

# [Press release: Poor due diligence and monitoring put charity assets at risk](#)

The Charity Commission ('the Commission') has today published a [report](#) of its statutory inquiry into [Human Aid UK \(registered charity number 1138111\)](#) ('the charity'). The charity describes itself as an international humanitarian charity which strives to alleviate the suffering of the oppressed and says it works in collaboration with dedicated partner organisations in remote areas of the world, including Africa, Middle East and South Asia. The inquiry was opened to examine issues identified at visits to the charity regarding their controls around fundraising and the end use of charitable funds.

The inquiry found that whilst the charity acted on some of the earlier regulatory advice provided by the Commission to address vulnerabilities in its financial controls and management of fundraising, the charity had not exercised sufficient oversight of its work with partners, particularly in areas which are considered to be high risk or where conflict prevails.

The Commission found that the charity's records and systems regarding its activities in Turkey/Syria and/or on the Syrian border did not sufficiently account for the proper end use of all the funds transferred from the charity to partner organisations. The inquiry could not reconcile some costs with the records and systems inspected at the time on one project with a partner organisation based in Turkey for an emergency medical service convoy to Syria and found further deficiencies in relation to the charity's monitoring of the end use of funds relating to a baby milk project with another UK partner.

The inquiry did not find evidence of specific misapplication of charity funds. However, due to the overall lack of adequate documentation to demonstrate the charity's due diligence checks and monitoring of the end use of funds, the inquiry concluded that the trustees had failed to adequately protect the charity and its assets.

The Commission has exercised its powers and directed the trustees to carry out a number of actions to address compliance with key trustee duties including a review of the charity's financial management and controls as well as its due diligence policies and record keeping. The Commission is monitoring the charity's compliance with the order.

**Michelle Russell, Director of Investigations, Monitoring and Enforcement at the Charity Commission, said:**

Many charities doing vital humanitarian work rely on partner organisations to help them carry out activity in the UK and overseas. The findings in this report are a reminder to those charities about the need for them to carry out proper due diligence on partners that receive money from or work closely with the charity and proper monitoring and verification of spend of the

charity's funds.

A fundamental basic is the need to keep adequate and appropriate receipts and other records of spend and have proper systems and procedures in place to request, analyse, record and hold these on a systematic and regular basis.

Monitoring is important to ensure that trustees are able to account for the proper use of the charity's funds and that they maintain donor confidence. Our experience of talking to and visiting charities that work in this field is that good record keeping is a basic given but there is also the need to use a combination of monitoring and verification techniques adapted to the different working environment and areas the charity is working in. This is particularly important where a charity works with or through partners, or works in high risk areas.

Further guidance about trustees' obligations and responsibilities can be found in [The essential trustee: what you need to know, what you need to do \(CC3\)](#). Further guidance on due diligence and monitoring is available in the Commission's compliance toolkit – [Chapter 2: Due diligence, monitoring and verifying the end use of charitable funds](#).

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

Ends

PR 13/17

---

#### **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](#).