



# Tackling abuse and mismanagement 2014-15

## 1. Introduction

### 1.1 Foreword from William Shawcross

Public trust in charities is high, but must never be taken for granted. Most charity trustees take their legal duties and responsibilities seriously. Only a small proportion of the 165,000 charities on our register ever become subject to an investigation or compliance case. Abuse or non-compliance of any kind in just one charity, however, can damage public trust in and the reputation of the entire charitable world, whether the abuse is deliberate or arises through mismanagement or neglect. The intense focus on charities over the course of this summer, caused by the exposure of shocking fundraising practices, and the collapse of some high-profile organisations, demonstrated how confidence can be affected.

Dealing with non-compliance and protecting charities from abuse is one of our key strategic priorities. We do this by preventing problems from arising in the first place, through targeted guidance, outreach work and support to the sector, as well as taking robust action when problems arise.

This report highlights key themes from our work to tackle abuse and mismanagement in charities in 2014-15. It is designed principally as a tool and reference point for trustees. They should learn from the problems we identified and equip themselves to prevent similar problems occurring in their own charities. Ultimately, it is trustees that are responsible for the running of charities, not the Charity Commission. We do not have the authority to save failing charities and it is incumbent upon trustees to take seriously their duties.

The strong message in this year's report is that shortcomings in governance cause many of the problems we see. At the core of good governance is effective, collective decision making by trustees. In some of our cases, we see individuals, or small groups - some of whom may not even be trustees - dominating a charity, making unilateral decisions preventing decisions being made properly and excluding the skills and expertise of others. When individuals in a charity are too dominant, trustees may fail in their duty to give proper consideration to decisions for which they are responsible.

In addressing these concerns, we must be careful not to stifle the enthusiasm and commitment of those seeking to do good work. The passion of individuals, for example in founding and volunteering in charities, is a force for good that civil society relies on and we must be careful not to undermine or lose this. In striking this balance, trustees are key.

Beyond these issues, the commission continues to meet other challenges, including our 3 strategic priorities: the importance of safeguarding vulnerable beneficiaries, tackling fraud and financial abuse and countering the threat of extremist abuse of charities. It is to protect charities and all communities that we take these issues so seriously.

Many charities work with vulnerable beneficiaries, including older people, the young and the sick. Whilst we do not investigate individual cases of abuse, we do work to ensure trustees have in place and implement proper procedures to safeguard vulnerable people in their charge. This is a serious matter, with 1,042 reports of serious incidents last year. To ensure the most effective response possible to this challenge, we recently convened a Safeguarding Advisory Group to bring together to coordinate our efforts with other agencies tasked with protecting vulnerable people.

Our second priority, tackling fraud and mismanagement, saw us take robust action where we found abuse. Our investigations have seen fraudsters brought to justice and charitable money protected. This work is crucial as the selfish misuse of funds intended for beneficiaries goes against all spirit of charity.

Finally, our work to counter terrorism and extremism continues; which is one of the most deadly threats faced by some charities today. Although not the majority of our work, or an area that affects all charities in the same way, it is significant, and we work closely to support other agencies in this area, representing over 20 per cent of the disclosures made between us, the police and other agencies.

This year we have updated the online format of this report to make it easier for readers to navigate its various chapters. I hope trustees find it an informative and helpful tool, both in managing their charities and protecting public trust and confidence.

A handwritten signature in black ink that reads "William Shawcross". The script is fluid and cursive, with the first name "William" and the last name "Shawcross" clearly distinguishable.

**William Shawcross**  
**Chairman, Charity Commission**