

Hindu Cultural Society

Registered Charity No. 268146

Introduction

1. This report is the statement of results of an inquiry conducted under section 8 of the Charities Act 1993.

2. Hindu Cultural Society was registered as a charity on 10 September 1974 and is governed by Constitution. The objects of the charity are to advance the Hindu religion by providing a central place of worship with resident priest; the performance of all religious rites connected with birth, marriage and death; to provide cultural, educational and social activities; generally to provide information and encourage the concepts of the Hindu way of life. The charity operates from its Temple in Slough, Berkshire.

3. In the year ending 31 March 2005 the charity's income was £130,444.

Issues

4. Concerns brought to the Commission's attention by members of the charity were identified as:

- No quorate meetings of the trustee body had been held since April 2005;
- No written minutes of meetings had been circulated to the trustees since 2004;
- Certain officers had been prevented, or were being prevented, from having access to collected monies for the purpose of counting and banking;
- The charity's auditor reported a cash discrepancy of £3,161, between cash receipts issued and cash banked, when auditing the charity's 2004/05 accounts.

An Inquiry opened on 17 August 2005 to look at the above concerns.

Findings

5. It was evident that the trustee body was divided and a situation of non-co-operation existed. For this reason, trustees would fail to attend convened meetings which resulted in the committee being declared inquorate.

6. The Commission found no evidence of minutes of meetings being properly circulated among the trustees.

7. The Commission found that the Treasurer was unable to properly exercise his function because other trustees were not prepared to co-operate. It was also apparent that no written description of duties existed and which created uncertainty and misconception as to roles and responsibilities.

8. The Commission was able to confirm that a cash discrepancy within the 2004/05 accounts had been reported by the charity's auditor. The matter had not been reported to the police.

Outcome of the Inquiry

9. A meeting was held with the trustees, all of whom were directed by the Commission to attend. The Commission strongly recommended that a line be drawn under past differences in order that the trustee body could unite for the good of the charity. Very firm advice was given and a number of recommendations made for the charity's proper governance, including written documentation of officer's duties and charity procedures. Guidance was also given about the need for greater openness and transparency to promote the good conduct of charity affairs.

10. The trustees have been advised to ensure that, following each trustee meeting, draft minutes are circulated to all trustees in advance of their next meeting.

11. The Commission has strongly recommended that the Treasurer must be allowed to manage the charity's financial affairs, without hindrance or interference from other trustees or members. Clear guidelines as to the Treasurer's role and duties should be agreed by the trustees so as to avoid future misconceptions. It was further recommended that the Treasurer be assisted by a bookkeeper.

12. At the Commission's insistence, the matter of the cash discrepancy identified by the charity's auditor was reported to the police. The police have reported that they found no evidence of theft and have closed their inquiry. Following an examination of the charity's books and records, the Commission formed the view that the discrepancy was linked to a practice of paying out petty cash prior to monies being banked. It has been recommended that the charity introduce a separate petty cash account in order to properly account for all such payments.

13. The Inquiry was closed on 9 December 2005.

Wider lessons

14. Trustees should ensure that their management of the charity is transparent, and that decisions are arrived at openly.

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

16. Those acting in the administration of a charity should be familiar with the terms of the governing document and ensure that its terms are complied with. Trustees have a duty to maintain a quorum of their numbers, to enable the charity to operate lawfully. It is important that the trustees are au fait with the charity's governing document and its requirements.

17. Every charity needs an effective trustee body that has control over the administration of the charity and its staff and acts as a whole, especially because all trustees are equal in responsibility.

18. Vigilance is required in relation to possible causes of concern in the financial management of charities. The Commission regularly monitors the accounts of charities with annual income or expenditure of more than £10,000 and looks into possible causes of concern raised by the public.

19. In any situation where there is a risk of conveying an impression of poor practice, charity trustees are encouraged to consult the Commission for advice before acting.