



**CHARITY COMMISSION**  
FOR ENGLAND AND WALES

---

## **Inquiry Report**

### **Human Aid UK**

Registered Charity Number 1138111

# A statement of the results of an inquiry into Human Aid UK (registered charity number 1138111).

**Published on 3 March 2017.**

## The charity

Human Aid UK ('the charity') was registered with the Charity Commission ('the Commission') on 17 September 2010. It is governed by memorandum and articles of association dated 19 April 2010 as amended by special resolution 7 August 2010 as registered at companies house 13 August 2010.

The charity's entry on the register of charities can be found on [GOV.UK](https://www.gov.uk).

## Background

The Commission's engagement with the charity began in June 2013 when a pre-investigation assessment case was opened in respect of concerns that an event was arranged by the City University Students Union Islamic Students Society, in association with the charity, at which individuals who hold what was reported to be controversial and/or extremist views, were to be given a platform and that proceeds of the event would be donated to the charity.

Whilst the event was subsequently cancelled, the issues raised in connection with the charity were assessed as being suitable for further consideration and the matter was referred to the Commission's monitoring team to engage with and assess how the charity managed the wider risks associated with external speakers.

The monitoring team met with the charity on 2 occasions, conducted an inspection of the charity's records at its premises and entered into correspondence with the charity's trustees and operations manager. As a result of the Commission's engagement with the charity during its monitoring case a number of issues regarding controls around fundraising and the end use of the charitable funds were identified that the Commission considered required further examination.

The key regulatory concerns identified from the Commission's assessment of the issues were:

- the trustees were unwilling or unable to take the necessary action to protect the charity
- based on the facts and evidence available and the identified risks there was likely to be significant damage to public trust and confidence in the charity, or charities more generally, if an inquiry were not opened
- the regulatory concerns were otherwise so serious and/or complex that it warranted the opening of an inquiry to investigate the facts, gather evidence and/or formalise our engagement with trustees

## Issues under investigation

On 15 August 2014 the Commission opened a statutory inquiry ('the inquiry') into the charity under section 46 of the Charities Act 2011 ('the act'). The inquiry closed on xxx with the publication of this report.

The inquiry was opened to examine:

- the financial controls and management of the charity
- whether or not the trustees had complied with and fulfilled their duties and responsibilities as trustees under charity law

## Findings

### The financial controls and management of the charity

With regards to the financial controls and management of the charity the Commission focused the inquiry on 2 areas (a) fundraising (b) activities in Turkey/Syria.

#### (a) Fundraising

During the Commission's monitoring case the Commission identified a number of concerns regarding the charity's approach to fundraising. The Commission found that the lack of controls, specifically around street collections, was putting the charity's assets, including its reputation, at risk.

During 2013 and 2014 there were 2 separate incidents involving the arrest of individuals by the police said to have been conducting unlicensed street collections.

The first arrest was in respect of an individual who was a volunteer of the charity; part of the police's enquiries focussed on whether a fundraising bucket held by the individual at their home address belonged to the charity<sup>1</sup>.

At the time of the first arrest the trustees confirmed to the Commission that the individual was a 'seasonal' fundraising volunteer for the charity, recruited to cover a busy period in the lead up to and during Ramadan. The Commission raised concerns with the charity as to whether the volunteer held fundraising materials belonging to the charity at their home and, if so, whether they had the charity's permission to hold such materials. The trustees were unable to confirm exactly where the volunteer had been authorised to collect and if they were still in possession of any charity fundraising material, including a collection bucket. This demonstrated clear vulnerabilities in the charity's fundraising controls and practices. The trustees acknowledged that the charity's fundraising controls and practices of tracking the buckets was poor at that time but has since been rectified.

The Commission provided advice and guidance to the trustees at the time regarding the importance of maintaining a full audit trail, not only relating to the funds collected but also the charity's fundraising materials (for example, collection budgets, ID badges, charity branded clothing).

---

<sup>1</sup> The individual no longer volunteers with the charity and no criminal proceedings were pursued by the police against the volunteer in relation to this matter.

