



Trustees and Treasurers Conference 2019

Good practice in faith-based charities

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Charity Commission for England and Wales

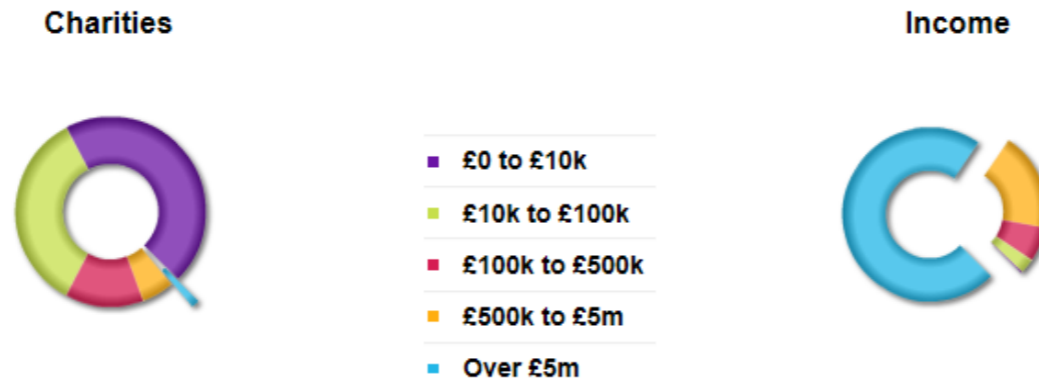
www.charitycommission.gov.uk
Twitter: @chtycommission



Charity Commission for England and Wales

- Regulator and registrar of charities in England & Wales
- 168,186 registered charities (excluding subsidiaries)
- Income = £77.06 billion
- Very diverse sector

Charities by income band – 30 September 2018 [i](#)



View total View average charity View percentages

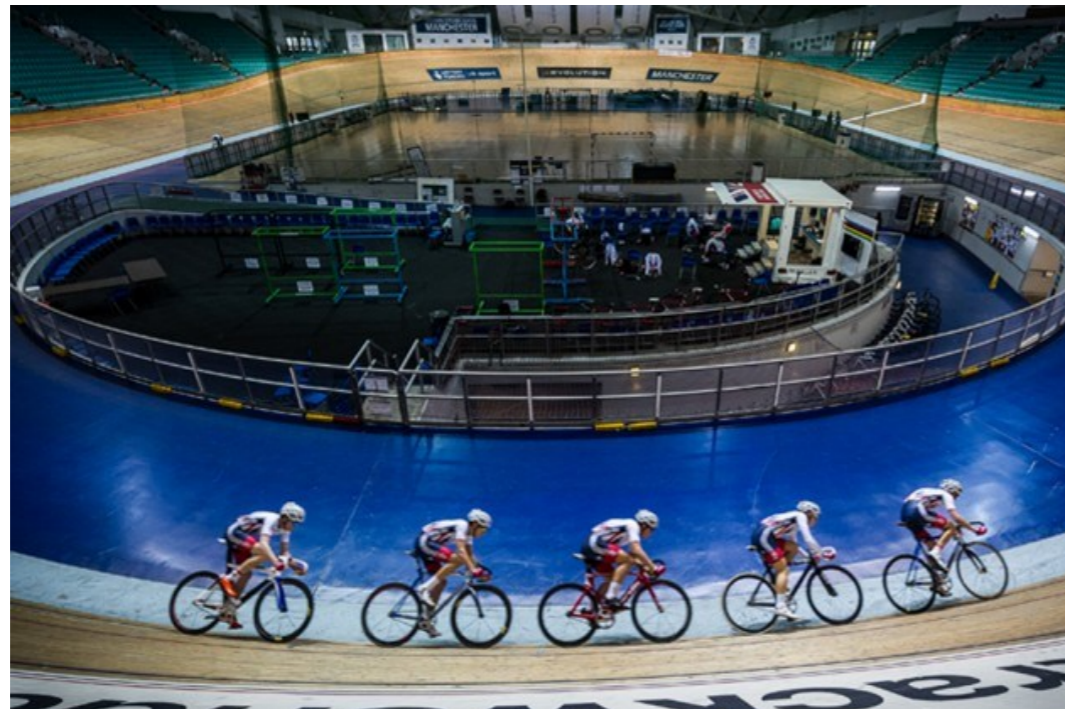
Show/Hide column selection

Income band	Charities	Total income £000	Total spending £000
£0 to £10k	76,030	226,832	407,494
£10k to £100k	58,054	2,152,700	2,353,595
£100k to £500k	22,484	4,975,327	4,787,524
£500k to £5m	9,355	14,228,047	13,655,235
Over £5m	2,263	55,484,351	53,096,311
Total	168,186	77,067,257	74,300,159



