

Inquiry Report

Qur'ani Murkuz Trust

Registered Charity Number 1081317



A statement of the results of the class inquiry into double defaulter charities in particular Qur'ani Murkuz Trust (registered charity number 1081317) ('the charity').

Published on 4 June 2015.

The class inquiry

On 20 September 2013, the Charity Commission ('the commission') opened a statutory class inquiry ('the inquiry') into charities that were in default of their statutory obligations to meet reporting requirements by failing to file their annual documents for two or more years in the last five years and met certain criteria, including that:

- the charities were recently (or in the case of charities that would become part of it in due course, would be) given final warnings to comply by a specified date
- on the day after the specified date they were still in default (partially or otherwise)

At the point a charity met the criteria they would become part of the inquiry. The commission started by looking at and sending final warnings to charities with a last known income over £500,000 and then moved on to those over £250,000 and other high income charities.

The charity

Qur'ani Murkuz Trust was registered on 29 June 2000. It is a trust governed by a declaration of trust executed 24 February 2000 as amended by supplemental deeds dated 12 June 2000 and 11 March 2005.

The charity's objects are:

To advance the education of the general public in the teachings, culture, traditions and practices of the Islamic faith.

To benefit the public in such manner as may be charitable by the promotion of good relations between peoples of different nations and different faiths.

More details about the charity are available on the [register of charities](#) ('the register').

Issues under investigation

The charity failed to submit its annual accounts and reports and annual returns to the commission required for the financial years ending 31 December 2012 and 31 December 2013. During the whole period of default, the charity was sent various computer generated reminders from the commission regarding the submission of their annual accounting documents. Although reminders were sent the charity remained in default of its obligations under the Charities Act 2011 ('the act').

In addition, the charity was contacted both by telephone and letter on 8 January 2015 and asked to supply accounts by 28 January 2015, and warning the charity that if it remained in default on 30 January 2015 it would become part of the inquiry.

The charity failed to submit all of its outstanding documents by the deadline and became part of the inquiry on 30 January 2015.

The inquiry is confined to dealing with the trustees' mismanagement and misconduct¹ and remedying the non-compliance in connection with the annual accounting documents.

The outstanding annual accounts, reports and annual returns for the financial year ending 31 December 2012 were submitted on 23 January 2015. The annual accounts, reports and annual returns for the financial year ending 31 December 2013 were submitted on 11 March 2015.

One of the charity's trustees explained in a telephone conversation on 19 February 2015 that the reason for not complying was due to the charity's treasurer having been hospitalised for over a year. The trustees also reported that they had experienced difficulty in 2014 finding an accountant able to undertake the overdue accounting work. The trustees reported that one accountant they had engaged had left the country at short notice without having completed the task and without returning all records to the trustees.

When the charity's missing documents were submitted, the accounts were referred for scrutiny by the commission's accountants. Any issues arising from that scrutiny will be followed up separately.

Conclusions

The reasons the charity gave for non compliance was not a legitimate excuse. The charity's trustees were in default of their legal obligations to file accounting information with the commission. This was mismanagement and misconduct in the administration of the charity and a breach of their legal duties.

As a result of the inquiry, the commission ensured the charity complied with its legal obligations to submit their annual accounting information. Two sets of accounts were filed and as a result over £377,500 of charitable income is now transparently and publicly accounted for on the register.

The charity ceased to be part of the inquiry when it was no longer in default of its accounting obligations. This happened on 11 March 2015 when the charity filed the last missing documents.

Regulatory action taken

The commission used its information gathering powers under section 52 of the act to order and obtain bank records and financial information of the charity relating to the missing years accounts. These will be used in connection with the commission's scrutiny of the accounts.

On 17 February 2015 the inquiry exercised powers under section 84 of the act to direct the trustees to prepare and complete the relevant missing annual accounts, reports and returns for the charity and provide copies of these to the commission.

The commission provided regulatory advice and guidance about the trustees' duty to file the charity's annual accounting information.

¹ The terms misconduct and mismanagement are taken from section 76 of the Charities Act 2011. Misconduct includes any act (or failure to act) in the administration of the charity which the person committing it knew (or ought to have known) was criminal, unlawful or improper. Mismanagement includes any act (or failure to act) in the administration of the charity that may result in significant charitable resources being misused or the people who benefit from the charity being put at risk. A charity's reputation may be regarded as property of the charity.

Issues for the wider sector

Trustees of charities with an income of over £25,000 are under a legal duty as charity trustees to submit annual returns, annual reports and accounting documents to the commission as the regulator of charities. Even if the charity's annual income is not greater than £25,000 trustees are under a legal duty to prepare annual accounts and reports and should be able to provide these on request. All charities with an income over £10,000 must submit an annual return.

Failure to submit accounts and accompanying documents to the commission is a criminal offence. The commission also regards it as mismanagement and misconduct in the administration of the charity.

For those individuals who were not trustees at the initial date of default, when they became a trustee, they became responsible for making good the default.

It is important that the financial activities of charities are properly recorded and their financial governance is transparent. Charities are accountable to their donors, beneficiaries and the public. Donors to charity are entitled to have confidence that their money is going to legitimate causes and reaches the places that it is intended to. This is key to ensuring public trust and confidence in charities.

The position and role of a trustee is an important one, a responsibility held jointly with the other trustees of a charity. The task of preparing or submitting accounts might be delegated to one person, but all trustees are responsible for making sure this happens.

Trustees need to be aware that although roles can be delegated to individual trustees, responsibility cannot be, and they remain collectively responsible for ensuring their charity fulfils its legal obligations, including preparing and filing accounts.

Therefore, even if there is a reason the individual to who a role has been delegated is no longer able to undertake that role, the other trustees must make sure that collectively they continue to carry out their legal duties and the charity continues to effectively run including filing their accounts and returns.

Reminders about accounts compliance are sent out by email to the charity's named correspondent, several reminders are issued and default information also goes to at least one of the charity's trustees, which is why it is important that all trustees ensure they provide details of their email addresses to the commission either on the annual return form, or by updating their details on the register of charities online.