

Inquiry Report

Effective Intervention

Registered Charity Number 1111709



A statement of the results of the class inquiry into double defaulter charities in particular Effective Intervention (registered charity number 1111709) ('the charity').

Published on 9 February 2016.

The class inquiry

On 20 September 2013, the Charity Commission ('the commission') opened a statutory class inquiry ('the inquiry') into charities that were in default of their statutory obligations to meet reporting requirements by failing to file their annual documents for 2 or more years in the last 5 years and met certain criteria, including that:

- the charities were recently (or in the case of charities that would become part of it in due course, would be) given final warnings to comply by a specified date
- on the day after the specified date they were still in default (partially or otherwise)

At the point a charity met the criteria they would become part of the inquiry. The commission started by looking at and sending final warnings to charities with a last known income over £500,000 and then moved on to those over £250,000 and then those with a last known income of between £200,000 and £249,000.

The charity

The charity was registered on 17 October 2005. It is a charitable company governed by memorandum and articles of association incorporated on 28 June 2005.

The charity's objects are:

The relief of suffering, hardship and distress, in particular by:

- (a) promoting education, research and intervention programmes aimed at reducing child mortality and morbidity in Africa, Asia and Latin America
- (b) promoting education, research and intervention programmes with the goal of reducing poverty in Africa, Asia and Latin America

More details about the charity are available on the [register of charities](#) ('the register').

Issues under investigation

The charity failed to submit its annual return for the financial year ending 31 October 2013, and annual accounts, report and annual return for the financial year ending 31 October 2014, to the commission. During the whole period of default, the charity was sent various computer generated reminders from the commission regarding the submission of their annual accounting documents. Although reminders were sent the charity remained in default of its obligations under the Charities Act 2011 ('the act').

In addition, the commission attempted to contact the charity by telephone on 6 October 2015, and a final warning was issued the same day requesting that the missing documents be provided by 26 October 2015, and warned the charity that if it remained in default it would become part of the inquiry.

The charity failed to submit its outstanding documents by the deadline and became part of the inquiry on 27 October 2015.

The inquiry is confined to dealing with the trustees' mismanagement and misconduct¹ and remedying the non-compliance in connection with the annual accounting documents.

On 4 November 2015 the charity's correspondent informed the commission that the reason for the trustees not complying with their statutory accounting requirements was due to the fact that the charity's registered address was being renovated at the time, and correspondence issued by the commission had not been re-directed to the charity trustee's temporary address. This does not excuse the failure of the trustees to fulfil their statutory obligations.

The outstanding annual return for the financial year ending 31 October 2013, and annual accounts, report and annual return for the financial year ending 31 October 2014 were submitted on 9 November 2015.

When the charity's missing documents were submitted, the accounts were referred for scrutiny by the commission's accountants. Any issues arising from that scrutiny will be followed up separately.

Conclusions

The charity's trustees were in default of their legal obligations to file accounting information with the commission. This was mismanagement and misconduct in the administration of the charity and a breach of their legal duties.

Charities which are companies are also required under company law to prepare and file accounts at Companies House, irrespective of their size. From the commission's enquiries, it was established that the charity had filed their accounts with Companies House. There was therefore no excuse for it not submitting the charity's accounts to the commission.

As a result of the inquiry, the commission has ensured that the charity has complied with its legal obligations to submit its annual accounting information. One set of accounts were filed and as a result £779,202 of charitable income is now transparently and publicly accounted for on the register.

The charity ceased to be part of the inquiry when it was no longer in default of its accounting obligations. This happened on 9 November 2015 when the charity filed the last missing documents.

Regulatory action taken

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 relating to the missing years accounts. These will be used in connection with the commission's scrutiny of the accounts.

¹ The terms misconduct and mismanagement are taken from section 76 of the act. Misconduct includes any act (or failure to act) in the administration of the charity which the person committing it knew (or ought to have known) was criminal, unlawful or improper. Mismanagement includes any act (or failure to act) in the administration of the charity that may result in significant charitable resources being misused or the people who benefit from the charity being put at risk. A charity's reputation may be regarded as property of the charity.

On 3 November 2015 the inquiry exercised powers under section 84 of the act to direct the trustees to prepare and complete the relevant missing annual accounts, reports and returns for the charity and provide copies of these to the commission.

The commission provided regulatory advice and guidance about the trustees' duty to file the charity's annual accounting information.

Issues for the wider sector

Trustees of charities with an income of over £25,000 are under a legal duty as charity trustees to submit annual returns, annual reports and accounting documents to the commission as the regulator of charities. Even if the charity's annual income is not greater than £25,000 trustees are under a legal duty to prepare annual accounts and reports and should be able to provide these on request. All charities with an income over £10,000 must submit an annual return.

Failure to submit accounts and accompanying documents to the commission is a criminal offence. The commission also regards it as mismanagement and misconduct in the administration of the charity.

For those individuals who were not trustees at the initial date of default, when they became a trustee, they became responsible for making good the default.

It is important that the financial activities of charities are properly recorded and their financial governance is transparent. Charities are accountable to their donors, beneficiaries and the public. Donors to charity are entitled to have confidence that their money is going to legitimate causes and reaches the places that it is intended to. This is key to ensuring public trust and confidence in charities.