CHARITY COMMISSION
FOR ENGLAND AND WALES

Charity Commission for England and Wales





Faith charities

Different meanings of 'faith charity' (eg):

- Places of Worship / 'congregational' charities
- Missionary charities
- Religious media (including radio/tv/tract distribution)
- Charities associated with a particular faith, but which do not advance religion directly (eg Christian Aid, Muslim Aid)
- Charities whose beneficiaries are, or are mostly, from a particular faith (who may or may not advance religion)



Statement of Regulatory Intent (2018 – 2023)



- Holding charities to account
- Dealing with wrongdoing and harm
- Informing public choice
- Giving charities the understanding and tools they need to succeed
- Keeping charity relevant for today's world



Trustees – a vital and very important role

- Trustees have overall responsibility for the control and management of the charity

- Charities Act 2011:

177 **Meaning of “charity trustees”**

In this Act, except in so far as the context otherwise requires, “charity trustees” means the persons having the general control and management of the administration of a charity.

- Details of who the trustees are, and the process for removal/appointment of trustees, should be set out in the charity’s governing document
- The Commission will always engage with the trustees first
- The trustee’s role is very important. It should also be enjoyable and rewarding



Trustee duties

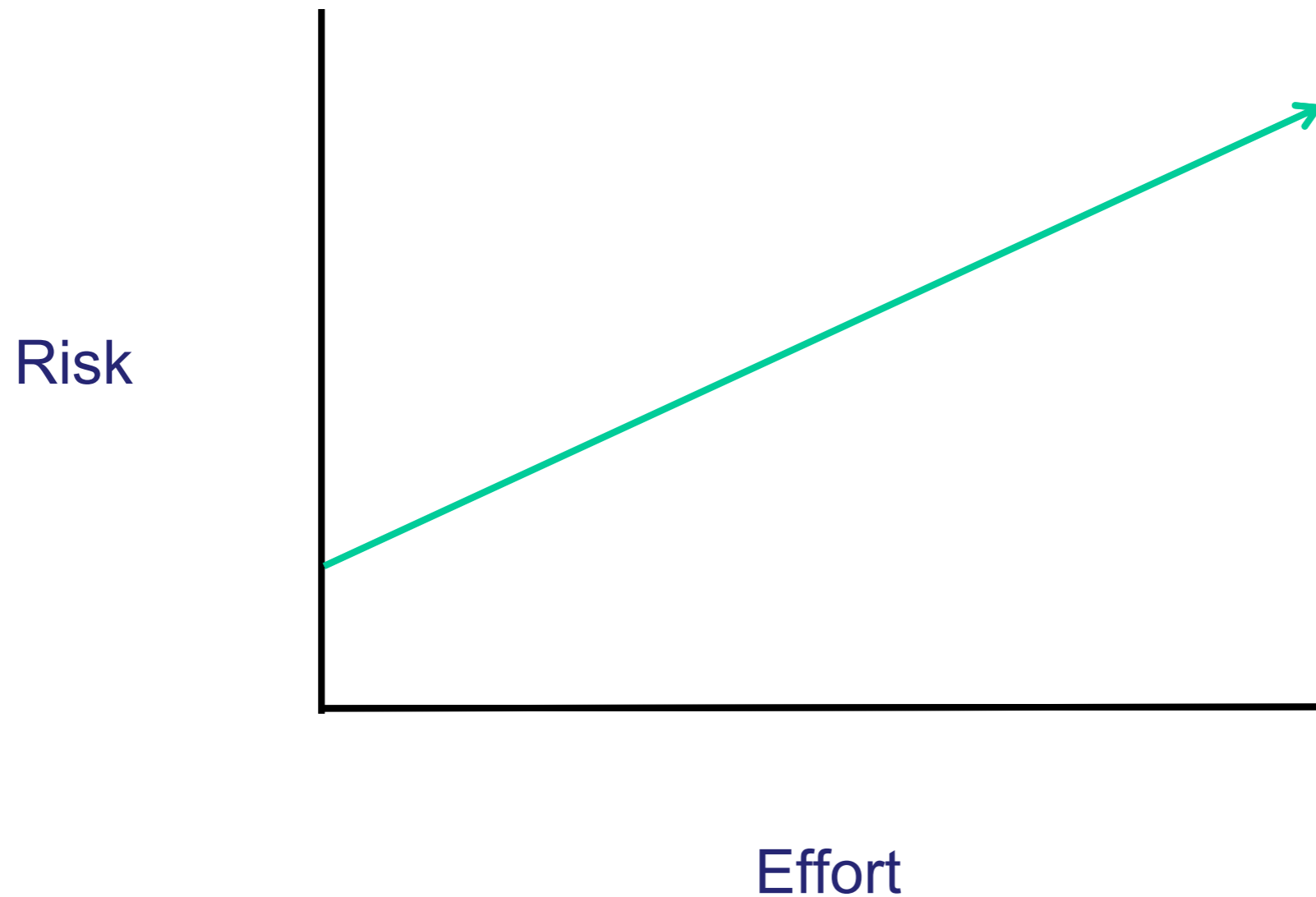
The Essential Trustee 6 main duties



1. Ensure your charity is carrying out its purposes for the public benefit
2. Comply with your charity's governing document and the law
3. Act in your charity's best interests
4. Ensure your charity is accountable
5. Manage your charity's resources responsibly
6. Act with reasonable care and skill



Assessing risk and responding





Reporting serious incidents

Charities should report any serious incident that results in – or risks - significant:

- harm to people who come into contact with your charity through its work
- loss of your charity's money or assets
- damage to your charity's property
- harm to your charity's work or reputation



Reportable safeguarding incidents include:

protecting people and safeguarding incidents – incidents that have resulted in or risk significant harm to beneficiaries and other people who come into contact with the charity through its work

RSI@charitycommission.gsi.gov.uk 

<https://www.gov.uk/guidance/how-to-report-a-serious-incident-in-your-charity>



Reporting serious incidents – examples table



Examples table: deciding what to report

Serious incidents to report	Incidents not to report
Protecting people and safeguarding incidents	
