



# News

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## Tackling abuse and mismanagement

We recently released [a report highlighting key themes from our work tackling abuse and mismanagement](#) in charities in 2014-15. This should act as a tool and reference point; we want to help trustees learn from the problems we have seen in other charities and equip them to prevent similar problems occurring in their own. Lessons that arose in this year's case work include:

1. Charities with dominant individuals often experience serious governance problems. Make sure you and your fellow trustees are making decisions properly and collectively.
2. Financial mismanagement and abuse continue to feature heavily in our case work. Read the report to learn about the systems and controls that can help protect your charity against these problems.

The report is easy to dip in and out of, with chapters to help as reference points on particular topics. It includes short videos for trustees, such as one highlighting what can happen when individuals are too dominant in charities. We hope trustees find this report an informative and helpful tool in managing their charities and protecting public trust and confidence.

## Enabling charities to improve their work

Not all of our inquiries are based on complaints or compliance issues. For example, some of our recent work has improved charities' abilities to achieve their mission:

- [Cowbridge Comprehensive School Trust](#) asked for permission to release a proportion of their permanent endowment (section 282 to 284 of the Charities Act 2011) to pay for new school facilities, proposing to pay back the money over 6 years
- [The Clevedon Pier and Heritage Trust](#) wanted to be made 'a society' to better help benefit their community
- Land at Stirchley was gifted land for public recreation use - The Birmingham City Council, as trustees, [asked to swap the land](#) for a larger area they owned, to create a car park for an adjoining community centre

### Your views wanted: CC20 Fundraising guidance consultation

We'd like to hear what you think of our draft revised guidance [Charity fundraising: a guide to trustee duties \(CC20\)](#). It's a lot shorter than the current version, and makes it clear that trustees have a key role to play in setting their charity's approach to fundraising and in making sure that it reflects their charity's values. We'd particularly like to hear from you if you're a trustee whose charity raises money from the public. Just visit our [consultation page](#) where you'll find the draft guidance and a questionnaire. The consultation closes on 11 February.

## Getting to know your governing document

One of a trustee's main duties is to ensure their charity is keeping in line with its principles and purpose, which are set out in the charity's governing document. The governing document is likely to be a constitution, trust deed, or article of association and acts as 'the rulebook' for a charity. We often get questions such as 'How many trustees should we have and how are they appointed and removed?' and 'How do we close our

charity down?'. [The answers to these questions and more are all in your governing document](#), so it makes sense to check it first before you contact us.

If you are a registered charity and don't have a copy of your governing document you can ask the commission to provide one, but it's very important that each trustee is given a copy, with a master copy saved in a safe place. You should also share it at AGMs and SGMs.

### Safer giving at Christmas

While instances of fundraising fraud are rare, sadly they do happen. With the high number of fundraising appeals at Christmas, we are running a campaign encouraging the public to donate safely. Our campaign offers tips and advice on how to spot fraud while promoting the benefits of charitable giving. We encourage charities to share this information with their networks and to familiarise staff and volunteers with it to ensure best practice is adhered to when collecting donations. [See GOV.UK for more information about safer giving.](#)

## Tackling fraud in the charity sector

In October, in partnership with the Fraud Advisory Panel (FAP), we hosted the first Tackling fraud in the charity sector national conference. Themes included defence against cyber fraud, the need for greater working partnerships, effective whistleblowing, and using data to detect, prevent and deter fraudsters. [Trustees should review the top tips](#) identified by conference

speakers (which will be published shortly) and compare the guidance to their charity's own arrangements.

We have also reconfigured and re-launched the Charity Sector Counter Fraud Group (CSCFG), previously known as the Voluntary Sector Fraud Group, to support and develop counter fraud activities that reduce harm and loss to charities arising from fraud.

The group's 2 immediate priority areas are 'professionalisation' and 'cyber fraud'.

We will be launching a new web page where charities can learn more about CSCFG activities and good practice guidance. In the meantime please contact Alan Bryce, Senior Manager Development at the commission: [alan.bryce@charitycommission.gsi.gov.uk](mailto:alan.bryce@charitycommission.gsi.gov.uk).

## FALCON: raising awareness of mandate fraud

Mandate fraud continues to be a significant fraud loss to the charity sector. This is when the fraudster emails or calls a charity impersonating a genuine supplier that the charity regularly deals with. The fraudster asks the charity to change the bank sort code and account, instead diverting payments to an account they control. Liability for any financial loss normally falls to the charity.

FALCON, the Fraud and Linked Crime Online team at the Metropolitan police, have launched an initiative to raise awareness of this type of fraud. Police fraud prevention officers will provide charities with best practice advice and guidance on fraud reduction strategies. For

further information contact [sterling@met.police.uk](mailto:sterling@met.police.uk), or [download a mandate fraud awareness poster](#). For information on FALCON, guidance on protecting yourself against scams, and current police fraud alerts visit the [Fraud Alert](#) page on their website.

