

## DSPMM Limited

Registered Charity Number 261347

### Introduction

1. This report is the statement of the results of an inquiry conducted under section 8 of the Charities Act 1993.
2. DSPMM Limited ('the charity') was registered as a charity in July 1970 and is governed by a Memorandum and Articles of Association incorporated 30th March 1966 and amended by Special Resolution dated 10th August 1992.
3. The objects of the charity are to carry on the functions of a church including the regular conduct of religious worship and the ministration of sacerdotal functions, preaching of the gospel and the training, ordaining and sending forth of ministers to evangelize and, to establish, support and maintain Charitable educational and missionary undertakings including, but not limited to, providing worldwide relief and aid to reduce human suffering as a result of hunger, poverty, disease, war, natural disasters and other circumstances creating human need.
4. The charity is based in London and has strong links with the Don Stewart Association, based in the USA. These links include similar trustees. Although the charity is based in London, some of the trustees are based in the USA.
5. The charity's income in the year ending 31 December 2003 was £1,526,652.

### Issues

6. We were informed that the Advertising Standards Authority had produced an adjudication against the charity for a direct mail letter with text that was misleading. The mailing was suspended and the ASA has provided guidance on current direct mail letters so that they are no longer misleading. We subsequently opened an evaluation into the charity in September 2004.
7. After consideration of the charity's accounts it was clear a trustee of the charity was employed in a remunerated position despite an express prohibition in the charity's governing document.
8. The charity had also entered into a contract for the services with a company owned by the same trustee.

9. During the course of the evaluation concerns were also raised about:

- Conflict of interests among the trustee board.
- Inadequate financial controls.
- Fundraising methods.

10. An inquiry was opened on 28 October 2004.

## Findings

11. [REDACTED]  
[REDACTED]  
[REDACTED]

12. The decision to employ [REDACTED] was made by the trustees and the post was not advertised.  
[REDACTED]

13. The trustees reported that the wages for the Managing Director were arrived at by monitoring similar wages through Third Sector Magazine with comparable organisations and job descriptions. The trustees had not retained the documentation relating to this process so were unable to demonstrate that the process had taken place.

14. The Commission found that the charity's [REDACTED] advised the charity that appointing a trustee to a remunerated post was allowed under an old governing document. The trustees did not ensure that the advice received made reference to the correct governing document.

15. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

16. The Commission found that the trustees as a body were not aware of the full extent of the charity's overseas activities.

17. Information was provided to the Commission detailing the charity's overseas container shipments. However, no substantive evidence was provided on trustee involvement in ongoing reporting back procedures and financial controls.

18. The 2003 accounts state that the charity received £611,000 worth of gifts in kind. A letter from the Board of Directors to the Commission dated 11 October 2004 included donation letters stating the valuation was by fair market value and also included inventories with container numbers and seal numbers. The donating charities helped the charity prepare and ship the gifts.

19. The Commission has received a number of complaints from the public over a fundraising campaign that initially involved sending umbrellas and other items to people and asking for a donation to the charity's 'Feed My People' project. Although a number of complaints have been raised such fundraising is not unlawful.

20. The full body of trustees was aware of fundraising campaign letters, however, this campaign was left to a committee that has direct mail background.

21. The Commission also found that a number of individuals had been contacted several times despite requesting to be removed from the charity's mailing lists. By not removing people from their mailing list when requested the trustees are acting in contravention of the Data Protection Act 1998.

## Outcome of Inquiry

22. The trustee who took up paid employment with the charity resigned [REDACTED] employment [REDACTED] [REDACTED] employment was unauthorised.

23. [REDACTED]  
[REDACTED] The charity has appointed two additional UK based trustees and one US based trustee. This charity now has six trustees.

24. As a result of the Commission's findings the trustees have produced a conflicts of interest policy.

25. Owing to the serious nature of the Commission's concerns the independent trustees have signed an action plan and agreed to address the following issues within three months:

- Because a trustee benefiting from his position of trust without the necessary authority the independent trustees will have a duty to consider whether the unauthorised remuneration [REDACTED] should be repaid to the charity.
- Review the charity's relationship with the remunerated trustee's company and assess whether it represents good value and is acting in the best interests of the charity.
- Consideration of the vacant position of [REDACTED] and recruitment on an open and fair competition.

- Fully review the charity's financial controls, reporting back procedures, overseas operation and fundraising methods.
- Review the financial viability, success and methods of the fund-raising campaign

26. The Commission will monitor the charity's progress in three month's time and assess at this time whether any further action is required.

27. The Inquiry was closed on 25 July 2005.

## Wider Lessons

28. The law requires charity trustees not to place themselves in a position where their duty to the charity might conflict with their own interests. A trustee who benefits from a position of trust without the necessary authority is liable to repay the benefit, which he or she has received. In the absence of express authority in the governing document, the only circumstances in which a trustee can offer himself or herself for employment and avoid personal liability is with an order of the Court or the Charity Commission.

29. The charity trustees are the people responsible under the charity's governing document for controlling the management and administration of the charity. Charity trustees can be effective only if they have a sound knowledge of the purposes and activities of the charity, the trusts and procedures which govern the trustees' actions.