<p>A beneficiary or other individual connected with the charity's activities has/alleges to have suffered serious harm</p> <p>Allegation that a staff member has physically or sexually assaulted or neglected a beneficiary whilst under the charity's care</p> <p>The Chief Executive of the charity has been suspended pending the outcome of an investigation into their alleged sexual harassment of a fellow member of staff</p> <p>Allegation that a trustee, staff member or volunteer has been sexually assaulted by another trustee, staff member or volunteer</p> <p>A staff computer is found to contain images of child pornography</p> <p>An internal investigation has established that there is a widespread culture of bullying within the charity</p> <p>A beneficiary or individual connected with the charity's activities has died or been seriously harmed; a significant contributory factor is the charity's failure to implement a relevant policy</p>	<p>Minor unusual/aggressive behaviour by a beneficiary towards a member of staff</p> <p>Police called to charity premises because a beneficiary is drunk and disorderly</p> <p>Charity becomes aware of allegations of abuse or neglect of a beneficiary that occurred outside the charity; the charity has reported the allegations to the appropriate agencies, and there is no harm to the charity's reputation</p> <p>Beneficiary in a care home received the wrong medication as a 'one-off' error and there was no significant harm</p> <p>Logged accident book reports where there was no significant harm to individuals</p> <p>Details of reports under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) where there has been no significant harm to individuals</p>

Fraud, cyber-crime and money laundering	
<p>Charity's Chief Executive and Treasurer produced false invoices for charity services</p> <p>A bogus fundraising scheme is being promoted online, using charity's name</p> <p>Charity funds lost due to an online or telephone 'phishing scam', where trustees were conned into giving out bank account details</p> <p>Attempted fraud by a member of charity staff but intercepted by internal financial controls</p> <p>Any actual/alleged fraud or money laundering should be reported. Any actual/alleged cyber-crime should be reported with the exception of the example in the right hand column</p>	<p>Attempted cyber-crimes that are blocked by the charity's computer network security systems, except where the attempted cyber-crime is unusual in nature and the charity wants to bring it to the attention of the Commission</p>
Theft	
<p>Each month, between £100-£200 goes missing, suspected stolen, from the cash till in the charity shop. It has been going on for six months and has been reported to the police.</p> <p>Charity office has been broken into and computers, holding personal details of beneficiaries and donors, stolen</p> <p>Remember, there is no minimum loss figure that should be reported. You need to decide whether incidents are serious enough to report, in the context of your charity and its</p>	<p>One-off random theft of items such as jewellery or a mobile phone at the charity's premises</p> <p>Theft of small amounts of cash belonging to a beneficiary, by another beneficiary, at a charity event</p> <p>Theft of a collection tin thought to contain small amount of cash</p>

