

Press release: Commission publishes Accounts monitoring report: double default class inquiry

Commission looked at accounts from charities that were in the class inquiry.

In a report published today (10 May) the Charity Commission has published its findings from [its accounts review](#) conducted on accounts filed by charities in the Commission's ongoing class inquiry ([see Endnotes](#)).

The [accounts review](#) looked at accounts filed by 27 charities in the inquiry and found:

- 6 charities closed and failed to tell the Commission
- 6 had filed their accounts with Companies House but failed to submit them to the Commission
- 2 charities submitted accounts without the correct external scrutiny and the Commission instructed them to re-submit their accounts

In the 2015-16 class inquiry, evidence was uncovered of poor financial management and misuse of charity funds in 3 charities and as a result 3 standalone investigations were opened.

The accounts review found that of the majority of the accounts submitted were found to be of good and acceptable quality and those who used the Commission's accounts templates were more likely to have good quality accounts. However it was clear that not all trustees understood the external scrutiny requirements.

Fourteen of the 32 charities that were placed into the class inquiry by the Commission in 2015-16 submitted their accounts to the Commission during the year, as did 13 from the 2014-15 class inquiry. The Commission's accountants closely scrutinised 69 copies of accounts from these 27 charities. The filing of these accounts led to £15.5 million of charity income being accounted for to the general public through the Commission's register and this brings the total amount reported during the course of the class inquiry to just over £75 million since September 2013.

Nigel Davies, Head of Accountancy Services at the Charity Commission for England and Wales, said:

Our class inquiry has ensured compliance in the charity sector by

holding trustees to account for failing to abide by their legal duty to file accounts and be transparent, a key driver of public trust in charities.

It is disappointing that it required our regulatory action to ensure these charities complied. They showed the ability to report well when they put the effort in as the majority of the charities involved in the class inquiry eventually filed good quality accounts. However, it is concerning that the underlying attitude to compliance on basic duties and accountability to donors and the public remains poor.

This report sends a clear message to trustees that we will take robust action to tackle non-compliance so that charity funds are declared and accounted for on the register of charities.

Ends

PR 37/17

Notes to editors

1. [The Charity Commission](#) is the independent regulator of charities in England and Wales. To find out more about our work, see our [annual report](#).
2. Search for charities on our [online register](#).
3. Details of how the Commission reports on its regulatory work can be found on [GOV.UK](#).

Endnotes

1. Class inquiry into those charities who fail to file accounts properly in 2 consecutive years, so-called 'double defaulters'.