We encourage trustees to promote awareness of mandate fraud risks at their charity, use the promotional posters available, and where appropriate contact FALCON for good practice advice. Please note, instances of fraud should still be reported to Action Fraud or the police.

## Alert: Terrorism Act and trustee responsibilities

Under counter-terrorism legislation, trustees are legally required to report suspicions or beliefs regarding terrorists operating in countries or areas where terrorist groups or organisations exert control, are known to operate, or where there is a risk of terrorism. Under counter-terrorism legislation, trustees, charity employees and volunteers are legally required to report suspicions or beliefs that a terrorist financing offence has occurred. Such reports must be made in accordance with s.19 of the Terrorism Act 2000.

The commission is alert to the risks charities and their staff face when working in unstable and dangerous

locations, and recognises the potential risk of loss caused by terrorist groups. All charities working in areas with terrorism risks need to assess and manage these while always acting reasonably and in the best interests of their charity. Trustees must remain alert and vigilant to the risk to their charity's operations through proximity to terrorist groups or organisations.

[Find out more information](#), including how to report suspicions or beliefs in accordance with legal obligations, and ensure your charity's staff are aware of their legal requirements.

## Updated Whistleblowing guidance

Charity employees can [report concerns about serious wrongdoing at their charity](#) to us at [whistleblowing@charitycommission.gsi.gov.uk](mailto:whistleblowing@charitycommission.gsi.gov.uk). When done in line with Public Interest Disclosure Act criteria, whistleblowers have some protection if they're treated unfairly or dismissed as a result.

We have recently updated [Whistleblowing: guidance for charity employees](#). This summarises our

role and how to blow the whistle, and links to our more detailed guidance, [Complaints about charities](#), explaining what happens when a concern is raised and the powers we have to investigate and put matters right.

We encourage you to have in place a whistleblowing policy with an internal system for effectively picking up staff concerns that could seriously affect the charity

(like disasters, costly legal claims and loss of reputation). This aligns with best practice and can help trustees comply with their duty to act in the charity's best interests and manage its charity's resources responsibly, not least by helping to identify concerns about fraud. [Public Concern at Work's](#) article on this matter considers this in more detail.

## Updated guidance for fee-charging educational charities

Fee-charging educational charities, including charitable independent schools, are encouraged to share their facilities with local state schools. [The updated guidance](#) now asks trustees of charitable schools to comment on their individual approaches to public benefit in sports, drama, music and other arts in their trustee annual report.

The move follows concerns raised in Parliament during debates on the Charities (Protection and Social Investment) Bill that too few sports and arts facilities owned by charitable independent schools are accessible to students in state education.

### Do we have your correct contact details?

Please take a moment to log in to our online portal and check that we have the correct contact details for your charity's named contacts. It's important we have these right - particularly email addresses - so we can get in touch quickly when we need to.

## Are you reporting your governance costs correctly?

We recently reviewed the accounts of a sample of charities that had spent an unusually high proportion of their expenditure on governance costs. Governance costs normally make up a small part of a charity's expenditure, for example, charities with incomes over £500,000 allocate approximately 4% of their total expenditure to governance

costs. However, the average allocation to governance in our sample was 38%.

We found that many of these charities didn't understand what governance costs were, or had used an incorrect Statement of Recommended Practice. Examples of incorrect governance allocations

were general management and administration costs, dealing with disputes, foreign exchange losses and interest payable on loans. The [Accounts Monitoring Review on High governance costs](#) contains more details on the review and guidance on correctly allocating governance costs.

## File on time

If your charity has a 31 March financial year end and is a charitable incorporated organisation, then your accounts and annual return are due to be filed by 31 January. This must be 10 months after your charity's financial year end, but if you are ready to file in advance then do not leave it to the last minute. You will need a password to access our secure online services.

Failure to file the required documents is a very serious matter and can affect your status as a charity and your reputation with supporters and grant funders. Please visit GOV.UK for [instructions for filing](#).

### Quick link: [Guidance for trustees](#)

A [list of all our published guidance](#) can be found on our homepage on GOV.UK.

## Coming soon: new online registration tool

As part of our work improving digital services, we are launching a new online application for registration. This will make it easier for applicants to provide us with the information required to make a quicker decision. A public Beta will be available in the New Year.

## Request for digital accounts

We are encouraging charities to submit their accounts digitally. Hard copy material, and in particular accounts, takes us longer to get through and can significantly

delay the process. If you are acting on behalf of a charity to submit accounts then please use [the portal we have designed](#).



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