Starting points

- Every charity is different
- Trustees duties are consistent, but the amount of effort required to comply with those duties will vary
- Trustees need to assess and review the risks to their charity regularly
- Based on their assessment of risk, they need to put in place policies and procedures to mitigate the risk to an acceptable level
- Think about:
 - People (staff, volunteers, beneficiaries)
 - Assets (Buildings/property/Money)
 - Reputation

Impact	Extreme/ Catastrophic	5	10	15	20	25	30
	Major	4	8	12	16	20	24
	Moderate	3	6	9	12	15	18
	Minor	2	4	6	8	10	12
	Insignificant	1	2	3	4	5	6
		1	2	3	4	5	
		Remote	Unlikely	Possible	Probable	Highly Probable	
							Likelihood



Places of Worship – some common factors

Always:

- undertake activities involving buildings (and therefore health and safety; hiring/use of premises by third parties; upkeep; preservation?)
- have potential to generate relationships outside of the premises (safeguarding?)

Often:

- are organisations most directly associated with the faith
- are volunteer-led
- work on the basis of trust
- view forgiveness as a fundamental aspect of faith
- undertake activities directly with children and vulnerable adults
- generate (significant) revenue
- emphasise importance of spiritual leadership
- host external, speakers, or events
- do not look as people might expect





Branches

- It is important to recognise the extent of the trustees' responsibility
- Where there is not a separately established charity, trustees will have responsibility for branches – so Quaker Area Meetings include responsibilities for local meetings
- They do not have to *do* everything in connection with, but they do need to have **proper oversight of**, those branches, dealing with - and reporting on - issues within them





Good practice – Financial Management

Trustee responsibilities include the need to:

- Agree and regularly review their plans for the charity achieving its aims and the finances need to support this
- Identify and manage risk to their current and future financing
- Ensure **robust internal financial controls** are in place to protect their assets against fraud, abuse, or mismanagement
- Carry out checks to ensure finances are properly accounted for
- Adopt a reserves policy which balances current & future needs
- Manage financial difficulties and insolvency
- Make investments in the best interests of the charity
- Take out appropriate insurance cover
- Obtain professional advice to support their decision-making
- Properly produce accounts and annual returns in line with their obligations

Charity Commission – Insider Fraud research (April 2018)

Where charities had experienced fraud, reasons often included:

- failure to reconcile transactions and bank statements on a regular basis
- poor segregation of duties/ unclear responsibility for financial controls
- only one signatory for bank transaction
- only one individual counting cash collections



<https://www.gov.uk/government/publications/focus-on-insider-fraud-in-charities/focus-on-insider-fraud-research-report>



Good practice – Financial Management

Case Study

- Christian Church Charity – high income
- Commission noted accounts showed £3million of investments made by a trustee who was a ‘qualified independent trader’
- Contacted Financial Services Authority (FSA) (now FCA) to verify
- FSA advised individual not (and never had been) authorised to carry on regulated activities in a personal capacity
- Commission established money paid into private bank account
- **Statutory Inquiry under the Charities Act opened**
- Issues included:
 - prudence of judgement of trustees in making investment
 - extent to which trustees protected assets in making investment
 - how conflicts of interest were managed
 - other investments made by the charity



Good practice – Financial Management

Findings

- Trustee had offered 55% rate of return on £5million investment
- Charity lost overall £3.9million through trustee's investments
- Trustees had not exercised sufficient care when making decision to invest, including no independent professional advice, particularly given the high-risk of the investment
- Conflicts of interest were not properly managed
- There had been mismanagement in the administration of the charity

But

- The trustees (who had been replaced at the point of Inquiry) had taken the right steps in pursuing restitution & agreeing a settlement;
- Had ensured the charity employs an investment manager and adopted an investment policy going forward



Good practice – Financial Management

When making decisions in order to comply with their duties trustees must:

- act within their powers
- act in good faith and only in the interests of the charity
- make sure they are sufficiently informed
- take account of all relevant factors
- manage conflicts of interest
- make decisions that are within the range of decisions that a reasonable trustee body could make