On 9 October 2014, after the opening of the inquiry, the charity submitted a serious incident report to the Commission advising that an individual had been arrested in connection with fraudulent fundraising and that the individual had claimed to be a volunteer of the charity. At a meeting between the inquiry and the trustees on 28 October 2014 ('the October meeting') the trustees explained that due to the new processes introduced by the charity, following the advice and guidance previously provided to it by the Commission, the charity could categorically state that the individual was not a volunteer of the charity and was not in possession of any fundraising materials belonging to the charity or partaking in any authorised fundraising activity on the charity's behalf.

During the October meeting the trustees informed the inquiry that new procedures around fundraising had been introduced in order to address the regulatory concerns previously raised by the Commission. The trustees explained that each collection bucket belonging to the charity is uniquely numbered and has coded tamperproof seals. On the day of a collection volunteers sign out the buckets and any other fundraising materials and are supervised by an experienced fully vetted team leader. Upon returning to the office, volunteers hand in their buckets and any other fundraising materials and sign to confirm their return. The collection buckets are then counted by a member of the fundraising team along with the finance manager who then both sign to confirm the date the contents of the bucket were counted and how much it contained. The trustees advised that the buckets are usually counted the same day but during busy times, such as Ramadan, they may be counted the day after. The money is then banked the same day or if the banks are closed, the funds are stored in a safe and banked the next working day. The trustees advised that as of October 2014 they had been implementing this process for approximately a year.

The new procedures and records documenting the process were examined and verified by the inquiry during the October meeting. The inquiry found evidence that procedures were being implemented as described.

To further assist the trustees, during the October meeting the inquiry advised the trustees that to protect the charity more robustly against the risk of rogue collectors inappropriately using the charity's name to solicit funds, the trustees should consider using its website and social media pages to advertise the dates and locations of the charity's official fundraising collections to ensure the public can donate in confidence. During the concluding stages of the inquiry the trustees confirmed that it is the charity's policy to publish details about all fundraising collections in advance on its website and/or social media pages. In addition that charity is using its website to inform donors about 'how to spot a fake collector'<sup>2</sup>.

#### (b) Activities in Turkey/Syria

The charity is engaged in providing aid to those affected by the crisis in Syria which is a high risk area. During the Commission's monitoring case the Commission identified that whilst the charity does have financial policies in place to protect the charity's assets, it was not evident that these were being implemented and as such these were examined further during the inquiry.

In addition to the extensive correspondence between the trustees and the inquiry, and inspections of the charity's records, the inquiry also met with the trustees and was also able to meet with a representative of the charity based in Turkey ('the April meeting').

---

<sup>2</sup> <http://www.human-aid.org/how-to-spot-a-fake-charity-collector/>.

(i) October meeting

During the October meeting, the Commission discussed with the trustees the nature of the charity's work in Turkey/Syria. The trustees informed the Commission that the charity's work "*started primarily as a medical support, medical aid and different kinds of forms of medical support*". The charity was also running an orphan programme and winterisation project - providing blankets, food and thermal equipment to those affected by the conflict.

The trustees discussed the Emergency Medical Service ('EMS') they were seeking to establish which was intended to be similar to a paramedic service helping civilians in Syria injured by the conflict. The trustees advised the inquiry that in 2013 the charity sent out a number of ambulances on a convoy but due to the lack of infrastructure in Syria the EMS project (as of October 2014) was not up and running. At the October meeting the trustees informed the Commission that to make use of those ambulances whilst the EMS project is still in development they were being leased out to hospitals in Syria via a partner organisation<sup>3</sup>. The trustees advised the inquiry that the charity had signed lease agreements in place and photos and videos of the ambulances in use. Copies of the lease agreements were subsequently provided to, and examined by the inquiry.

During the October meeting the trustees confirmed that the leases are free of charge as the trustees want to see the ambulances being used to help those in need and for the period of the lease (6 months reviewable) the hospitals are responsible for their running costs and maintenance.

The inquiry also examined invoices and receipts for the ambulances and the medical supplies bought for the 2013 Syria convoy ('the convoy') and copies of the documents confirming the insurance obtained for each of the ambulances.

To obtain a greater understanding of the charity's activities in Turkey/Syria, its monitoring and verification processes and how the risks of international operations were managed the inquiry arranged the April meeting which took place in Adana, Turkey.

(ii) April meeting

During the April meeting the inquiry met with the charity's representative based in Turkey. The trustees and the charity's legal advisers joined the meeting via Skype.

The representative was the charity's humanitarian coordinator which is a voluntary unpaid internship with the purpose of monitoring and evaluating the projects that the charity carries out in Turkey and Syria.

