

Charity Commission News



ISSUE 49

IN THIS ISSUE ...

- [FILE ON TIME AND FILE ONLINE!](#)
- [HAVE YOU CHOSEN WHICH SORP TO FOLLOW?](#)
- [YOU CAN NOW ... AUTHORISE A CHARITY ADVISER TO SUBMIT ACCOUNTS](#)
- [NEW VERSION OF THE ESSENTIAL TRUSTEE - TELL US WHAT YOU THINK](#)
- [MAKE SURE YOU READ ... OUR STATEMENT ON THE COMMISSION'S REGULATION OF FUNDRAISING](#)
- [WHAT CAN YOU LEARN FROM OUR CASE WORK?](#)
- [ARE YOU QUALIFIED TO ACT AS A TRUSTEE?](#)
- [KEEPING CHARITY FRAUD OFF THE RAILS](#)
- [ARE YOU AWARE OF THE CHANGES TO INDIVIDUAL OCCUPATIONAL PENSIONS?](#)
- [MAKE SURE YOU ... KEEP UP-TO-DATE WITH OUR GUIDANCE](#)

File on time and file online!

All charities MUST inform us of their income and expenditure. You should use the [annual return form](#) to do this. Remember that:

- charities with an annual income of over £25,000 are required to submit accounts, an independent examiner or auditor's report, and the trustees' annual report
- if your charity is a CIO ([Charitable Incorporated Organisation](#)) you MUST submit the annual return and accounts irrespective of your income

Charities have **up to 10 months from the end of their financial year** to submit their accounts, and for the many charities with a financial year end of 31 March, this deadline is **31 January**. When a charity submits their accounts late, its register profile is marked as overdue, alerting potential donors.

Before you submit your annual information:

- check out our [Reporting and accounting guidance](#) to understand what your charity needs to submit
- watch our [video](#) on how to complete your charity's annual return
- [start your submission](#) - if you have all the information needed, this should only take 20 minutes. Filing online is fast and secure and means your charity's records are updated immediately

Failure to file on time can result in the removal of the charity from the register or, if we suspect that there is some other issue associated with the lack of filing more rigorous action will be taken.

Have you chosen which SORP to follow?

Following the publication of the [two new SORPs](#), which take effect for financial years beginning 1 January 2015, we have issued [two worked examples](#). All charities and charitable companies preparing their accounts on an accruals basis must choose which SORP to follow. Further information is available free from the [micro-site](#).

The examples, which follow the new accounting standard FRS 102 and the Charities SORP (FRS 102) are available as free downloads from the [micro-site](#). Both examples are fictional.

A new accruals pack (CC17) will be ready by the end of 2015 so that it can be completed by charities as they prepare their year-end accounts. The current pack is only suitable for charities reporting under SORP 2005.

Charities preparing receipts and payments accounts who do not follow the SORPs may find our [CC16 Receipts and payments pack](#) helpful.

You can now ... authorise a charity adviser to submit accounts

We now provide the option for a charity's accountant or other nominated agent to [submit accounts on behalf of their client charity](#) through a digital service. The charity must use the existing [change your charity's details](#) service to give authorisation, and then the accountant or agent can register to use the new service.

New version of the essential trustee - tell us what you think

When did you last look our guidance [The essential trustee](#)? We published a [new draft](#) in November that:

- is shorter
- explains trustees' duties in up-to-date language
- explains how to avoid common mistakes

It reflects our recent guidance on [decision making](#) and [conflicts of interest](#). There is also a new explanation of what we mean by good practice you 'should' follow: this good practice is essential, not optional, and ignoring it could have disastrous consequences for your charity.

We want your views:

- does the new version explain your responsibilities clearly?
- have we got the balance right between explaining that trusteeship is a serious responsibility, and reassuring trustees who act honestly and reasonably that the law protects them?

