



Case Report

Bait Ul Mall (1136541)

About the charity

The charity was registered in 2010, with objects that include advancing the education of children, in particular orphans in Pakistan, and relieving sickness and preserving health among people in Pakistan.

Its main activity is funding a charitable school for orphans in Pakistan (Jamia Shamsia Faiz-UI-Uloom).

Why the commission got involved

We received complaints about the charity's fundraising and about the way the charity's funds were being applied. It was alleged that funds were benefiting the trustees, rather than being applied for charitable purposes. It was also alleged that the charity used illegal immigrants to collect funds on its behalf.

As the regulator we needed to establish:

1. How and by whom funds were raised and applied.
2. If there was evidence of unauthorised personal benefits for trustees or their families.
3. Whether the charity was complying with the terms of fundraising licences issued by local authorities.

The action we took

We used our powers to obtain the charity's bank statements and compared these against the charity's accounts. We also contacted local authorities who had granted collection licences to the charity and liaised with the Border Agency.

We wrote to the trustees to clarify our understanding and seek explanations of our findings.

What we found

Our engagement with local authorities established that the charity had properly applied for licences to fundraise. However, in at least one case, the trustees had failed to prepare and submit the necessary financial returns to the authority. This made it more difficult for us (and the trustees) to reconcile income and expenditure.

The charity's banking records showed that money was passing through the bank accounts but not being reported in the charity's annual accounts. We were told that this was because trustees collected cash and held it at home.

The annual accounts were not sufficiently detailed for the public or the regulator to get a sound understanding of the activities of the charity.

However, we found no evidence that funds had been used for the personal benefit of the trustees. A relative of a trustee had been employed (but is no longer) but there was no evidence that this was inappropriate. It was clear from the records that the charity was making payments to Pakistan and that the charitable school had received those funds.

We found no evidence that the charity exploited vulnerable groups or used illegal immigrants to collect funds.

As part of our case, we also considered the charity's governing document and noted that it was incomplete and needed urgent revisions. For example, charity options in the model document the charity had used were not deleted, meaning that it was unclear whether the charity had power to pay any trustees.

Impact of our involvement

The trustees have prepared new annual accounts, which meet the statutory requirements and enable the public to understand what the charity does.

The trustees have accepted that they need a more robust procedure for handling the cash collections, banking the money and passing funds to Pakistan.

The trustees have amended the governing document so that the anomalies are removed and a clear framework for trustee benefits is in place.

The charity will be monitored to ensure that the improvements are maintained.

Lessons for other charities

1. Trustees must prepare accurate annual accounts including a detailed trustee annual report, even if it falls below the threshold for submitting these accounts to the commission. The public have a right to see a charity's accounts regardless of income. This is the charity's opportunity to tell donors (past, present and future) about the charity and the impact it is having in its chosen area. Setting out the work of the charity in plain language can help reduce misunderstandings/complaints. More information is available in our guidance on [charity reporting and accounting](#) and [preparing a charity's accounts](#).
2. When collecting cash, clothing, shoes or any other house to house or street collection a licence is needed. Trustees must ensure that they adhere to all the requirements of the licence, including the prompt filing of financial returns in the form required by the local authority. The 'Code of Fundraising Practice', published by the Institute of Fundraising, sets standards for fundraising practice and includes guidance on [public collections](#).

3. When using a model governing document, it is essential that where options are set out the trustees cross out the ones they do not wish to have. If multiple options for trustee benefits are left in, our view is that this means there is NO power for trustees to receive any benefits (because of the contradictory nature of the various powers). Leaving blank spaces where trustee numbers or the charity's name should be inserted can make administering the charity difficult.
4. Trustees need to be mindful of the reputational risks that handing large amounts of cash can bring to the charity. Handling large sums of cash, or operating on a cash-only basis is also financially risky. Robust policies and procedures must be in place to protect the charity and its trustees from any loss. See [charity money: how to keep it safe](#).