[https://www.gov.uk/government/publications/
internal-financial-controls-for-charities-cc8](https://www.gov.uk/government/publications/internal-financial-controls-for-charities-cc8)



Good practice – Financial Management – food for thought

The screenshot shows a web browser window with the URL <https://www.tvlicensing.co.uk/faqs/FAQ288>. The page title is "Email scam - TV Licensing". The TV Licensing logo is prominent at the top. Navigation links include "Home", "Easy read", and "Cymraeg". A search bar is also present. The main content area is titled "Email scam" and features an illustration of a desk with a laptop, a smartphone, a clock, and a mug. A yellow warning box states: "Already entered your personal details on a fake site? Report it to [Action Fraud](#) or call them on 0300 123 2040. If this included **card or bank account details**, talk to your bank immediately." Below this, the text reads: "We will always:" followed by a list of actions: "use donotreply@tvlicensing.co.uk (or donotreply@spp.tvlicensing.co.uk) to email you. On a mobile device select the sender's name to show the email address." and "include **your name** in our emails (unless you told us you don't need a licence and didn't provide a name)." A link is provided: "If you're still not sure please check our advice below. You can also [view your licence or payment plan](#)." The section "What we'll never do" includes a minus sign icon and states: "Fraudulent emails try to catch you off your guard by panicking you into taking action immediately. Fake websites will ask you to do things we never would." Under "We'll never unprompted:", the list includes: "email you to tell you that you're entitled to a refund" and "offer you a discounted TV Licence". Finally, "On our website we'll never ask for:" includes: "your card details to take a missed payment before we've first asked you to sign in to identify yourself using your licence number, surname and post code" and "your mother's maiden name".

Home / [FAQ](#) / Email scam

Email scam

Already entered your personal details on a fake site? Report it to [Action Fraud](#) or call them on 0300 123 2040. If this included **card or bank account details**, talk to your bank immediately.

We will always:

- use donotreply@tvlicensing.co.uk (or donotreply@spp.tvlicensing.co.uk) to email you. On a mobile device select the sender's name to show the email address.
- include **your name** in our emails (unless you told us you don't need a licence and didn't provide a name).

If you're still not sure please check our advice below. You can also [view your licence or payment plan](#).

What we'll never do

Fraudulent emails try to catch you off your guard by panicking you into taking action immediately. Fake websites will ask you to do things we never would.

We'll never unprompted:

- email you to tell you that you're entitled to a refund
- offer you a discounted TV Licence

On our website we'll never ask for:

- your card details to take a missed payment before we've first asked you to sign in to identify yourself using your licence number, surname and post code
- your mother's maiden name

Good practice - safeguarding

Four clear expectations of charities:



Provide a **safe and trusted** environment where **everybody** – beneficiaries, staff, volunteers – feels safe



Set an **organisational culture that prioritises safeguarding**, so it is safe for people to report incidents and concerns in the knowledge these will be dealt with appropriately



Have adequate safeguarding **policies, procedures and measures** to protect people

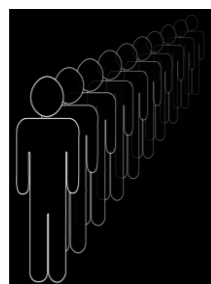


Handle incidents as they arise. **Report** to the relevant authorities including the police and the Charity Commission



Good practice - safeguarding

- Safeguarding goes **beyond the prevention of physical abuse** and includes emotional abuse, neglect, exploitation, radicalisation, and the consequences of data misuse.
- Safeguarding SIRs to the Commission have included:



Beneficiaries, volunteers and others involved in front line delivery and activities



Inappropriate conduct and abuse of power e.g. in the office involving staff, trustees or volunteers

But SIRs have also (inappropriately) covered:



Dog bites



Missed medication

News story

Regulatory alert to charities - safeguarding

December 2017

<https://www.gov.uk/government/news/regulatory-alert-to-charities-safeguarding>



Safeguarding

Case Study

- Member of congregation raises concerns to the Commission about sexual abuse allegations which had been made against church's youth pastor
- 2 separate incidents - not on church premises but in individual's home – church's safeguarding responsibility extended to these circumstances
- Operational case opened
- Focus:
 - to ensure trustees had complied with their legal duties and responsibilities in their management of the allegations; and
 - whether appropriate measures were in place to manage risk to charity's beneficiaries