The inquiry established that the role of the humanitarian coordinator involved regular contact with the charity's partner organisation Sam Feneri ('the Turkish partner organisation') to review the delivery and impact of the aid funded by the charity. The role is full time and as of April 2015, he was the only representative of the charity based in Turkey. The humanitarian coordinator confirmed that he did have an employment contract in place and the continuation of the contract was subject to his performance and review.

During the discussions with the humanitarian coordinator the inquiry established that as part of his monitoring work he has visited projects in Syria. As of April 2015, he recalled that in the last 2-3 months he had visited once and remained close to the Syrian border for 2-3 weeks. He advised the Commission that for reasons of safety, visits to Syria are all made in conjunction with the Turkish partner organisation. The inquiry was informed that prior to each visit a risk assessment is carried out and forwarded to UK office for authorisation. The humanitarian coordinator added that the situation on the border is high risk and the charity is acutely aware of the priority of the safety of their volunteers.

---

<sup>3</sup> Sam Feneri is a charitable organisation based in Turkey that the charity has partnered with since July 2013.

The inquiry examined how funds from the UK were applied to the projects in Turkey and Syria. It was confirmed that the charity has a memorandum of understanding in place with the Turkish partner organisation and that for each project the charity has a contract to specify protocols and the roles of each organisation in relation to the project. The inquiry verified what it was being told by later examining copies of the documentation referred to as part of the record inspections. The inquiry's findings in this regard are set out in (iii) Records inspections.

With regards to monitoring of the charity's projects, the humanitarian coordinator explained that he provides verbal updates during monthly telephone meetings with the charity's operations manager, but that no formal documentation is produced to record these discussions. He did advise that the charity is working on developing formal monitoring reports to address this. When presented with the inquiry's findings prior to the publication of this report, the trustees confirmed that monthly reports have since been implemented.

During the April meeting, the trustees advised the Commission that in terms of monitoring the Turkish partner organisation provides photographs, videos, receipts, beneficiary lists and a completion report for the aid that they deliver. These records are held in the UK. Copies of these records were later requested and examined by the inquiry as part of 2 record inspections. The inquiry's findings in respect of the records inspections are set out in (iii) Records inspections.

The inquiry asked if the trustees or the humanitarian coordinator had any key concerns or difficulties regarding the charity's operations in Turkey and Syria. The humanitarian coordinator advised that it can be a challenge to stay abreast of the constantly changing situation in Syria and emphasised the value of liaising with local partners/organisations that may be more knowledgeable. He noted that it is important for charities to work collaboratively and not competitively to ensure aid can be effectively delivered.

The humanitarian coordinator added that being the only representative for the charity on the ground in Turkey, he tries to share as much knowledge and information with the UK office as he can. He has regular meetings/discussions with the operations manager (based in the UK) via telephone to discuss experiences, concerns and ideas. The trustees emphasised the value of having the humanitarian coordinator on the ground to review the current situations and relay messages back to the head office.

The inquiry established that in addition to the work undertaken by the humanitarian coordinator in monitoring and evaluating the charity's projects the trustees, operations manager and other authorised employees of the charity are permitted to visit the charity's projects in Syria. There is no schedule for the visits to Turkey/Syria, although it was noted by the trustees during the April meeting that they tend to be every 3-6 months on a needs basis.

### (iii) Records inspections

On 15 May 2015, as part of the assessment of the charity's activities in Turkey/Syria, the inquiry requested an inspection of the charity's records which details the financial transactions with its Turkish partner organisation and evidences the end use of the charity's funds and goods.

The inquiry conducted an initial inspection of the charity's records ('the first inspection') following the receipt of the documentation on 11 June 2015. The first inspection included an examination of the all information, correspondence and records obtained by the inquiry to date.

The first inspection found that in relation to activities in Turkey/Syria carried out with the Turkish partner organisation for the period July 2013 to July 2015 the majority of the charity's expenditure, approximately £190,000 in total, could be traced from the charity's bank statements through to payment requisition forms, confirmation of payment forms and completion reports, with pictures and in some cases video footage supporting the projects. However, the records to evidence the charity's due diligence and the monitoring of the end use of funds for activities in Turkey/Syria were incomplete. These findings were put to the charity on 10 July 2015.

