



Case Report

Oldham Owls Disability Sports Club (504371)

About the charity

The charity was registered in 1975 to promote and encourage active sports among disabled persons. The charity provides facilities and opportunities for disabled people and has various teams in different sports including wheelchair basketball, fishing and table tennis.

Why the Charity Commission got involved

This charity reported a serious incident (RSI) to the Commission in October 2013 following a theft of funds from the charity's bank account by a former (now deceased) trustee. The trustees had successfully taken steps to recover funds totalling £10,000.

As part of the Commission's monitoring work, we proactively identified a sample of charities that had previously submitted an RSI relating to fraud or theft and been provided with advice by the Commission. We undertook targeted follow up action to verify that the trustees had put appropriate steps into place to implement the Commission's advice and mitigate any further misappropriation of funds.

The action we took

We opened a monitoring case and reviewed the information we held on this charity, including its latest accounts, and other information.

We held a meeting with all of the trustees and examined the charity's records including bank statements and financial records.

What we found

We identified the following regulatory concerns from our records:

- the charity was late filing its accounts and had failed to file its annual returns, in default of its legal obligations
- trustee details were out of date - they included 2 trustees who were deceased and did not include the trustees who had signed the latest accounts

- the charity's accounts did not contain the required trustee annual reports to give the Commission and the public an overview of what the charity does and how it operates
- there was a lack of information accessible to the public as the charity's website was also not accessible

Through our meeting with the trustees and our examination of the charity's records, we were able to assure ourselves that the trustees were taking steps to regularise the charity's position. They had held an AGM and had appointed several new trustees who were in the process of changing the name of the charity and updating its governing document.

We established that in the past, the charity was administered by one trustee who had full control of the charity's finances. They explained that they had not previously been aware of their responsibilities to file annual returns due to a change in trustees, but had taken action to report what they had found to the Commission. The new trustees were able to demonstrate that they were taking steps to get the charity on a proper footing, which included introducing stricter financial controls.

During our meeting we established that the charity uses the services of a professional fundraiser. However, the trustees were unable to provide us with a fundraising agreement and it was evident that the trustees did not have control over the fundraiser and how he was operating. By law, charities must have a written contract to work with a professional fundraiser or commercial partner.

We also found that the charity did not have an up to date safeguarding policy in place. Although it did have a policy, it was outdated and not fit for purpose to protect the vulnerable groups which use the charity's services.

Impact of our involvement

Our case identified some serious issues that needed to be addressed by the trustees. However the trustees of the charity cooperated fully with the Commission and we were able to work with them to strengthen the charity's governance.

We provided the trustees with regulatory advice relating to financial controls, accounting requirements, fundraising and safeguarding issues. This advice was provided at the meeting and afterwards in the form of an action plan under s15(2) of the Charities Act 2011 which sets out the actions the trustees need to take to ensure that the governance of the charity is put back on track.

The trustees have now updated the charity's details and submitted outstanding accounts to the Commission. The charity has informed us that it has updated its website which is now accessible online. The charity has now updated its safeguarding policy and all personnel who have direct contact with players and vulnerable groups have been registered and processed by the Disclosure and Barring Service (DBS). The charity has also informed the Commission that it is in the process of formalising the fundraising agreement with the professional fundraiser.

We will continue to monitor compliance with the action plan to ensure the trustees have taken the steps required.

Lessons for trustees

This case shows knowing your duties and responsibilities as a trustee is very important. Our guidance [The essential trustee](#) is the starting point in finding out what your role is as a trustee and we recommend all new and existing trustees read a copy.

Find out more: **[The essential trustee: what you need to know, what you need to do \(CC3\)](#)**

1. Report serious incidents

In this case the charity did the right thing by reporting a serious incident to us. We were able to work with the trustees to resolve the issues that had been identified and help put the charity back on track.

When trustees report incidents to the Commission they should do so as soon as possible, explaining how they are responding to the incident and what steps they are taking to prevent a similar issue arising in future. We will then make an assessment to establish whether there is a regulatory role for us.

Find out more: **[How to report a serious incident in your charity](#)**

2. Financial controls

While we would hope that all trustees are trustworthy individuals, having the right financial controls can reduce the risk of theft from your charity. Our advice for trustees is that no-one individual should have sole control of a charity's finances.

The trustees in this case did the right thing in taking steps to recover funds and establish proper financial controls to reduce the risk of theft reoccurring.

Find out more: **[Internal financial controls for charities \(CC8\)](#)** and **[Managing charity assets and resources \(CC25\)](#)**

3. Safeguarding

If you are a charity that works with vulnerable groups (in this case children) you must have a safeguarding policy which you must keep up-to-date and use. Otherwise you may be putting those using the charity's services at risk.

Find out more: **[Charities: how to protect vulnerable groups including children](#)**

4. Using a professional fundraiser

The charity was using a professional fundraiser - an individual or business specialising in fundraising - to raise money for it. Whilst this can bring benefits, there are legal requirements to have a contract which must specify, amongst other things, that the funds raised must be transferred to the charity as soon as possible and the method for calculating the fundraiser's remuneration. Without it, the fundraising professional is not entitled to retain any of the funds raised and the charity is also exposed to risk if they have no controls in place over the fundraiser.

Find out more: **[Charity fundraising: a guide to trustee duties \(CC20\)](#)** - Annex 1 summarises the legal requirements for written agreements

5. Duty to file accounts and annual return

The charity's register entry was inaccurate because it did not contain the details of its current trustees and the charity hadn't submitted its annual return. Trustees of registered charities are under a duty to keep their charity's register entry up-to-date and can do by using the GOV.UK page: **Change your charity's details**.

All trustees have a duty to maintain accurate financial records and make them available upon request. Failing to file, or filing late, can affect a charity's reputation as well as jeopardise public trust in charities more generally. Charities with an income of more than 10,000 must submit an annual return. Community Interest Organisations and charity's with an income above £25,000 have a legal duty to file accounts and a trustees' annual report with the Commission.

Find out more: **Charity reporting and accounting: the essentials (CC15d)**