



News

CC News 48 - Autumn 2014

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CC News was previously sent to the email addresses listed on our records as the 'charity contact' and any other individuals that signed up to the mailing list. From now on, the newsletter is being distributed to all trustees for whom we hold an email address.

As a trustee, it's important you keep informed on new guidance and regulatory information, to help you run your charity effectively. We encourage you to add all your trustees' email addresses to your charity's record, using this [form](#). Trustees will not receive junk mail and individuals' email addresses will not be published.

We have moved to GOV.UK

Like many other government departments, our online guidance and services moved to [GOV.UK](#) in September. If you're following a link to our old site, you'll now be redirected to the corresponding GOV.UK page. You can find all our guidance for charities using the search or

by browsing the topics at [Setting up and running a charity](#). Content is being added all the time and the site refined in line with your feedback - please tell us what you think.

Have you addressed the risks of net current liabilities?

We recently published a [review](#) into charities whose accounts recorded net current liabilities - current debts which are more than the funds available to cover them. We found that almost half the charities had failed to discuss the issue in their annual reports, meaning the trustees were not highlighting to their readers how they had managed the risks. Most

of the charities were funding their liabilities either through deferred income - payments received ahead of services being provided - or through bank loans and overdrafts.

Many of the charities we looked at have found operating with net current liabilities to be sustainable, but 1 in 10 were in serious financial difficulty. Make sure you use your

annual report and accounts as an opportunity to reassure funders, supporters and beneficiaries that the charity is actively in control of the situation.

You can also check out our reviews on [pension scheme deficits](#) and [permanent endowments](#).

Have you reported your charity's serious incidents?

Our recent [alert](#) reminds charities that we are still seeing too many occasions where trustees have failed to report serious incidents to us, putting some charities at risk where the trustees need assistance to handle them.

The most common types of incidents reported include fraud, theft and confirmed

safeguarding issues. If trustees fail to report a serious incident, the commission may consider this to be mismanagement and take regulatory action. The potential reputational damage of an incident can be mitigated if trustees are able to demonstrate that they acted responsibly in handling the problem.

Remember: charities required to file accounts (those with an income of over £25,000) must also confirm, in their annual return, that the charity did not experience any serious incidents that should have been brought to our attention, but were not.

Are you aware of changes to the annual return 2015?

We recently carried out a [consultation](#) on a number of proposals for changes to the annual return 2015. Our aim is not to increase the burden on charities, but to be able to continue to regulate charities effectively, increase transparency and accountability and respond to the ever growing public appetite for information.

We received 266 responses and our [analysis of the responses](#), together with details of the changes we will be making to the annual return for 2015, is now available.

Are your banking services in order?

There have been recent reports in the media about charities who have been notified of their particular bank's decision to withdraw the services it provides to them. These decisions are independent commercial decisions made by the bank. Our concern is ensuring that the charity can secure another provider to safely hold its funds, that it can remain operating and funds are not at risk.

Charities need a bank account to operate safely and effectively. If these services are declined or withdrawn from, harm could result to the effective delivery of a charity's work and its ability to operate transparently. It could also have an adverse impact on public trust and confidence in that charity, and generally.

Make sure your charity has the appropriate use of a bank account,

where access to the money is restricted, and the movement of funds can be easily traced. This is an essential element of good governance and financial management. Read our guidance [Charities: holding, moving and receiving funds safely](#).

Finally, remember to [update your charity's bank or building society account details](#) when you submit your annual return.

Association of Chairs launches new guide

The [Association of Chairs](#) is marking its first anniversary by publishing a guide specifically for chairs of charities, who have a vital and unique role to play in their organisations. [A Chair's Compass - A guide for Chairs of charities and Non-profit Organisations](#) highlights the chair's leadership role. The guide sets out four essential points: clarity of purpose; cohesive board; constructive relationships; and considered decision-making.

The Association of Chairs seeks to provide chairs with the practical knowledge, skills and support to enable

them to perform their roles to the highest standards of governance. To find out more and to download a free copy of the guide, visit the [website](#).

William Shawcross, Chairman of the Charity Commission, said: "Chairing a charity can be a difficult job, but it is vital and rewarding. This new guide from the Association of Chairs is a welcome source of practical support and advice for those volunteering for this important role".

What lessons can you learn from our recent case work?

When we close an investigation into a charity, we publish a report detailing what we found out and what action we took. There are often many lessons for trustees to take from these, and the most [recent inquiries](#) cover unmanaged conflicts of interest, issues surrounding signing off expenses and failure to file accounts on time.

We also regularly publish reports into [operational compliance cases](#); recent cases have dealt with issues around safeguarding, campaigning and political activities and unauthorised trustee payments. Make sure you check out these reports and use them as a learning tool.

Are all your trustees accountable?

Charities are set up for a variety of reasons, and founders have the motivation and vision that drives a charity forward. Sometimes, however, founders have difficulty leaving the driving seat of 'their' charity. This is understandable, but it can be a problem. Trustees need to act collectively in the best interests of the charity and its beneficiaries. One person should not have the

monopoly on deciding what's best for the charity; such dominance can undermine healthy debate, strategy and good governance. Collective [decision-making](#) protects both the trustees and the charity, as everyone can be held to account.

Sometimes when founders cannot let go of 'their' charity, they become employees of the charity or its trading subsidiary, while continuing

as trustees. Being employed by a trading subsidiary creates the same conflict of interest and trustee benefit issues as being employed by the charity itself - it must therefore be authorised by either the charity's governing document, or us. Trustees need to make sure that [conflicts of interest](#) are managed, and collective decisions are made.

Remember to use the revised trustee declaration form

In June 2014 we launched new material to support applications to register charities. This is useful for both those setting up completely new charities and existing trustees [setting up a CIO \(Charitable Incorporated Organisation\)](#):

- [essential guidance](#)
- [revised online application form](#)
- [revised trustee declaration form](#)

The declaration is an essential part of the application. It confirms that the named trustees:

- are willing and eligible to act as trustees

- understand their organisation's purposes (objects) and rules set out in its governing document
- have read and understood our safeguarding guidance and undertaken any checks required by law if the organisation works with children or vulnerable people
- have provided true, complete and correct information about the organisation applying to register

We are **no longer accepting** any previous versions of the trustee declaration form so make sure that you use the [current form](#).

How are you celebrating Trustees' Week 2014?

Trustees' Week 2014 runs 10-16 November. Now in its fifth year, this nationwide campaign raises awareness of trusteeship, celebrates the great work trustees do and

encourages people from all walks of life to get involved and make a difference. It's not too late to get involved - attend a local event, get involved in a Twitter Q&A or

contribute to the website! Check out the [Trustees' Week website](#) and follow [@trusteesweek](#) for more information.



Want to keep up with all our news, guidance and events? Make sure you're following us on [@ChtyCommission](#)