Safeguarding

Inquiry

Initial responses and information obtained from the charity raised serious concerns about the adequacy of the safeguarding governance, particularly whether the trustees had – and were taking – sufficient steps to protect the charity’s beneficiaries from harm

- **Statutory Inquiry opened under Charities Act 2011**

<https://www.gov.uk/government/publications/statutory-inquiries-into-charities-guidance-for-charities-cc46>



Safeguarding

Case Study - Inquiry

- Senior pastor (charity's child protection lead) appeared to have initially treated the issue as pastoral rather than as a safeguarding issue, before eventually alerting the authorities.
- Youth pastor was formally suspended by charity pending police investigation of issues.
- Resigned from position 3 months after that
- 6 months later convicted of 2 offences – 1 for sexually touching a child and 1 for voyeurism
- During this time, the senior pastor was suspended following arrest by the police for witness intimidation and perverting the course of justice
- No charges brought, but charity initiated disciplinary proceedings, including after resignation
- Charity engaged with child protection experts to undertake a thorough review of its safeguarding policies & procedures and governance issues related to the event



Safeguarding

Case Study – Inquiry

Child Protection Experts identified Significant weaknesses in safeguarding policies and procedures:

- At the time allegations were reported, charity undertook no annual review of its safeguarding policies or practices & had no system in place to give assurance that the policies were complied with
- Safeguarding was not promoted well either by the charity's leadership or operationally
- There was a significant delay between the charity's child protection lead becoming aware of the allegations and reporting them to the authorities
- Inappropriate level of skill and awareness of safeguarding within the organisation
- Recruitment practices were inadequate and presented risks to the charity's beneficiaries

Safeguarding

Case Study – Conclusions

- Reasonable steps were not being taken by the trustees at the time the safeguarding incidents occurred to protect beneficiaries, which constituted misconduct and mismanagement
- Deficiencies in charity's safeguarding policies, procedures and practices subjected the charity's vulnerable beneficiaries to risk
- Trustees acted responsibly in implementing recommendations of independent review, and in fully cooperating with the Commission and other authorities
- However, full implementation of recommendations should have been delivered with greater pace

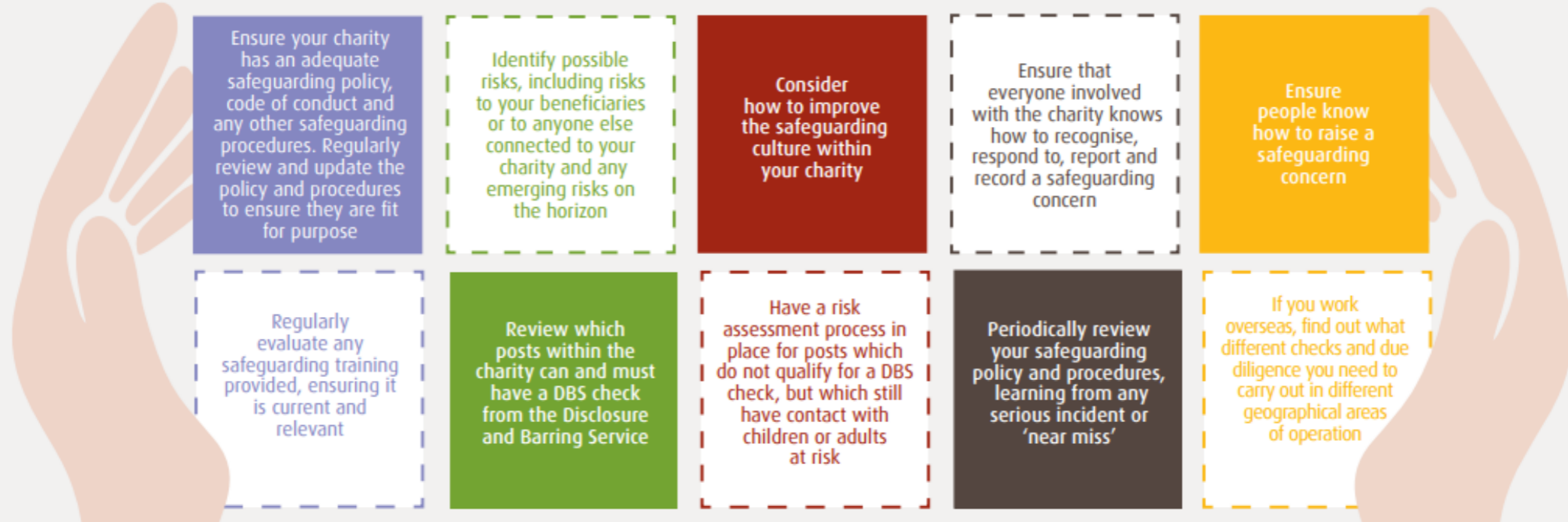
<https://www.gov.uk/guidance/safeguarding-duties-for-charity-trustees>



