

Official Warning issued to trustees over 49 undocumented loans agreed on behalf of Manchester charity

The Charity Commission has concluded its inquiry into the Bersam Trust, issuing three trustees with an Official Warning for placing the charity at risk by borrowing £1.9 million via inadequately documented loans.

The Bersam Trust has objects to raise funds for charitable causes including the support of the Orthodox Jewish religion and education. The charity also leases a building to a faith school and funds some of its support costs. It is based in Salford, Greater Manchester.

The Commission opened an inquiry into the charity in January 2019, due to ongoing concerns about its financial arrangements and governance.

The inquiry has found the trustees, who will receive the warning, oversaw borrowing of £1.9 million, via 49 separate loans, not documented within loan agreements. The loans were taken from various sources such as individuals and other charities.

Many were only agreed orally and whilst there is no evidence money was lost by the charity in this way, the Commission says the trustees exposed the charity to significant and unnecessary risk by their actions.

The Commission also found the charity was administered in a way that failed to reflect that the school and charity were separate organisations, with one loan secured on the basis that the school achieved a satisfactory Ofsted rating, a matter the charity had no control over and which could have led to significant financial loss to the charity were the school to perform poorly.

The inquiry concluded that the failures in relation to these loans amount to misconduct and/or mismanagement by three of the charity's trustees. Other actions that led to the Official Warning include their failure to:

- manage conflicts of interest appropriately during meetings, for example a trustee who worked at the school participated in decisions about the charity's building being leased to the school, without this being identified or managed as a conflict
- hold regular meetings in line with their governing document
- document meetings adequately, even when significant decisions were taken
- follow an agreed action plan to address earlier failings identified by the Commission

Amy Spiller, Head of Investigations at the Charity Commission, said:

Good governance is not a bureaucratic detail, it's essential in ensuring a charity delivers on its charitable purpose and isn't exposed to unnecessary risk.

The trustees of The Bersam Trust failed to ensure this and instead, through their lack of financial management and basic governance, agreed a significant number of undocumented loans that risked their charity's future. Our inquiry has exposed these failures and it's right the trustees have been issued with an Official Warning requiring them to act to protect their charity. We expect the trustees to comply with these actions.

The regulator has taken the significant step of exercising its power under section 75A of the Charities Act 2011 to issue an Official Warning to three of the trustees, specifying the action they should take to improve the governance and financial practice of the charity. Failure to rectify the failings set out in the Official Warning may lead to further action by the regulator.

The Commission's inquiry into Bersam Trust has concluded, but it will continue to monitor the charity's compliance with the actions set out in the Official Warning.

Ends.

Notes to Editors:

1. [The Official Warning](#) was issued to the trustees in place at the charity at the time most of these decisions were taken.
2. The Charity Commission is the independent, non-ministerial government department that registers and regulates charities in England and Wales. Its purpose is to ensure charity can thrive and inspire trust so that people can improve lives and strengthen society.
3. Read [the inquiry report into the Bersam Trust](#)