Charity Commission revised guidance on conflicts of interest...

The Charity Commission has published revised guidance for charities and trustees about how to identify and prevent conflicts of interest to ensure compliance with the law.

The guidance was produced after the Commission identified an increase in conflicts of interest that were dealt with incorrectly. In 2012/13, all nine of the Commission's completed investigations featured concerns over conflicts of interest and unauthorised trustee benefits.

According to the Commission, the guidance includes a new emphasis on the seriousness of trustee conflicts of interest and the potential consequences that could follow if these are not dealt with correctly. It also highlights the legal responsibilities of trustees to declare any conflicts of interest that could affect their decision-making on behalf of the charity.

The guidance includes a revised working definition of conflicts of interest and sets out three steps that trustees can take to ensure conflicts of interest are handled properly. The steps are 'identify, prevent and record'.

The guidance recommends that charities have a written policy in place to instruct trustees how to identify and disclose conflicts of interest, and to help prospective trustees identify any potential issues before they are appointed by the charity. The guidance also explains how charities should deal with conflicts of interest when they arise, and under what circumstances a charity should inform the Commission. It also outlines the written records that should be kept by the charity.

The Commission has also published a high-level summary of the guidance and a separate paper explaining its legal underpinning.

To access the guidance and accompanying documents, go to:
http://snipurl.com/28xs6nz

Charities must show how they will tackle pension risk, regulator warns...

The Charity Commission has warned that some charities are not providing adequate explanations of how they intend to deal with the financial risk of a pension scheme deficit.

In a recent review, the Commission found that 740 charities with income of more than £500,000 had pension scheme deficits. Of the 97 randomly selected for closer examination, only 31 had included explanations of the financial implications of the deficit, and the trustees' plans for tackling the problem, in their Trustees' Annual Report (TAR).

The review found that the combined pension scheme deficit for the 97 charities exceeded £617 million. Three of these charities accounted for more than half of the combined deficit, and seven had deficits that exceeded their unrestricted funds and were equivalent to more than 20% of their annual income.

Auditors for two of these seven charities had drawn attention to the charities' ability to remain as going concerns in their audit reports. The Commission has revealed that it will be engaging with the trustees of one charity with a large deficit whose TAR failed to state whether it had enough financial resources to continue as a going concern, or how it was dealing with the problem.

The Commission has called on charities to use their TAR to explain to donors and beneficiaries how they are tackling the potentially serious risk of a pension scheme deficit.

To read more on this story, go to: http://snipurl.com/28xs70o

Annual Academies Accounts Direction...

The Education Funding Agency on the 23rd May released its annual Academies Accounts Direction which covers the accounting period 2013-14.

Download your copy from...
https://www.gov.uk/government/publications/academies-accounts-direction

New Charities SORPs approved for publication...

The two new Charities Statements of Recommended Practice (SORP) have been approved for publication by the Financial Reporting Council (FRC), the charity regulators for England, Wales and Scotland have announced.

The SORPs provide a framework for all charities with a gross income of more than £250,000 when preparing accruals accounts required under charity law. Following a consultation carried out by the Charity Commission and the Office of the Scottish Charity Regulator (OSCR), which together were responsible for developing the new SORPs, it was decided that there would be two separate SORPs. The two SORPs are necessary to enable charities to implement the new UK Generally Accepted Accounting Practice (GAAP), which comes into effect for financial years beginning on or after 1 January 2015.

The two SORPs are based on the new Financial Reporting Standard (FRS102) and the Financial Reporting Standard for Smaller Entities (FRSSE). Charities may use the FRSSE-based SORP if they meet two of the following criteria: employ fewer than 50 employees, have total assets of less than £3.26 million, and an annual income of less than £6.5 million.

Laura Anderson, Head of Enforcement at OSCR and Joint Chair of the SORP Committee said: "The FRC have acknowledged the wide-ranging and exemplary consultation exercise undertaken in developing the new SORP framework. Of course any change is a challenge to the sector but these high-quality SORPs should equip the sector to make the transfer to new GAAP in 2015."

Read more about the new SORP at: http://snipurl.com/28zgen3 and http://snipurl.com/28sho56

UK200Charity & Education Group

We are specialist chartered accountants and lawyers providing accounting, legal and advisory services for clients in the charity sector. Our members have a wealth of knowledge and understanding of the sector, providing expert support and assistance for charities ensuring Trustees discharge their responsibilities properly as defined by Charity Law, guidance issued by the Charity Commission and OSCR including the application of the SORP to the annual report and accounts, audits and independent examinations and advice on VAT, Gift Aid procedures, investments and funding.

UK200Group, 3 Wesley Hall, Queens Road, Aldershot, Hampshire, GU11 3NP
T: 01252 401050

Email: admin@uk200group.co.uk

Web: www.uk200group.co.uk