Please tell us what you think by completing this [quick questionnaire](#) by 17 February. This will help us to improve the final version. Trustees do a vital job and we want this guide to be as helpful as possible.

Make sure you read ... our statement on the commission's regulation of fundraising

Fundraising is one of the most visible activities charities take part in. We know that how trustees approach it can have a significant impact on levels of public trust and confidence in charities.

A wide range of standards and rules can apply to your charity's fundraising. Make sure you read our new [statement](#) to understand:

- how charity fundraising is regulated by various agencies
- how the sector's self-regulatory scheme works to enforce recognised standards for fundraising
- what trustees must know and do to prevent fundraising problems
- which issues can lead to our intervention on a fundraising matter

What can you learn from our case work?

[Tackling abuse and mismanagement](#), a report of our investigations and compliance work over the past year, highlights problems that prompted us to open either a statutory inquiry or compliance case in 2013-14. Financial abuse, financial mismanagement and serious governance failures dominated our case work. For the first time, the report includes an analysis of the types of charities that became subject to an inquiry or an Operational compliance case in 2013-14.

Our [inquiry reports](#) and [operational case reports](#) also illustrate examples of where things have gone wrong in a charity - issues include campaigning, financial mismanagement, safeguarding, trustee remuneration and conflicts of interest. Have a read and see what lessons you can learn for running your charity.

Are you qualified to act as a trustee?

The Charities Act disqualifies [some people](#) from acting as trustees. Despite best intentions, some trustees are unaware that they may be acting illegally.

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. Before appointing a new trustee, the board should obtain a [declaration](#) from them that they are not disqualified. A charity should take reasonable steps to ensure that its trustees are eligible to act.

If you know that you are acting as a trustee when you are disqualified; take action now. You must resign your position and ensure the charity [updates the trustee details](#).

Keeping charity fraud off the rails

Rail stations have long served as lucrative fundraising venues for many charities' cash collections, but a recent increase in fraudulent collections has threatened to impact public confidence in charitable giving.

In a landmark agreement, seven of the nation's rail and station operators have [joined forces](#) with us and the [Fundraising Standards Board \(FRSB\)](#), to introduce new requirements for charity collections.

The new measures include a standard application process for charities wishing to fundraise at rail stations and closer monitoring of charity collections.

To fundraise, your charity must have filed its annual return information on time with us, and indicate whether it is signed up to fundraising regulation as a member of the FRSB. In almost 1,000 rail stations, including the London Underground and Overground network, FRSB membership is required by collecting charities.

Although charity fraud remains relatively rare, this agreement is a critical step to minimise any such criminal activity, protecting and preserving this important income stream for charities.

More information about membership can be found on the [FRSB website](#).

Are you aware of changes to individual occupational pensions?

If your charity has a defined benefit pension scheme then you need to be aware of upcoming changes. The Taxation of Pensions Bill, published in October, provides that from April 2015, from age 55, whatever the size of a person's defined contribution pension pot, they will be able to take it how they want, subject to their marginal rate of income tax in that year.

Some members of defined benefit pension schemes may seek to transfer their accrued defined benefit pension scheme entitlement to an insurance company, to benefit from these changes. Charities with staff in a defined benefit pension scheme should contact the trustee of the pension scheme or their professional adviser, to understand the implications to their charity should employees transfer out of the scheme. Guidance on defined benefit pension schemes can be found on GOV.UK.

If your charity employs staff and has yet to make preparations for putting in place work-place pension arrangements, you must make your preparations to provide this. More information can be obtained from the Pensions Regulator website.

Make sure you ... keep up-to-date with our guidance

We have recently updated some of our guidance:

- [How to set up a charity](#)
- [Charity types: How to choose a structure](#)
- [How to write charitable purposes](#)
- [How to write your charity's governing document](#)
- [How to make changes to your charity's governing document](#)
- [Change a governing document by scheme](#)

Want to keep up with all our news, guidance and events? Make sure you're following us on @ChtyCommission

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