers to tackle abuse in charities. It focuses on a number of proposals to help us regulate more effectively. The deadline for responses is 12 February 2014; for more information visit the [Cabinet Office website](#).

Do you know how to manage conflicts of interest?

We have published a [report](#) of our investigation into Mayfair Charities Limited (registered charity number 255281), after opening an inquiry in July 2012 to examine how the financial arrangements between the charity, its trading subsidiaries and companies connected to the trustees worked for the benefit of the charity. The case highlighted

how conflicts of interest can lead to decisions that damage both the charity's reputation and public trust and confidence.

We see too many cases of poorly handled or unidentified conflicts of interest, and it is vital that trustees ensure they are properly managed, including declaring conflicts of

interest at an early stage and preventing them from affecting trustee decision making. Trustees must also be able to show that they have made decisions independently of any private or competing interest. Read our current [guidance](#), which we are updating in 2014, following a consultation.

Inquiry opened into Afghan Heroes

We have launched an [inquiry into Afghan Heroes](#) (registered charity 1132340). The charity, which also uses the working name True Heroes, was set up to help both serving and former members of the armed forces and their families.

We make [public statements](#) about the opening of inquiries where it is in the public interest to do so. Since 1 April 2013 we have named over 30 charities into which we have opened inquiries, in such statements.

Thinking of setting up a charitable company or CIO?

Existing unincorporated charities with annual incomes of less than £5,000 can now [set up a CIO](#) and transfer assets into it. Brand new charities with anticipated annual incomes of less than £5,000 can also now set up a CIO.

We have updated the online application form with some supplementary questions to help new applicants provide full answers to show how their organisation meets the new public benefit requirements. If you are planning to set up a charitable company or

charitable incorporated organisation (CIO) and transfer the assets of your charity to it, you should:

- read our published guidance, [Becoming a Charitable Company or CIO](#)
- take your own independent professional advice if required, to make sure you can achieve your plans
- refresh your understanding of purposes and public benefit by reading our published [public benefit guidance](#)

- check how to apply and what information you need to do so by reading the [guidance notes](#) to the application form
- make sure that the existing charity is up to date with its reporting requirements
- plan ahead if you have a critical deadline, as we see a lot of applications to register charities at the end of the financial year in March

Is a total return approach to investment right for your charity?

We have published new [Regulations](#) which amend the Charities Act 2011 and allow the trustees of permanently endowed trusts to adopt a total return approach to investment without seeking permission from us first. Put simply, a total return approach means that trustees can manage their investments to make the most of the return they generate, regardless of whether this comes from dividends, interest or capital gains. It is the level of the investment return that is important, rather than where the return comes from. The Regulations came into effect on 1 January 2014 and set out the rules that permanently endowed charities must follow to operate a total return approach.

We have also issued [guidance](#) on the use of the Regulations, as many responding to our public consultation on the draft legislation thought it would be helpful.

The Regulations are another step to enable charities to be self-reliant. However, it's important to remember that a total return approach won't be right for every permanently endowed charity. Even though trustees have this new power, they should remember that the alternative - to seek authorisation from us to remove restrictions on spending permanent endowment - remains.

Partner watch

The [Cranfield Trust](#) provides business expertise to charities, managing the relationships between organisations and a network of business experts willing to donate their time and expertise to help charities deliver their services effectively.

The Trust's volunteer consultants provide support across a wide range of issues including building successful boards and teams, mentoring charity Chief Executives, developing strategic and business plans, improving financial management and addressing HR issues. It also offers advice and information on HR and employment issues via an online service, HRNet. Both project and HRNet support are free.