

REVIEW VISITS BY THE CHARITY COMMISSION

The Charity Commission regularly carries out review visits to ensure that charities are complying with relevant legislation and following good practice in their operations.

The review visits are in depth discussions covering all aspects of the Charity. Charities are expected to be run as efficiently and effectively as a commercial business. The level of systems and procedures should be appropriate to the size of the Charity and the nature of its activities.

Approximately 600 charities are visited each year. The charities are selected at random from those on the Charity Commission register with income over £250,000. Based on a total population of 10,000 charities in this category this equates to a one in sixteen chance of being visited.

Charities with income below this level should not be complacent. The Charity Commission has recently carried out a strategic review of their visiting process and the selection procedure is due to change. The new selection criteria have not been announced but are expected to be more risk based - for example those that receive donations from the public.

The Procedure

Once a charity has been selected it is contacted and asked to suggest convenient dates for the Charity Commission to visit them. Approximately six to nine months notice is usually given.

Three months prior to the visit the charity will be asked to provide copies of various documents, for example the latest accounts, governing documents, business plan and recent minutes.

The Review Visit

The agenda for the review visit is based on the Charity Commission publication CC60 – The Hallmarks of an Effective Charity which sets out the standards and principles of a well run charity.

The six 'Hallmarks' specified in this publication and which the Charity Commission will review are as follows: -

1 Focus on Impact and Outcomes

The charity should be clear what its aims and planned activities are. These should be within the objects specified in the governing document.

The charity's aims should be clearly communicated to all staff, management, beneficiaries and donors of the charity and a plan drawn up and regularly updated setting out how these aims are to be achieved.

Procedures should be established for assessing how effective the charity is at achieving its aims.

2 Fit for Purpose

The charity ensures that it is carrying out its aims legally and as efficiently as possible by regular monitoring of;

- organisational and trustee structure
- risk exposure
- legal requirements
- employment practices
- policies to protect staff and the public when vulnerable individuals are involved

3 Sound Governance

There should be a clearly identifiable Trustee body that has been constituted in accordance with the governing document.

The Trustee body should have an appropriate mix of skills, training and experience, and be able to dedicate sufficient time to the charity in order to run the charity efficiently and effectively.

New trustees should be aware of their duties and responsibilities prior to accepting the position of trustee. The individual should also confirm that they are eligible to act as a trustee.

The Charity Commission suggests that a signed self-declaration of eligibility is obtained from each trustee when they are appointed. If existing trustees have not signed such a declaration the Commission recommends that they be asked to do so.

The factors disqualifying an individual from acting as a trustee are given in the Charity Commissions operational guidance note 41 (OG 41).

4 Maximises Potential

A well run Charity should maximise the potential from all its resources whilst at the same time managing the risk that the Charity and all those associated with it are exposed to.

A Charity's resources include both financial and non financial resources. Non financial resources include for example volunteers and donated goods/facilities.

5 Accountable and Transparent

The Charity should comply with legal reporting requirements and good practice, and should give clear information on its activities and decisions in a timely manner.

The Charity should also have a well-publicised and prompt procedure for dealing with complaints.

6 Flexible

A Charity should adapt quickly to changes in its operational environment, legislation etc.

Wherever possible a Charity should be anticipating potential problems/changes and have appropriate plans in place to deal with them, not reacting to unanticipated events.

The above is only a brief summary of CC60. It is recommended that a copy of the full document is obtained.

Review Visit Follow Up

Following the review visit the Commission will send a draft report to the Charity. This includes the Commission's recommendations on best practice and legal requirements and a suggested time scale for any amendments that are required to the Charity's policies/practices etc. The trustees are required to confirm whether this is an accurate record of their discussions.

A final copy of the report is then issued which includes a 'Review Visit Follow-Up Declaration'. This summarises the recommendations and requires the trustees to indicate whether they accept/reject the recommendations and record their progress in implementing them. This declaration must be returned to the Charity Commission within twelve months.

A copy of all the Charity Commission publications referred to in this bulletin are available from their website www.charity-commission.gov.uk or a copy may be requested via Thomas May & Co.

In Conclusion

A review visit from the Charity Commission is increasingly likely for many charities but it should not be viewed as a major cause of concern provided that the trustees are attempting to follow good practice.

If you require any further advice or guidance on the above or any other matters, please do not hesitate to contact us.

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