On 22 July 2015 the charity's advisers contacted the inquiry and indicated that the trustees wished to make representations and would require until 7 August 2015 - this request was granted. On 5 August 2015 the charity's adviser contacted the inquiry and advised that documents appeared to have been overlooked and the trustees would need more time in which to make their representations, so the deadline was extended to 21 August 2015. The trustees' response and supporting documents were eventually received by the inquiry on 26 August 2015.

As the records requested should have been easily accessible to the trustees they were asked to provide an explanation as to why any new documentation was not provided on 11 June 2015, when the charity's records were first provided to the inquiry. The trustees failed to provide any such explanation at this time.

In February 2016, when presented with the inquiry's findings prior to the publication of this report, the trustees advised that during certain months, Ramadan in particular, the staff at the charity's office were over-stretched. The trustees have since agreed that immediate steps will be taken to ensure better document management processes are in place moving forward and the appointment of an additional administrative employee is being considered.

On 26 August 2015 a second records inspection ('the second inspection') was conducted.

(i) Due diligence

The new information provided to the inquiry on 26 August 2015 as part of the second inspection indicated that the charity had partner contracts in place to manage projects carried out by third parties and some due diligence checks were carried out and recorded on due diligence forms.

With specific regard to the Turkish partner organisation the charity produced a copy of the organisation's Turkish company registration document. The charity's trustees advised that they and the charity's operations manager met with partners of the Turkish partner organisation on a number of occasions prior to working with them and during their partnership. The inquiry found that records of these meetings did not form part of the charity's records.

Having reviewed the due diligence forms, the inquiry found that they covered appropriate areas a charity should address before entering into partnership with a third party. However, the responses and analysis of the evidence relied on, as noted on the forms, were not sufficient. The inquiry was provided with limited and/or no supporting documentation to substantiate or explain the responses on the forms. For example questions such as - (i) type of work and services provided - what type of work does it undertake and range? (ii) address and location - where is it located and is it convenient for purpose? - were simply answered yes or no.

The Commission's guidance on due diligence makes clear that due diligence of partners is important as trustees' duties are not just concerned with whether charitable money actually reaches the place, people and purpose intended. Trustees' duties also involve consideration of whether a partner is appropriate and suitable for their organisation, being a charity, to work with. The higher the risks or the more significant or substantial the work or partnership, the more steps trustees will need to take. To meet their legal duty to protect charity assets with the necessary care and properly to assess risk, trustees must carry out appropriate due diligence on those individuals and organisations that the charity receives donations from, gives money to or works with closely.

The inquiry found there was the lack of adequate documentation to support the due diligence undertaken by the charity in relation to its dealings with the Turkish partner organisation and this meant they could not show proper due diligence had taken place in compliance with their duties in what was a high risk activity.

(ii) Monitoring end use of funds

In relation to the projects carried out by the Turkish partner organisation, on 21 August 2015 the trustees provided written assurances that they *"...have confidence the Turkish partner organisation ensures that each project represents value for money. They receive quotations and their representative provides feedback. But these oversight procedures ensure that should confidence not prove correct, the trustees of Human Aid will be made immediately aware of this so steps can be taken... In general, the trustees correct people. This is because a rigorous procurement, supply, management, delivery mechanism process is in place. This has been verified by the trustees, operations manager and the representative"*.

The trustees have acknowledged in their representations to the Commission of 21 August 2015, that more of the 'verification information' such as quotations and feedback from the humanitarian coordinator based in Turkey needs to be confirmed in writing and documented. The trustees provided the inquiry with written assurances that in the future the humanitarian coordinator will be instructed to prepare monthly written reports outlining his work monitoring the activities of the Turkish partner organisation in carrying out the charity's projects and the effectiveness of those projects.

The second inspection supported concerns about the adequacy of monitoring systems - it found that the charity's records and systems regarding its activities in Turkey/Syria and/or on the Syrian border it inspected did not sufficiently account for the proper end use of all the funds transferred from the charity to partner organisations. The inquiry found:

On 18 December 2013 a payment of £27,000 was made by the charity to the Turkish partner organisation. The trustees advised that this was for costs associated with the security, transport and session staff required for an Emergency Medical Service convoy ('EMS convoy'). The charity provided what it described as the relevant documentation relating to the total expenditure of £27,500. The documents included a payment requisition form, confirmation of payment form, video evidence of the EMS convoy and an invoice from the Turkish partner organisation to the charity itemising the costs.

