



CHARITY COMMISSION  
FOR ENGLAND AND WALES

# NEWS

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## Fraud Awareness Week: helping charities fight fraud

Fraud can present a significant risk to charities and can occur in many different forms - from cyber fraud to fundraising fraud and beyond. On 24 October, we will be launching a brand new website, [www.charitiesagainsthack.org.uk](http://www.charitiesagainsthack.org.uk), to provide charities with good practice guidance and helpful signposting that will assist them in the fight against fraud.

The launch of the website, assisted by members of the **Charity Sector Counter-Fraud Group**, will mark the start of the sector's first national **Charity Fraud Awareness Week**. Between 24 and 28 October, we'll be collaborating with the Fraud Advisory Panel in a dedicated campaign to raise awareness and improve trustees' counter-fraud capability. If you have any top tips and best

practice advice for tackling fraud that you'd be happy to share on the new website, or general queries about our counter-fraud programme, please contact **Alan Bryce** at the Charity Commission.

## Digital update: 12 questions to ask about digital

As we encourage users to file accounts and communicate with us online, we want to reassure those trustees that feel less comfortable using digital systems that there is support for them. We also want to help them realise the strategic benefits of digital for their own charity.

Along with Grant Thornton and Zoe Amar Communications, we recently put together some key questions for trustees when approaching digital. They by no means cover every single aspect, but if you're

interested in how digital can add value to your charity and are unsure where to start, have a look at the **new tool**.

We're also committed to providing efficient, easy to use digital services and will soon be issuing a new survey asking users to feed back their thoughts on how and where we can improve the delivery of our digital services and improve the overall user experience. Keep an eye on our **social media pages** and **homepage** for more information.

### Are your contact details up-to-date?

Please take a moment to log in to our **online portal** and check that we have the correct contact details - including an email address - for your charity's named contacts.

## New consultation: reporting serious incidents to the Commission

A key role for trustees is to identify and manage serious incidents that may pose a risk to the charity and its reputation. This responsibility includes making a timely report to the Commission, telling us what happened and when, who on the trustee board knows about it and what steps are being taken to deal with it. Reporting these incidents to us demonstrates that trustees have identified the risk and are taking appropriate remedial

action, and also makes us aware of problems that may be affecting the wider sector allowing us to issue timely alerts or guidance to warn other charities.

However, we know that trustees can be unsure of how and when to report incidents, so we have recently updated our guidance for charities, '**What to do if something goes wrong: reporting serious incidents**'

and issued it for a **3 month public consultation**. We welcome comments on the guidance from trustees, charity staff, volunteers, professional advisers, and those with a professional interest in the charity sector. Serious incident reports must be made promptly to the Commission via **RSI@charitycommission.gsi.gov.uk**. Our advice is - if in doubt, report it!

## Stronger charities through good leadership: Trustees' Week 2016

Trustees play a vital role in society, volunteering their time to ensure charities are well run and making a difference week in, week out. Every year, **Trustees' Week** celebrates the great work that trustees do and highlights opportunities for people from all walks of life to get involved. This year Trustees' Week will take place on 7-13 November and the theme will be 'Stronger charities through good leadership'.

Free highlights in this year's **events calendar** include:

- 3 November - **Enriching the relationship between Chair and Treasurer** - a joint event between the Association of Chairs and the Honorary Treasurers Forum

- 7 November - **Trustees' Week: Inform, Inspire, Support, Celebrate** - an event held by Scotland's Third Sector Governance Forum
- 8 November - **What should every trustee know?** - a Q&A webinar with the Commission's Sarah Atkinson, who is also a charity trustee

Many organisations are also sharing their resources and training, both live and online, for free. Check out the website for further **resources for recruiting new trustees**, information for **updating your knowledge** and different ways to **get involved** such as organising your own event.

## Take early steps to manage financial difficulties

Following the closure of a number of charities in recent months, we undertook a proactive programme of work to test the resilience of the sector. We have recently published **2 reports** that highlight wider lessons for charities that may be experiencing financial distress.

Key themes and wider lessons for other charities include:

- trustees that take early, pragmatic steps to actively identify and manage their financial difficulties
- charities have a number of different options to explore including possible mergers and collaborations and diversifying income streams to achieve positive outcomes and best serve those that need them
- the future outlook for charities remains challenging; trustees must stay alert to the risks of

financial distress and manage them actively

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We are continuing to work with sector bodies and other experts to update our guidance and explore new ways to better equip trustees and staff to deal with financial difficulties. Our **managing financial difficulties guidance** provides advice on how to reduce the risk of insolvency, and charities may also consider our guidance on **Collaborative working and mergers**.

## Do you have an adequate reserves policy in place?

Part of a trustee's duty is to avoid exposing your charity to undue risk. If your charity has a healthy reserves balance then they will be better able to deal with financial risk. Charity trustees must prepare an annual report for each financial year which

includes setting out your **reserves policy**; this helps inform your donors and other stakeholders how your charity manages risk.

