

Charity Commission News



ISSUE 50

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Help run a charity but don't think you're a trustee? Read on ...

Charity trustees are the people responsible for governing a charity and directing how it is managed and run. They may be called trustees, the board, the management committee, governors, directors, or something else. No matter what term the charity's governing document uses, you are legally a trustee if you are part of the group of people with overall responsibility for overseeing and leading the charity and directing how it is run.

We are concerned that too many people serving on trustee bodies don't realise they are trustees. As such, they don't realise they must comply with charity law or that our guidance applies to them.

Check what your governing document says is the ultimate decision-making body in your charity. All properly appointed members of that body are charity trustees in law. You can't opt to have the power without the responsibility, so you can't pick and choose who is a trustee. If you discover you are a trustee, take time to read some of our [core guidance](#), and make sure you understand your [role](#) going forward.

Changes to the annual return for 2015

The [annual return 2015](#) is now available to complete on GOV.UK. This follows the consultation last year on proposals for the information we should collect through the annual return. The new annual return contains three new questions:

- in the reporting period, how much income did you receive from:
 - contracts from central or local government to deliver services?
 - grants from central or local government?
- does your charity have a policy on paying its staff?
- has your charity reviewed its financial controls during the reporting period?

We encourage charities, their trustees and advisers to read the [online guidance](#) provided before logging on to complete the annual return so that they know what information they need to submit. The annual return must be completed by all registered charities with an income over £10,000 within 10 months of their financial year end. All CIOs, regardless of income, must submit an annual return.

What lessons can you learn from our accounts reviews?

Each year, we monitor a sample of charity accounts to check compliance with the Charities SORP (Statement of Recommended Practice) and to identify issues of regulatory concern. We have published reports on the [quality of charity accounts](#) and [public benefit reporting](#) by charities with incomes over £25,000.

The majority of accounts reviewed were of acceptable quality. However, several charities had failed to submit one or more of the principal components; the trustees' annual report, independent scrutiny report or the accounts themselves. Other submissions had major flaws, such as the inclusion of notes of annual general meetings instead of trustees' annual reports. Before preparing your annual accounts, make sure you read our guidance, which includes pro-forma trustees' annual reports and accounts and the independent examination requirements.

Most of the trustees' annual reports reviewed did not demonstrate a clear understanding of the public benefit reporting requirement. Many did not explain how their activities benefitted their beneficiaries. The most common omission was the required statement as to whether the trustees have had due regard to the commission's guidance on public benefit. The trustees' annual report is not just a statutory requirement, but an opportunity for a charity to 'tell their story' to supporters, potential funders and the public - read our guidance and make sure you're telling yours. **Remember** - your accounts are public documents, available to download from GOV.UK.

New call-back service

Our technical helpline is open Monday-Friday, 9am-12pm. However, we have also introduced a [call-back service](#), should you be unable to get through. This service runs Monday-Friday, 9am-5pm.

Tell us what you think about the new online register

We recently released a [beta version of our new online charity search tool](#) which makes it easier to find and understand information about charities. The register's online data is the authoritative source of information on charities in England and Wales.

Improvements include:

- key information now more prominent, such as income and expenditure and charity contact details
- easier viewing on mobile phones and tablets
- more user-friendly search filtering options
- a new option to download filtered searches as a CSV file
- a look and feel consistent with other services on GOV.UK

Later updates to the beta will include additional information from charities' annual returns, including whether a charity:

- pays its trustees
- raises funds from the public and whether it uses a commercial participator to do so
- is a member of FRSB and therefore committed to high fundraising standards

Beta versions are an important way for us to gather feedback and data on digital services in order to make them better. Please let us know what you think about the new charity search, including suggestions for improvement! Feedback can be given through an online survey within the search tool.

5 tips for finding our guidance on GOV.UK

GOV.UK is a single site for government and therefore contains a vast amount of material. Since moving to GOV.UK we've looked at how people are finding information. Here are some tips to help you search for and find our guidance for charities and their advisers:

1. When using Google, Bing or other search engines, always include 'charity commission' in your search terms, eg 'report serious incident charity commission'.