During the evidence gathering stage and assessment stage of the inquiry, it was not possible to reconcile any of the costs incurred as part of the EMS convoy, as set out in the Turkish partner organisation invoice, to the copy receipts, invoices and bank slips submitted by the charity to the inquiry.



The inquiry acknowledges the video of the EMS Convoy shows that aid was transported to Syria. However, charity trustees must ensure that charitable funds are used solely to further the charity's purposes; they need to be accountable and show what they are doing is being properly monitored; that assets are protected and that the action is being taken in the best interests of the charity.

Based on the records provided at the time, the inquiry was not able to verify the project costs incurred by the Turkish partner organisation in delivering its part of the EMS convoy and be satisfied the funds were used in furtherance of charitable activities.

During the period 30 March 2011 to 21 July 2014 the charity also transferred approximately £39,150 of charitable funds to another charity registered with the Commission ('the UK partner organisation'). The documentation provided by the charity to the inquiry only supported the cost of projects with the UK partner organisation in the sum of £31,150. The inquiry found no documentation to account for approximately £8,000 of charitable funds transferred to the UK partner organisation during this period.

The charity informed the inquiry that the funds were used for a baby milk project. Documents examined by the inquiry included a project proposal form, contract between the charity and the UK partner organisation, request for payment requisition form, letter from the UK partner organisation to the charity confirming payment, completion report and video evidence of the baby milk distribution.

During the evidence gathering stage of the inquiry the charity did not provide, when requested, any evidence of receipts or invoices to support purchase costs of the baby milk. The inquiry acknowledges the video evidence but this alone does not provide enough information to verify the project costs and be satisfied that all the funds were used in furtherance of charitable activities. As stated above, charity trustees must ensure that the charity's funds are used solely to further the charity's purposes; they need to be accountable and show what they are doing is being properly monitored; that assets are protected and that the action is being taken in the best interest of the charity.

As part of the closing stages of the inquiry, the charity submitted further documentation it claims evidences the funds related to these 2 partners have been applied. Even if additional adequate evidence can be adduced subsequently, the records and systems inspected by the inquiry at the time of inspection were not adequate and the fact the records were not produced earlier, is of concern.

The charity apologised and said that 'the trustees did not understand the ..request to include paperwork concerning the logistical costs of the delegation.... [and] had understood the Commission's request as concerning aid expenditure only', and that the other omission was an error.

It is the inquiry's finding that the records and systems scrutinised during its 2 inspections, did not demonstrate that the trustees could monitor and fully verify the proper end use of the charities funds through its partners. When using a partner to deliver, trustees must ensure that they are undertaking appropriate and reasonable monitoring to verify the proper end use of the charity's funds. A charity needs to hold appropriate expenditure and monitoring records and have adequate systems and procedures in place to request, analyse, record and hold these on a systematic and regular basis. This is particularly important where a charity works with or through partners, or works in high risk areas and this was not evident at the inquiry's inspections.

Furthermore, in reviewing the contracts in place to manage the charity's relationship with its partner organisations, in not providing receipts, invoices or other documentation to support the project expenditure, it appears that the charity failed to ensure that contractual obligations imposed on both the Turkish and UK partner organisations in relation to the projects referred to above were complied with. Not ensuring partner organisations are complying with the terms of the contract in place leaves a charity vulnerable to the risk that that the project or work is not effectively completed as the charity or its donors intended, as well as to a number of other risks, such as misuse.

The Commission's published guidance acknowledges that monitoring may take a variety of forms based on risk and depending on the nature of the charity's work, the particular project and amount of charitable funds involved, although it will almost always include steps to verify the proper end use of funds. Operating in high risk areas and conflict zones can be challenging for charities and can impact on the types of monitoring that can be carried out and what evidence is available. The Commission's guidance explains how trustees need to reflect the risks involved in developing practical monitoring processes for a charity for use in different situations.

However, even taking this into account, the records examined fall short of what the charity and the partner organisations had committed contractually to producing.

The charity agreed that 'immediate steps are taken to ensure better document management processes are in place moving forward'.

