

# Trustees' Week Workshop: Protecting your charity



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Shared Learning Seminar  
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CHARITY  
COMMISSION



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# What do you need to protect?

CHARITY  
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- Assets
- Purposes
- Beneficiaries
- Reputation
- Independence

# How do you protect?

1. Know your responsibilities
2. Good financial controls
3. Good governance
  - Clear purpose
  - Decision-making
  - Record-keeping
  - Policies & procedures
4. Think about reputation

*Always act solely in the best interests of the charity*

# Know your responsibilities

- Trustees are collectively responsible for the day-to-day management and control of a charity
- Must ensure charity is:
  - Solvent
  - Well run
  - Delivers its charitable purposes for the public benefit
- Compliance, duty of prudence and duty of care

# Know your responsibilities – case study

- The charity owns an almshouse property which, due to its poor state of repair, has been empty for the last 4 years.
- The local authority has placed a compliance order on the property which means until the building is brought back up to an agreed standard, no lettings can be entered into so the charity is receiving no income.
- The trustees have applied for funding but potential funders are unhappy with the governance of charity. Charity has very little money left in reserves but an increasing amount of debt.
- Also, everything has been left to the charity's secretary to do and she is unable to get the trustees to attend meetings or provide clear picture of finances.
- Frustrated by the trustees' lack of action, the secretary has contacted the Commission.

- Good financial controls
- Budget planning and monitoring
- Clear policies and procedures
- Clear records
- Segregation of duties
- Review and monitor
- Question and challenge

# Financial controls – case study

- The newly-appointed chair of the charity has just found out that over the last five years the treasurer has taken over £50,000 of the charity's money.
- An independent review of the charity's finances has found very lax practices in place. Trustees regularly signed blank cheques, and no one questioned the lack of independently examined accounts.
- The treasurer has now resigned. The charity has managed to recover £30,000 from the former treasurer.
- The remaining trustees are very worried about any potential personal liability. They thought they were “just members of the Committee” and did not believe they were trustees.

- Collective responsibility
- Follow governing document
- Clear policies and procedures
- Make good decisions
- Manage conflicts of interest
- Keep clear records
- Take advice

# Good governance – case study

- The charity helps train dogs for the disabled.
- A new trustee has come on board and has realised the charity pays a private company owned by the two founding trustees to train the dogs. There is authority for these payments in the charity's governing document but he is concerned that the decisions are not being made properly.
- The two founding trustees are very dominant and they see the charity as theirs – their voice is given more weight by the other trustees and they do not see that there is any problem with the informal arrangement to pay their company.
- The founder trustees believe that they give all their time to the charity and that the charity does fantastic work. This sentiment is often echoed by the other trustees.
- The new trustee is beginning to feel isolated.

- Everything you or your charity does/doesn't do or is associated with will impact on its reputation
- Failure to protect the charity's reputation can lead to a loss of support – donations, funders or volunteers
- Need to do things right and be seen to do things right
- Tell people about what your charity does

# Reputation – case study

- The charity cares for sick and injured wildlife by running an animal hospital. The charity has an agreement with an external fundraising company which raises money on its behalf. Since entering into this fundraising agreement, the charity's income has increased ten-fold.
- The charity has now received a complaint from a member of the public who has noticed from the charity's accounts that very little of the money raised by the external fundraising company has been used to help animals. The charity receives only 10% of the funds donated by the public. The rest goes to the fundraising company.
- The local newspaper has now contacted the trustee and is planning to run a story about how little of the money given by the public actually ends up with the charity.

# How do you protect your charity?

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2. Good financial controls
3. Good governance
  - Clear purpose
  - Decision-making
  - Record-keeping
  - Policies & procedures
4. Think about reputation

*Always act solely in the best interests of the charity*



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# Help is available



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- [www.gov.uk/charity-commission](http://www.gov.uk/charity-commission)
- Local CVCs & WCVA
- Umbrella bodies
- Professional advisers