

Welcome to our latest Russell New Charity and Education Newsletter. In it we cover some very topical issues including identify theft and the area of payments to trustees. We also have some exciting news on National Giving Week.



Finding New Trustees

We are all aware that finding new trustees to sit on your board can be a time consuming and onerous task.

We are often asked to advise charities on how to recruit, select, appoint and induct trustees. Getting it right is essential; it can lead to a balanced and effective trustee board and a well governed and effective charity. However weak processes can lead to major problems for the charity and ultimately its beneficiaries.

The Charity Commission has recognised the importance of this and issued a publication entitled '**Finding New Trustees - What charities need to know**'. The guidance answers some of the more common questions, and sets out a framework for the recruitment process.

With SORP 2005 emphasising (by disclosure in the Trustees Report) the importance of Trustee induction and training we believe the publication is a very useful tool.

The publication can be found at:

<http://www.charitycommission.gov.uk/publication/cc30.asp>

The Charities Bill – An Update

Following its second reading on 26 June 2006, the Charities Bill was debated in Committee in the House of Commons between 4 and 13 July. The Bill will now pass to Report Stage where further amendments can be considered before the Bill concludes its passage through the Commons with its third reading. If amendments are agreed by both Houses the Bill will be given Royal Assent and become an Act. This is likely to be later in the year, although no firm timetable has been set.

We will of course keep you updated on this.

Identity Theft

We are sure you have read about the growing threat of identity theft. It is not just individuals who are being targeted but also organisations including charities.

The tactics used by the thieves are relatively simple and include lodging forged documents at Companies House, and in doing so changing the details of trustees and the registered office. By doing so the thieves are able to use the identity for trading and credit worthiness.

For charities the danger is extremely worrying, it is easy to imagine how fraudsters can take the reputation of a charity and use it to their own advantage.

Recently Companies House introduced a scheme called PROOF (Protected Online Filing) which makes it extremely difficult for an organisation's identity to be stolen in this way.

Once registered, a Company will be issued with a unique password and PIN number which must be used every time a document is filed electronically. In the future only documents filed this way will be accepted, paperwork sent by post will simply be returned.

For charities that prefer not to subscribe to PROOF there is an alternative which is to subscribe to the Companies House monitoring service. This will provide an automatic alert when a document is filed in the organisation's name.

A charity's most prized asset is usually its good name, it is therefore important that steps are taken to protect it.

Payments to Trustees

This is an area where perhaps the most common, the most serious and the most embarrassing difficulties can arise for charities and trustees.

It is a complex area, with charities and trustees unsure as to what benefits are forbidden under Charity Commission rules.

The basic rule is that if there is any possible way in which a trustee might get any possible benefit, it is likely to be caught by the rules. The benefit can be direct, indirect or in kind.

Trustees cannot receive any benefit direct or indirect from their charity without express legal authority either in the charity's governing document or from the Charity Commission.

The exceptions to this rule are:

1. reimbursement of reasonable and genuine out of pocket expenses; and
2. access to benefits freely available to all

Russell New recommends that you seek professional advice if you think your charity and trustees may potentially be caught in this minefield.

National Giving Week

We are pleased to announce that we are the sponsoring accountants for National Giving Week being held later this year. Further details will follow.

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