### **Whether or not the trustees had complied with and fulfilled their duties and responsibilities as trustees under charity law**

#### **(i) Fundraising**

During the inquiry the Commission found that the concerns it identified regarding the charity's approach to fundraising during the monitoring case had been acknowledged by the trustees and the necessary improvements to the charity's policies and practices in this area made. Based on the information examined in relation to its fundraising activities, the trustees had taken steps to ensure that they were complying with and fulfilling their duties and responsibilities under charity law.

#### **(ii) Activities in Turkey/Syria**

Charity trustees must use their charity's funds and assets only in furtherance of the charity's purposes. They must avoid undertaking activities that might place the charity's funds, assets or reputation at undue risk. To meet their legal duty to protect charity assets with the necessary care and properly to assess risk, trustees must carry out appropriate due diligence on those individuals and organisations that the charity gives money to or works with closely.

In addition, a significant aspect of a trustee's legal duty to protect charitable assets with the necessary care means ensuring that where a charity gives money to partners, or uses partner and delivery agents, or where it funds other projects, charity trustees must properly and appropriately monitor the use of the charity's funds, checking both that funds reach their destination and that they are used for the purposes intended.

The poor maintenance of the charity's records and lack of documentation to evidence in particular the charity had carried out proper due diligence of partners and of monitoring the EMS Convoy and baby milk project expenditure, leads the Commission to conclude that the charity cannot evidence that the trustees have fulfilled these duties.

## Conclusions

The charity had acted on some of the regulatory advice and guidance provided immediately prior to the inquiry on financial controls and management of the charity's fundraising. However, the inquiry identified further concerns that the charity had not exercised sufficient oversight of its work with partners, particularly in high risk and conflict areas.

From the examination of the records which were available, there was no evidence of misapplication of charity funds. However, there was an overall lack of adequate documentation to evidence the charity's due diligence and monitoring of the end use of all the charity's funds. As a result, the trustees failed to adequately protect the charity, which is mismanagement in the administration of the charity in this regard.

The Commission has exercised its powers and directed the trustees to carry out a number of actions to address compliance with trustee duties, due diligence and record keeping. The charity is being monitored by the Commission to ensure compliance with the order.

## Regulatory action taken

In conducting the inquiry the Commission held a meeting with the trustees at the charity's premises in the UK and with the charity's representative in Turkey. The Commission exercised its information gathering powers under section 47 of the act to obtain copies of the charity's records and conducted an inspection of the charity's records and documentation to support the explanations provided in the meeting and correspondence.

The Commission used its information gathering powers under section 52 of the act to order and obtain bank records and financial information of the charity in order to conduct an independent examination of the charity's finances.

On 14 December 2015 the Commission issued the trustees with an order under section 84 of the act as there had been misconduct and/or mismanagement in the administration of the charity, and it was necessary or desirable to act to protect the charity's funds and secure the proper application of the funds going forward.

The order directs the trustees complete a number of actions, including (i) a review of the charity's financial management/controls policy to ensure that it adequately sets out what are the responsibilities of trustees and other agents involved in the running of the charity in respect of keeping evidence of expenditure and full accounts (ii) a review of the charity's due diligence policies and procedures, specifically the partner due diligence form. The trustees have also been directed to ensure that any policies are fit for purpose and capable of being implemented in full.

## Issues for the wider sector

**Managing volunteers:** many charities rely on significant volunteer effort to raise vital funds for their work. As with your fundraising staff, you and your co-trustees should put systems in place to actively oversee the work of your fundraising volunteers. This will include ensuring that they:

- are clear about what they are supposed to do, through appropriate role descriptions
- are aware of the rules and boundaries within which they must work, for example, when representing or speaking on behalf of the charity
- work safely
- know what to do if there's a problem
- know what they need to report and who they report to

You should ensure that the charity has appropriate procedures and policies in place, so that volunteers get appropriate training, and know they must comply with policies and procedures.

Find out more about **managing your charity's volunteers**. You can also read more about working with volunteers from the **Institute of Fundraising Code of Practice**.

**Due diligence** is the range of practical steps that need to be taken by trustees so that they are reasonably assured of the provenance of the funds given to the charity; confident that they know the people and organisations the charity works with; and able to identify and manage associated risks.

A significant aspect of a trustee's legal duty to protect charitable assets, and to do so with care, means carrying out proper due diligence on those individuals and organisations that give money to or receive money from or work closely with the charity.