Safeguarding

10 actions trustee boards need to take to ensure good safeguarding governance

Safeguarding should be a key governance priority for all charities





Have good 'documents' and apply them

Issues which have arisen in faith organisations:

- Archaic governing documents which do not match current circumstances
- Acting outside of objects (including in wrong countries – breach of trust), and restricted funds misapplied
- Disputes – consider mediation/disputes policies
- Permanent endowment used for non PE purposes – eg property sold which is then used for unrestricted grant fund
- Lack of relevant policies/procedures for high-risk issues
- Lack of minutes/other documentation relating to major decisions





Good documents and application

Trustees need to ensure:

- They are aware of their **governing document(s)**, and update it as appropriate
- They stay within their charitable objects & avoid 'mission drift'.
- They have **proper (but not excessive) policies** in place to protect their charity and help it thrive.
- These are:
 - Well-communicated within their organisation
 - Updated periodically as appropriate
 - Overseen to ensure they are acted upon.
- They keep **proper records** – both financial, and of decisions (and of decision-making processes)
- They make use of available resources



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Area meeting trustees

Quaker Stewardship supports trustees and other meeting role holders in the service of their meetings by producing guidance and other documents, and also by their Link Friend Scheme.

Support for Quaker trustees

- Area meeting report and accounts
- Safeguarding
- Trustees' and Treasurers' News
- Charitable registration
- Charity schemes
- Other documents of interest to trustees
- Training and events
- Other useful pages for area meeting trustees on this website

Our organisation

- Our structure
- Meeting for Sufferings
- Giving
- Book of Meetings
- Patterns and examples
- Safeguarding
- Support for meetings
- Quaker roles
 - Children & young people's work advocates
 - Clerks
 - Eldership and oversight responsibility
 - Employers and wardens

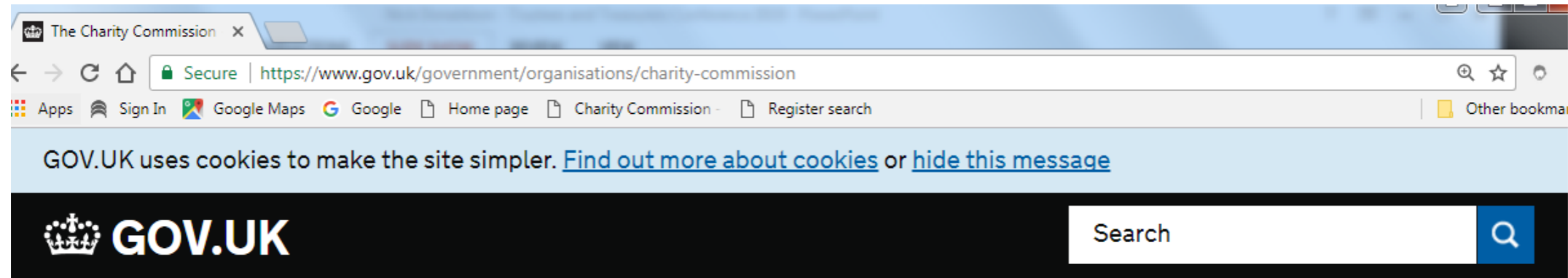
RESOURCE

Handbook for Trustees of Quaker



CHARITY COMMISSION
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Charity Commission website



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Featured

<https://www.gov.uk/government/organisations/charity-commission>



Questions for discussion

- Are your trustees aware of their legal duties?
- How often do you assess risk?
- What are the key risks affecting your charity?
- Are you satisfied that your financial processes will protect your charity?
- Are you satisfied that your safeguarding processes will protect your people?
- How would you respond if something did go wrong?
- How can you make your charity better as trustees?

And, critically:

- **Have you reminded yourself recently of what a difference you make, and how important you are to other people's lives?**
- **Thank you for everything you do**



Questions

