

charity  
**news**

**HM**  
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Our Charity News includes useful guidance on keeping vulnerable beneficiaries, employees and volunteers safe. We also consider the impact of the General Data Protection Regulation (GDPR), updates on Charitable Incorporated Organisations and other pertinent issues giving you the inside track on the sector's current hot topics and latest guidance.

The newsletter is applicable to the whole of the United Kingdom and makes reference to the three UK charity regulators:

- the Charity Commission for Northern Ireland (CCNI)
- the Office of the Scottish Charity Regulator (OSCR) and
- the Charity Commission for England and Wales (CCEW).

All of the articles may be of interest however to aid you we have included the following key:

### Key



## Hot topics

### Safeguarding the vulnerable



Following the Oxfam scandal, all three charity regulators have highlighted the importance of safeguarding vulnerable beneficiaries, employees and volunteers through various publications, news alerts and updated guidance. The recurring theme is that trustees should proactively safeguard and promote the well-being and welfare of their charity's beneficiaries.

Trustees are accountable and responsible for putting things right when they go wrong and therefore need to assure themselves that their safeguarding

practices are robust and controls are in places to ensure the policies are effective. Specifically trustees should:

- review their charity's safeguarding, governance and management arrangements and performance if they have not done so within the last 12 months
- contact their regulator about safeguarding issues, or serious safeguarding incidents, complaints or allegations which have not previously been disclosed to the regulator or the appropriate authorities. This would include reporting 'serious incidents' / 'notifiable events'.

OSCR has highlighted that it views charities who submit 'notifiable events' in a positive light as it shows that trustees are generally taking correct steps to sort out the relevant issues.

CCNI has published new guidance on reporting serious incidents which highlights when a serious incident takes place, including what charity trustees are expected to report, what happened and explain how it is being managed.

Guidance: [goo.gl/QueWCz](https://goo.gl/QueWCz) [goo.gl/LyG9UB](https://goo.gl/LyG9UB)

[goo.gl/e466Sw](https://goo.gl/e466Sw)



## Who can run a charity



From 1 August 2018 changes to the rules in England and Wales mean there will be more restrictions on who can run a charity. The current automatic disqualification rules only apply to trustees. The changes introduce new grounds for disqualification and will for the first time also stop disqualified people from being able to act in some charity senior manager positions including the Chief Executive and Chief Finance Officer (or equivalent) positions.

If anybody at your charity will be disqualified when the new rules change on 1 August 2018, they can apply for a waiver of the disqualification using the application form.

Charities must update their recruitment checks to avoid appointing or retaining disqualified individuals as trustees or into senior manager positions.

Guidance: [goo.gl/BAUiwB](https://goo.gl/BAUiwB)

## New fundraising guidance for charity trustees



OSCR have updated their technical guide on Charities and Benevolent Fundraising (Scotland) Regulations 2009 and issued new 'Fundraising Guidance for Charity Trustees' in Scotland which contains information on:

- Scotland's system of fundraising self-regulation and OSCR's role
- charity trustee duties
- fundraising with third-party organisations
- public collections and exempt promoters.

When charities get their fundraising right, they secure funding and public goodwill. Get it wrong, and they can lose public confidence in their charity and the wider sector.

Guidance: [goo.gl/o3F3nw](https://goo.gl/o3F3nw)      [goo.gl/Gf3Vjs](https://goo.gl/Gf3Vjs)

## Taken on Trust



CCEW response to the 'Taken on Trust' research of charity trustees states that the findings are sobering and that trustees do not reflect the communities that charities serve. Trustees are generally disproportionately older, highly educated and white; men outnumber women by two to one and three-quarters earn above the national median household income.

A diverse board can bolster a charity's resilience and therefore this presents an opportunity. As a reminder when recruiting new trustees, ensure consideration of a more diverse base.

Guidance: [goo.gl/UH66Q2](https://goo.gl/UH66Q2)

## Bank account guidance



The three charity regulators have issued an alert to charities covering circumstances when they receive, hold, move or use money, particularly those charities moving funds internationally. It is the regulators' view that all charities need to have access to, and use, a bank account in the charity's name in the regulated banking system. It is noted that:

'Appropriate use of a bank account is a good way for trustees to demonstrate audit trails for the receipt and movement of money, and that they are discharging their legal duties to keep funds safe and meeting key elements of good governance and prudent financial management.'

They highlight that they would be concerned if a charity did not have a bank account in its name and look to remind trustees that other safeguards including appropriate financial controls should be in place and all records and documentation in connection with their use are kept.

