

EBDC (Employment & Training Charity)

Registered Charity No 1081741

Introduction

1. This report is the statement of the results of an inquiry conducted under section 8 of the Charities Act 1993.
2. EBDC (Employment & Training Charity) was registered as a charity on 27 July 2000 and is governed by a Constitution adopted on 12 June 2000. The charity's objects are 'to advance the education and training of the public and in particular those members of the public who are from minority ethnic communities so as to assist those persons to find paid employment or establish themselves in a trade or business'. The charity's office is located in London.
3. In the year ending the 31 August 2002 the charity's gross income was £61,681.

Issues

4. Despite receiving several Commission reminder letters the charity had failed to submit their financial accounts for 2003 and 2004.
5. The Commission received a complaint from Lewisham Council ("the Council") that the charity had failed to honour its repayments for outstanding business rates that were in excess of £20k.
6. Following an evaluation of these concerns the Commission opened an Inquiry on 17 January 2005 with the following concerns:
 - failure of the trustees to comply with their statutory obligation to supply the Commission with a copy of its accounts;
 - the effectiveness of the charity's management;
 - whether the charity had adequate financial controls and accounting procedures and;
 - whether the charity was being governed and managed in accordance with its governing document and with the duty of care expected of trustees.

Findings

7. The trustees explained they had failed to provide the Commission with the charity's accounts because none of them had access to the financial records. The [REDACTED] responsible had gone to [REDACTED] leaving the other trustees without the necessary documentation to send to the Commission. There had therefore been a failure to ensure that adequate procedures were in place for maintaining financial records.

8. Since the charity's occupation at their premises on 1 April 1998 the Commission found that the charity had only paid the Council a total of eight individual payments over a 6 year period. The Commission was concerned to know why such a debt existed. The trustees informed the Commission that the debt with the Council had occurred due to a lengthy dispute over the business rate charge for the charity's premises. While the obligatory relief (80%) had been given, the trustees wanted the charity to attract additional discretionary relief (20%).

9. The Commission found that there was confusion amongst the trustees as to who was responsible for authorising and checking the income and expenditure for the charity, and there was no clear policy for financial controls.

Outcome of the Inquiry

10. The charity provided the Commission with its outstanding accounts. The trustees ensured that all documentation relating to the charity's finances, accounts and other business are now kept at the charity's office so that it is accessible to all of the trustees.

11. A repayment settlement was reached between the charity and the Council and a regular monthly standing order has been set up.

12. The Commission provided the trustees with financial advice and guidance on implementing financial controls and systems. The trustees are currently reviewing the charity's financial controls and have assured the Commission that where concerns exist, adequate controls will be implemented.

13. The inquiry was closed on 30 September 2005.

Wider Lessons

14. It is a fundamental duty of a trustee to be able to account for the funds of which he or she is trustee. Charities should take seriously their responsibilities to comply with requirements for the submission of accounts and annual returns to the Commission. Transparency and accountability help underpin the confidence of the public in charities and allow funders and supporters to see how their money is being used.

15. It is also a fundamental duty of all charity trustees to protect the property of their charity and to secure its application for the objects of the charity. In order to discharge this duty it is essential that there are adequate financial controls over the charity's assets and their use.

16. Trustees are responsible for the overall management and administration of the charity. They should ensure that financial controls are not only adequate but provide sufficient information to satisfy the trustees that the controls are being observed.

17. Trustees have a duty to act collectively and are jointly liable for their actions. An effective trustee body will normally be one in which all its members are involved and take part.