



Case Report

Bhagavat Educational Trust Limited (1072206)

About the charity

The charity has objects to advance the education of pupils of schools, universities or other educational establishments throughout the world as well as objects for the relief of poverty.

The charity furthers its objects by promoting mutual assistance where one marginalised group assists another to the mutual benefit of both groups.

Why the Charity Commission got involved

We received a complaint about the charity. The complaint stated that the charity's trustees were not governing the charity properly. This included trustees not really being in charge of the charity or having any oversight of its operations and administration. The complainant also had concerns about a significant donation made by the charity.

We wanted to establish whether the trustees were meeting their trustee duties in running the charity. This included whether trustees were actively involved in running the charity and whether they took decisions or properly monitored any authority that had been delegated to staff.

The action we took

We opened a compliance case and immediately contacted all the charity's trustees to gather further information about the charity's governance arrangements, financial controls and the donation. This included requesting evidence of minutes and any written policies and procedures to demonstrate how the charity was governed.

What we found

We found that the trustees did not have proper oversight of the charity.

This included trustees not having met since their appointment in 2012 and no minutes being available (as the trustees had not met).

The charity was continuing to further its aims and use the charity's funds in furtherance of the charity's objects, but this was due to the staff. However, the trustees had not properly delegated authority to the charity's staff and had minimal procedures in place to monitor the charity's activities. There were also no clear written financial policies in place and this led to concerns about a lack of sufficient segregation of duties when dealing with the charity's finances.

This was a serious failure of governance and an unacceptable way for the trustees to run a charity. It was explained to the trustees that they are ultimately responsible for the charity and that they must take steps to improve the governance of the charity and the level of trustee oversight.

We found that the donation was made in furtherance of the charity's objects.

Impact of our involvement

We made very clear to the trustees that they are responsible for the charity and provided regulatory advice on their legal duties. The trustees immediately agreed to review the charity's governance and developed their own action plan setting out how they would improve the charity's governance, which was agreed by the commission. This included the trustees adopting a number of new policies and procedures.

The trustees also reviewed and improved the charity's financial controls with the help of a financial adviser and the commission's financial controls checklist. They now have a range of financial policies in place, which includes policies to authorise all expenditure. The trustees understand the importance of ensuring sufficient segregation of duties and the need to monitor the charity through regular checks to ensure policies are implemented.

We monitored the charity and were satisfied that they were complying with their action plan. The trustees will now continue to develop and build on their governance arrangements including having clear lines of delegated responsibility and putting in place the necessary policies when dealing with staff. This will help support staff in running the charity and with holding them to account.

By providing regulatory advice and guidance the trustees now have a better understanding of their role and responsibilities and the need to have proper oversight of the charity. By ensuring the trustees made changes, they are now developing a governance structure to ensure the charity is run properly moving forward.

Lessons for other charities

Our guidance [The essential trustee \(CC3\)](#) makes clear that trustees are responsible for their charity and need to understand their role and responsibilities. While they can delegate operational matters to staff they remain responsible and ultimately liable. Trustees need to act with reasonable care and skill. This includes adequately preparing for, attending and actively participating in trustees' meetings. The trustees also need to ensure they have proper oversight through having proper governance arrangements in place.

Trustees should review their charity's governance regularly and there is variety of resources available from sector bodies including [Good Governance: a code for the voluntary and community sector](#). Trustees can also use online tools and Commission guidance such as [The hallmarks of an effective charity \(CC10\)](#) and [Internal financial controls for charities \(CC8\)](#) to develop their own action plans for areas of weakness.

Trustees should review their financial controls every year. We have created a [checklist](#) which can be used to evaluate the charity's performance against the legal requirements.