Guidance: [goo.gl/gZgV94](https://goo.gl/gZgV94)





## Publicising that you are a charity



All charities registered in Scotland must publicise the fact that they are a charity. Trustees need to display the charity's details on specific external documents. As a reminder this means:

- charity's name, as entered in the Scottish Charity Register
- any other name the charity is known as (the 'known as' name)
- Scottish Charity Number (SC0[zero]xxxxx)
- the fact that you are a charity, if this is not already clear from your name.

It is recommended to note that the charity is regulated by OSCR. Are you compliant?

## Free guide to help charities avoid cybercrime



The National Cyber Security Centre (NCSC), has published a free guide for small charities to help them understand the types of attack that they might be vulnerable to and how to protect themselves. Most charities have little experience of this area. The CCEW has also issued updated guidance on protecting your charity from fraud.

Guidance: [goo.gl/7Pu1h9](https://goo.gl/7Pu1h9) and [goo.gl/ioC7VM](https://goo.gl/ioC7VM)

## CCNI registration list has been re-named



The CCNIs registration list is now known as the **combined list** and includes around 6,000 charities registered in Northern Ireland.

Guidance: [goo.gl/TkA4Y4](https://goo.gl/TkA4Y4)



# Accountancy and tax update

## SORP and accounting



The CCEW and OSCR, who together are the SORP-making body, are inviting comments on amendments to the Charities Statement of Recommended Practice (SORP) following the amendments to UK & Irish accounting standards (FRS 102) 'Triennial Review 2017'. The changes will come into effect for accounting periods beginning on or after 1 January 2019 although early application is permitted, provided all amendments are applied at the same time. Section 3 of the Bulletin will apply immediately after publication.

The changes to the SORP are to be made via a second Update Bulletin and include:

- introduction of an accounting policy choice for entities that rent investment property to another group entity
- clarification of the accounting treatment for payments by subsidiaries to their charitable parents that qualify for Gift Aid
- clarification of the requirement for comparatives for disclosures required by the SORP
- introduction of a requirement for a net debt reconciliation to be prepared as a note to the statement of cash flows.

Following a consultation period it is anticipated the final version of the Update Bulletin will be issued in October 2018, subject to Financial Reporting Council (FRC) approval.

CCEW have reviewed all charity accounts with modified audit reports in 2016 (97 charities) of which 45 were modified due to material non-compliance with the SORP.

Trustees need to check that there are sound financial systems and accounting records in place to ensure compliance with the SORP. If the auditor modifies the charity's audit report then the trustees should consider whether explaining the circumstances of the modification in their trustees annual report is required.

Guidance: [goo.gl/qVP5qo](https://goo.gl/qVP5qo)

## Annual reporting



The end of January was a milestone for charities in Northern Ireland as many charities were expected to file their annual reporting for the first time. The CCNI was encouraged to see over 80% of the 1,560 charities due to submit their annual reporting by that date, met the deadline. On the downside this meant that some 270 charities failed to meet the deadline and went into default. This status on the register could be damaging to a charity's reputation and may raise concerns amongst supporters and funders.

## Legislative update

### General Data Protection Regulation



From 25 May 2018, the General Data Protection Regulation (GDPR) will come into force. The aim is to bring data protection legislation into line with how personal data is used in today's world, and will supersede the Data Protection Act 1998. The GDPR applies to 'controllers' and 'processors' of data. It will also:

- strengthen rules around personal data
- place a duty on organisations to be more accountable and transparent
- give individuals greater control over their personal data.

The Information Commissioner's Office (ICO) has now opened a dedicated helpline for small businesses and charities, to help prepare them for the new law.

You can read more about the helpline and other resources available on the ICO website. All charities should check the ICO website regularly for updates, and follow all guidance issued by the ICO about GDPR. The ICO have published a list of questions for small charities, signposting them to the ICO's specialist helpline for small organisations and its self-assessment tool.

Guidance: [goo.gl/hPVbev](https://goo.gl/hPVbev)

### Charitable Incorporated Organisation (CIO) guidance



Charitable companies in England and Wales can now convert to charitable incorporated organisations (CIOs) following legislative changes in Parliament in November 2017.