When working with partners, trustees:

- must carry out appropriate and proper due diligence on individuals and organisations that the charity gives grants to or uses to carry out charitable projects and help deliver its work - this involves the trustees assessing the risks to ensure that those partners are suitable and appropriate for them to work with
- should also consider whether any arrangements they make, will need to comply with procurement requirements or processes - sometimes additional requirements may also need to be complied with because of the terms of grant funding the charity receives from its own donors
- should properly manage the working relationship with the partner:
  - the charity's and the partner's goals, aims and ways of working should be compatible
  - entering into the arrangement must be in furtherance of the charity's purposes - trustees should ensure they have reasonable assurance that the partner is capable of delivering the proposed activities or services and has in place appropriate systems of control
  - it is good practice for an agreement to be drawn up with partners for significant projects or long term relationships, setting out what the arrangement is, when any project or work should be delivered by and how and what happens when the arrangement is comes to an end - this helps protect the charity's position - the agreement would normally be clear about who has responsibility for what actions, how payment and financial matters of the work will be managed and reported on, and what happens should any targets not be met or the project not be delivered

- ensuring it is clear how the relationship with the partner will work on a day to day basis and how on a practical level the charity will engage with the partner
- should ensure when using local representatives and agents:
  - the scope and extent of duties and responsibilities delegated is made clear and appropriately documented
  - they are given clear instructions and know what is expected of them and what procedures the charity needs them to follow - this may mean they need to see the charity's procedure manuals, and the charity ensures they understand what they mean
  - clear limits on spending by local representatives have been set where appropriate
  - they know what authority they have to make commitments and spend money on behalf of the charity and how they need to report and account for this
- must ensure appropriate and regular monitoring is carried out to ensure charity funds reach the intended beneficiaries and have been properly applied - this includes taking appropriate and reasonable steps to verify the proper end use of the charity's funds where these are provided to partners

Trustees need to remember that they remain responsible for ensuring the legitimate and proper application of the charity's funds even if they delegate activities and provide funding under a partnership arrangement. Whatever the nature and complexity of the arrangement between a charity and its operational partner, trustees cannot delegate their legal duty of care.

**Monitoring:** whatever the size and complexity of the proposed arrangement, trustees should ensure that they properly consider the risks involved to make certain that these have been sufficiently considered and where appropriate managed.

Monitoring is important to ensure that trustees are able to account for the proper use of the charity's funds and that they maintain donor confidence.

Monitoring may take a variety of forms depending on the nature of the charity's work, the particular project and amount of charitable funds involved. Monitoring will almost always include some steps to verify that funds have been passed to the partner and verify their proper end use. But monitoring is more than that. It is about ensuring effective delivery and promises made by the partner to the charity are met. Ensuring this is the case, in turn protects the trust and confidence a charity's donors have in it. Even in lower risk situations, monitoring will help to verify that the project matches the initial low risk assessment, and if not, can prompt a timely re-assessment for the partner.

Monitoring will take a variety forms depending on the charity's work, the particular project, the amount of charitable funds involved and the outcome of a risk assessment. However, it will usually involve steps aimed at ensuring:

- the charity's funds can be accounted for, that there is an audit trail showing the expenditure of funds by the charity, checking the funds were received by the partner and, if the partner forwarded those funds on, that there is an audit trail to show this
- the partner has actually delivered the project and charitable work expected
- the charity's funds have been used for the purposes for which they were intended, and for the beneficiaries identified

- that any concerns that need to be dealt with are identified
- the partner continues to be appropriate in all respects for the charity to work with

Monitoring may also be broadened to fulfil other purposes, for example:

- assessing the impact and value of the project and charitable work
- assessing whether the charity's funds are being put to their most effective use
- as a tool to gauge customer and stakeholder satisfaction with the charity
- helping to benchmark standards across a number of the charity's projects
- helping to assess and review risks to the charity

For a variety of reasons monitoring may not be easy and may present practical challenges. This is particularly so in certain parts of the world where access to the areas in which the charitable work is being carried out may be restricted.

Failure to carry out proper due diligence and monitoring, particularly where the risks are higher, may mean a trustee does not discharge their legal duties and this failure may be regarded by the Commission as evidence of misconduct or mismanagement.

Further information can be found in the Commission's **Compliance toolkit - Chapter 2 - Charities: due diligence, monitoring and verifying the end use of charitable funds.**