Trustees must explain any policy for holding reserves and state the amounts of reserves held. If the

trustees have decided that holding reserves is unnecessary, they must disclose this fact and provide the reasons behind their decision.

## New fundraising handbook from the Institute of Fundraising

When we updated our **fundraising guidance** earlier this year, a number of charities also asked for more practical, day-to-day advice for trustees when it comes to fundraising.

We are pleased that the Institute of Fundraising, NCVO, CFG and ACEVO have recently published a **handbook for trustees** which offers a 'principles into practice approach' and gives a detailed overview on issues such

as developing a fundraising strategy, choosing fundraising methods and effective working between trustees and fundraising staff.

We hope that these 2 pieces of guidance will complement each other and provide trustees and charity staff with the information they need to oversee fundraising and meet the challenges they can face in getting it right.

## Making social investments wisely

When charities make a social investment they are investing their funds in a way that both furthers their aims and achieves a financial return. It can be an important tool to help charities make the most of their money and many are keen to harness its potential.

Following the **new statutory power** for charities to make social investments, we recently published our **updated guidance for trustees**

**about social investment.** The new legislation places specific duties on trustees who are considering making a social investment, including:

- considering whether advice ought to be obtained
- obtaining and considering any such advice
- satisfying themselves that it is in the interests of the charity to make the social investment

- reviewing their charity's social investments from time to time

We are also supporting Big Society Capital's **GET INFORMED campaign** to help raise awareness and understanding amongst charity trustees of the risks and opportunities social investment offers. The free resources along with our updated guidance should help trustees make well-considered, prudent decisions in this developing area.

## Reminder: make sure you file your accounts on time!

Charities with an income over £25,000 and all CIOs have 10 months from the end of their financial year to file their accounts and annual return with us. So, if **you have a financial year ending 31 December, then you need to submit your accounts and annual return to us by the 31 October.** Failure to submit your accounts is a criminal offence and is often a sign of wider governance issues.

The quickest and easiest way to submit accounts is to do so **online**. It only takes 20 minutes to do, and there's a **video tutorial** which has easy to follow steps about filing accounts. If you are a small charity, you can also use our recently published **accounts and annual report templates**.

## Case study: widening charitable objects to help residents with long term care

A huge part of the work we do in the Commission is about enabling charities to operate more effectively in an ever changing and complex environment. One recent example was **our work with St Nicholas Hospital**, which has provided alms-house accommodation since the 13th century.

Last year the trustees asked to widen the charity's objects to allow it to provide financial assistance to beneficiaries when they can no longer live in the alms-houses, as the possibility of needing expensive nursing care was a significant cause of anxiety for many residents. The charity

could afford to do this. We determined that the change was in the spirit of the existing purposes and was close to the charity's original objects. As a result, St Nicholas Hospital can now help their beneficiaries on a longer term basis and provide peace of mind to its residents.

A charity's aims are set out in its governing document. Where these become outdated, it is the trustees' duty to seek to change the purposes to ensure the charity's continuing effectiveness. If you are running a charity and want to change its objects, read our **schemes guidance** or **contact our permissions team**.

## Advice on changing your charity structure

Are you an unincorporated charity thinking about **changing your charity's structure**, or an umbrella body supporting your member charities to incorporate?

Our guidance highlights what you need to do, when and how, and contains a simple **checklist** to help you take all the necessary pre-registration steps. Some top tips include:

- get your house in order first - it is important to make sure that your most recent annual return and accounts have been submitted to the Commission where applicable and that any outstanding issues raised at trustee meetings or with the Commission have been resolved, before applying to register the new charity; we will not register the new charity where there
- are outstanding issues with the unincorporated charity
- plan for the transition and apply well in advance - we see a high volume of incorporation applications in the run up to the end of the calendar and financial years; if you wish to register the new charity by either 31 December or 31 March, make sure you apply well in advance

## Ensure your trustees are legally qualified to act

The Charities Act disqualifies **certain people** from acting as trustees. Despite best intentions, some trustees are unaware that they or their colleagues may be acting illegally. For example, you can't be a trustee when you have taken out an IVA, are undischarged bankrupt, have an unspent conviction for an offence involving dishonesty or deception, or are disqualified from being a company director.

In most cases you are committing an offence if you act as a trustee whilst disqualified, and decisions that you take part in may be invalid. A charity should take reasonable steps to ensure that its trustees are eligible to act. Before

appointing a new trustee, the board should obtain a **declaration** from them that they are not disqualified, search the **register of removed trustees**, and check the **insolvency register**.

If you know that you are acting as a trustee when you are disqualified, you must resign your position and ensure the charity updates the trustee details.

The criteria by which trustees are disqualified will be extended next year, keep an eye on CC News for further updates and what you need to know.



Want to keep up to date with all our news, guidance and events? Make sure you're following us on **Twitter @ChtyCommission**, **LinkedIn**, and sign up to our **blog**