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CHARITY COMMISSION
FOR ENGLAND AND WALES

Inquiry Report **Mesifita Talmudical College**

Registered Charity Number 312905

A statement of the results of an inquiry into Mesifita Talmudical College (registered charity number 312905).

Published on 3 February 2017.

The charity

Mesifita Talmudical College ('the charity') was registered on 15 June 1964. It is an unincorporated charity governed by the minutes of a foundation conference dated 9 June 1940.

The charity's object is to promote advanced Jewish religious education and learning Talmudic study.

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

Background

On 20 September 2013, the Charity Commission ('the Commission') opened a statutory class inquiry ('the class inquiry') into charities that were failing to comply with their statutory obligations to file annual documents for 2 or more years in the last 5 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)

The charity was previously included in the class inquiry conducted by the Commission on the basis that it had failed to submit annual accounts, reports and annual returns for the financial years ending 30 September 2013 and 30 September 2014. That inquiry concluded on 10 December 2015 following compliance by the trustees with their legal duties in submitting the missing information. A statement of the results of that inquiry summarising the Commission's previous engagement with the charity was published on 16 January 2016¹.

The charity failed again to submit its annual accounts, report and annual return for the financial year ending 30 September 2015. Reminders and default notices were issued to the charity in the run-up to this deadline. The charity fell into default of its obligations to file the required information and documents on time in spite of these reminders and notices.

¹ <https://www.gov.uk/government/publications/mesifita-talmudical-college-inquiry-report>.

Issues under investigation

As a consequence of the trustees' continuing non-compliance, a further statutory inquiry ('the inquiry') was opened under section 46 of the Charities Act 2011 ('the act') on 30 September 2016. The inquiry was confined to dealing with the trustees' mismanagement and misconduct² and remedying the non-compliance in connection with the submission of the outstanding information to the Commission.

On 19 October 2016 the trustees were directed by the Commission to submit the charity's annual accounts, report and annual return for the financial year ending 30 September 2015, and provide full details in the charity's annual report of how it furthered its objects.

On 10 November 2016 the trustees submitted the annual accounts and report for the financial year ending 30 September 2015 to the inquiry, which were scrutinised by the Commission's accountants. No significant accounting issues were raised from the examination. The trustees also provided detailed information in their annual report of how they furthered the charity's objects. A charity representative informed the Commission that *"all future annual reports will include similar full and clear details"*.

On 11 November 2016 the charity representative informed the inquiry that the reason for not complying with the statutory deadline for submission of the outstanding accounting information was due to the book keeper/administrator resigning, and subsequent delays in preparing accounting information and appointing a suitable replacement. This reason does not excuse the failure of the trustees to fulfil their statutory obligations.

The trustees were also directed by the Commission to review their procedures and implement such changes necessary to enable them to fully comply with their statutory responsibilities for the preparation and submission of the charity's annual reports, accounts and returns, and to provide written details of that review.

The charity representative submitted full details of the trustees' review, summarised as follows:

- the trustees will no longer undertake the charity's book keeping on a voluntary basis
- a full-time book keeper/administrator will be recruited and will report to the trustees at their quarterly meetings
- the trustees to instruct their accountants to prepare the accounts within 6 weeks of receiving the required financial data
- the trustees would no longer meet on an ad hoc basis but would meet at least 4 times per annum
- a dedicated trustee to be appointed to have overall responsibility for all accounting and financial matters

² 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.

Conclusions

The trustees were in default of their legal obligations to file accounting information with the Commission. This is regarded by the Commission as mismanagement and misconduct.

As a result of the inquiry, the Commission ensured that the charity complied with its legal obligations to submit annual accounting information, and as a result £846,911 of charitable income is now transparently accounted for on the register.

The Commission directed the trustees to implement such changes as are necessary to enable them to fully comply with their statutory responsibilities regarding the preparation and submission of the charity's annual reports, accounts and returns to the Commission.

Regulatory action taken

On 19 October 2016 the inquiry exercised powers under section 84 of the act to direct the trustees to prepare and complete the relevant missing annual accounts, report and annual return for the charity for the financial year ending 30 September 2015 and provide copies of these to the Commission, together with full details in its annual report of how it furthered its objects.

The trustees were also directed to review their procedures and practices and implement necessary changes to ensure that they fully complied with their statutory responsibilities for the preparation and submission of the charity's annual accounts, reports, and annual returns; and also to provide written details to the Commission of the measures taken by the trustees.

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

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 or misconduct in the administration of the charity.

The Commission will not hesitate to exercise its statutory powers to ensure that a charity's annual reports, annual accounts and annual returns are submitted to the Commission within the statutory deadlines where trustees persistently fail to comply with their legal duties.

Trustees are expected to follow the requirements and recommendations in the relevant Charities SORP³ when preparing annual reports and accounts, except where an alternative reporting framework applies to their charity. A charity's annual report and accounts should not be viewed simply as a statutory requirement or a technical exercise. The report and accounts, when read together, should help users of the information to understand what the charity is set up to do, the resources available to it, how these resources have been used and what has been achieved as a result of its activities.

Providing timely, accurate and informative financial information that will help funders, donors, beneficiaries and others to understand a charity and its work will encourage trust and confidence in that charity.

³ <http://www.charitycorp.org/>.