2. Bookmark the [list of topics](#) - these list guidance for charities produced by the commission and others (eg HMRC).
3. Bookmark our [homepage](#) to use its quick links for common tasks like annual returns.
4. If you're using GOV.UK's site search, choose to only show commission guidance in search returns by clicking on the drop-down 'Organisations' filter and ticking 'The Charity Commission' (alternatively you can also include 'charity commission' in your search terms).
5. Click 'The Charity Commission' link at the top of each page of guidance to return to our homepage (or type 'charity commission' into GOV.UK's search box).

Use our checklist to give your charity a 'health check'

As trustees, and the people responsible for running your charity, it's important that you regularly review your charity's effectiveness. What challenges are you facing? Is the charity's structure effective? What changes are you considering implementing?

It's especially important to review how your charity operates in changing or uncertain economic climates. Maintaining a charity's secure financial future is difficult, so it's important that you and the other trustees ask yourselves tough questions from the outset and regularly consider how your plans are going.

One way you can do this is to refer to our [checklist](#) of 15 key questions whenever you meet as trustees to make decisions about the way your charity operates.

Part of our 'Big Board Talk' series on trustee decision-making, the checklist covers questions on strategy, financial health and governance. It's designed to help you respond appropriately to change by developing plans and timetables for action.

New year, new slate: file on time!

As we start the new financial year, we want to remind charities of their legal duties to file their accounts and annual returns on time with us. All charities **MUST** inform us of their income and expenditure, using the [annual return form](#). Remember:

- 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 on GOV.UK is marked as overdue, alerting potential donors.

ALL trustees are responsible for ensuring their charity files on time - it is not the responsibility of the treasurer, or an accountant. Trustees must also keep their [charity's contact and trustee details up-to-date](#), by law.

Does your charity have authority to employ trustees?

You need authorisation to pay or employ a trustee or someone who is related or otherwise connected to a trustee. This authority may be set out in your governing document or you may need to request it from us. Check your governing document; if it doesn't allow you to pay trustees, you may need to get our consent to:

- employ a trustee
- pay a trustee for serving as a trustee
- compensate a trustee for loss of earnings while on trustee business

If your charity is currently employing a trustee, or considering employing one, check whether you have the relevant authority in place. If not, read our [guidance](#) and submit this [form](#) requesting for permission to pay trustees. Remember that all payments to trustees must be disclosed in the charity's accounts.

Are you aware of changes to charity audit thresholds?

Following a consultation by the Office for Civil Society, changes to charity audit thresholds came into force on 31 March 2015. The changes are aimed at reducing the regulatory burden for charities, and include increasing the basic audit threshold from £500,000 to £1 million, meaning less charities will be required to have their accounts formally audited. Those charities can instead have their accounts looked at by an increased pool of independent examiners, ensuring that the level of assurance remains high.

Other changes include:

- increasing the aggregate group income threshold at which parent charities should have group accounts from £500,000 to £1 million
- increasing the preparation threshold for group accounts from £500,000 to £1 million

We have updated our [guidance](#) to reflect these changes, and charities are encouraged to look at the changes and see if they can benefit from them, particularly those whose financial year has recently ended.

Make sure your fundraising is always open and clear

In two of the [Fundraising Standards Board's](#) recent [adjudication rulings](#), complainants raised concerns that organisations were not being clear and open enough in their fundraising campaigns.

Openness and honesty are two of the founding principles of best practice in fundraising; the Institute of Fundraising's Code of Fundraising Practice.

Alistair McLean, Chief Executive of the FRSB, says:

"Being open with supporters is critical for building public trust. Even the most well-known charity brands and campaigns can be undermined if there is not complete clarity about who will benefit from any funds raised."

Charities are advised to make sure that any fundraising communications always clearly state which organisations benefit from any fundraising and that campaign messaging will not mislead the public.

To ensure your fundraising campaigns meet UK standards, take a look at the [code](#) today.

Get involved in Small Charity Week!

Small Charity Week runs 15-20 June 2015. It celebrates and raises awareness of the essential work of the UK's small charity sector which makes an invaluable contribution to the lives of millions of individuals, communities and causes across the UK and the rest of the world. There's a wide range of events going on so check out the [website](#) and follow [@SCWeek2015](#) to see how you can get involved.

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