

Press release: Lack of controls over cash collections

The Charity Commission ('the Commission') investigated [Al-Hassan Education Centre \(1078159\)](#), a mosque and education centre based in Leeds after it repeatedly failed to file its accounts – see [endnote 1](#). The Commission concluded that the trustees mismanaged the charity.

The Commission uncovered inadequate financial governance at the charity and that the trustees were not able to fully account for the charity's funds in relation to cash collections and charitable expenditure. The charity also failed to submit accounting information for the financial years ending 31 March 2012 and 31 March 2013.

The [inquiry](#) also found that there were wider governance failures within the charity whereby the trustees were not adhering to some of the provisions within their governing document including: failure to hold Annual General Meetings since July 2013 or the required 2 trustee meetings a year and that they had no policies for loans and money laundering. The regulator also concluded there had been mismanagement by the trustees due to a lack of financial controls in relation to cash collected and spent following Friday prayers, and a lack of up to date policies and procedures.

The inquiry considered that the trustees had not acted in the best interests of the charity, put the charity's funds at risk and concluded there was mismanagement and misconduct by the trustees.

On 16 November 2016 the Commission issued an order under the Charities Act to direct the trustees to take certain actions to regularise the charity's governance, submit its outstanding accounting information and review its policies. The trustees have already taken steps to complete the actions, and the Commission will continue to monitor the charity to ensure that its order is complied with.

Carl Mehta, Head of Investigations, Enforcement at the Charity Commission, said:

The trustees in this case failed to take basic steps to ensure that the charity's funds were able to be accounted for. This is simply not acceptable and I expect the trustees to take measures to speedily correct this.

For many faith groups, collecting funds in cash is likely to be a regular occurrence as part of worship or devotion. Charities must ensure that they have in place effective and proper financial controls to ensure those funds are safeguarded.

Trustees can use the Commission's guidance to implement robust internal financial controls that are appropriate to their charity. [Internal financial controls for charities \(CC8\)](#) is available on GOV.UK. There is also a [self-check-list for trustees](#) available.

The full report is available on [GOV.UK](#).

Ends

PR08/17

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. The inquiry was opened on the 25 February 2015. The charity was previously part of the [class inquiry](#) in April 2014 for failing to submitting accounting information for the financial years ending 31 March 2012 and 31 March 2013.