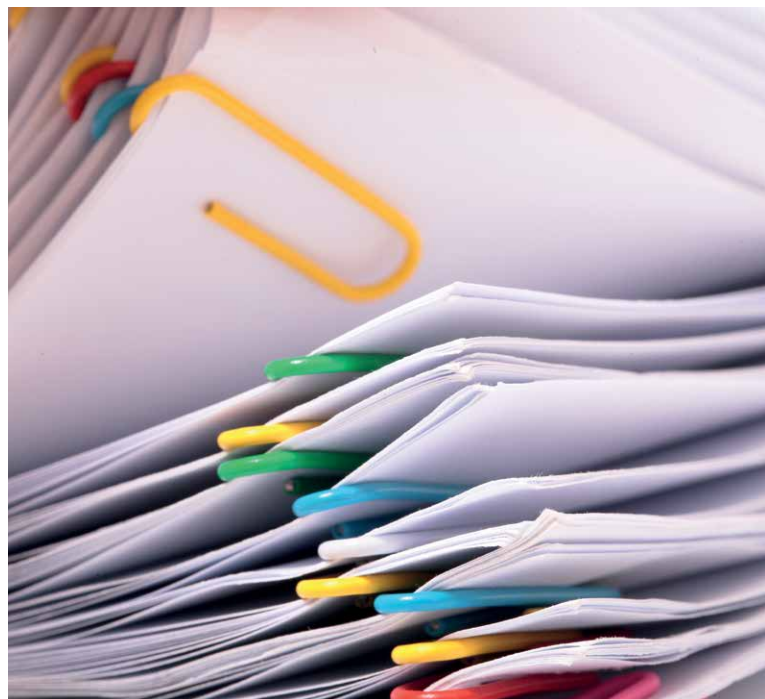
The new legislation also means that all charitable incorporated organisations (CIOs) will be listed on the Business names index, held by Companies House.

The phased implementation timetable is as follows:

Date	Annual income
1 January 2018	Less than £12,500
1 March 2018	Between £12,500 and £25,000
1 May 2018	Between £25,000 and £100,000
1 June 2018	Between £100,000 and £250,000
1 July 2018	Between £250,000 and £500,000
1 August 2018	Greater than £500,000

If you are considering converting to a CIO, please contact us for further information

Guidance: [goo.gl/H5AKiX](https://goo.gl/H5AKiX)



### SCIO names to go on Registrar's Index of Company Names



From 1 January 2018, the Registrar's Index of Company Names (maintained by Companies House) will include Scottish Charitable Incorporated Organisations (SCIOs) and Charitable Incorporated Organisations (CIOs). OSCR have recommended that anyone looking to set up a SCIO checks the index before deciding on a name to ensure it is not already in use.

# Consultations

## Reforming charity tax



The Charity Tax Commission (the Commission) was established by The National Council for Voluntary Organisations (NCVO) last year in order to undertake a full review of the charity tax system (including business rates relief, Gift Aid and VAT relief). The last review was performed over 20 years ago and since then the sector has grown and changed significantly. The Commission are looking to hear from anyone affected by the charity tax system and would like their input on how it could be improved helping charities better serve their beneficiaries.

The Commission state they 'need to make practical, evidence-based recommendations that will be taken seriously by policy makers, focussed on increasing the effectiveness of the spend that goes on current reliefs'.

Consultation closing deadline: 6 July 2018.

Guidance: [goo.gl/98hpVb](http://goo.gl/98hpVb)

## Draft guidance for charities that are connected with non-charitable organisations



When your charity has trading subsidiaries or has connections with other non-charitable organisations such as social enterprises, then the trustees must manage the close connection properly in order to comply with charity law and to fulfil their legal duties and maintain public trust.

The CCEW has noted in a number of recent case reports that the handling of these relationships by trustees has been an area of concern. The draft guidance is designed to help charities benefit from appropriate connections with non-charitable organisations, while preserving and protecting what is special about the charity. The regulator want to help trustees make decisions that promote their charity's best interests, and that encourage public trust in charities more widely. It consists of a summary, detailed guidance and a checklist for charities to use.

Consultation closing deadline: 15 May 2018.

Guidance: [goo.gl/kDoqZ2](http://goo.gl/kDoqZ2)

## Annual Return for 2018



The CCEW ran a consultation regarding the next version of the Annual Return (AR18) which will apply to charities' financial years starting on or after 1 January 2018. The CCEW proposes to change how they gather key information including:

- changes to registered details will no longer be included in the annual return and instead charities will need to use the new Update Charity Details service throughout the year
- the annual return will be limited to gathering financial and regulatory information that is relevant to each charity.

This approach will enable CCEW to make the annual return more proportionate and to remove regulatory burden.

The consultation has closed.





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