# Regulator secures improvements at Christian ministry charity

A statutory inquiry by the Charity Commission has found that the previous trustee board of the charity was responsible for misconduct and/or mismanagement after failing to have appropriate financial controls in place to manage a substantial increase in funds. The Commission issued the trustees with an Action Plan to improve their financial management and governance to prevent further harm and the regulator is satisfied that this has been implemented.

In 2016 the charity sold its main asset, a property on Old Kent Road in London, in an agreement with a developer which allowed them to continue to occupy the building. The proceeds of this sale represented a significant increase in the charity's income. In 2019, after identifying serious concerns about the charity's management, financial controls and record keeping, the Commission opened a statutory inquiry.

The charity's poor financial management and planning meant that it had spent a significant portion of the proceeds of the property sale despite a decrease in other income. Due to the potential risk to the charity's assets, the inquiry froze all of the charity's bank accounts in February 2020, and any outgoing payments had to be authorised by the Commission.

The charity's trustees changed during the inquiry. The inquiry concluded that the previous trustee board's failure to do the following amounts to mismanagement and/or misconduct in the administration of the charity:

- Put proper financial controls and procedures in place;
- Record and document the use of charitable funds appropriately;
- Ensure that conflicts of interest were adequately acknowledged and managed;
- Keep an up-to-date fixed asset register;
- Accurately document the sale of the property in their financial accounts.

The inquiry found that after the property sale the charity increased its expenditure without proper oversight or budgeting. For example, in the financial years from 2016 to 2018, the charity spent over £450,000 on 'international outreach' including business class travel, five-star hotels and payments to partner organisations in China and India. Due to poor record keeping and financial controls, the trustees were unable to demonstrate that all its funds had been spent solely for exclusively charitable purposes.

An Action Plan was issued to the current trustees in February 2021, requiring them to seek independent financial advice and undertake an extensive review of the charity's governance and financial management. The trustees fully complied with the Action Plan, updating and creating new policies relating to financial matters and conflicts of interest. They also reviewed the charity's general spending and decided to suspend their international outreach program and reduce the salaries of employees, which had increased after the property sale.

The Commission will continue to monitor the implementation of the charity’s new policies after the closure of this inquiry.

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

> It is essential that charities have robust financial management in place so the public can trust that all of its funds are used in furtherance of charitable objectives. With The Everlasting Arms Ministries, a sudden increase in income highlighted failures by its then trustee board to have adequate policies and governance in place.
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> In order to prevent further mismanagement, our inquiry had to intervene to freeze the charity’s bank accounts and issue an Action Plan. We are pleased that the current trustees have implemented the Action Plan and are committed to improving the charity’s financial management. We will continue to monitor their progress on this matter.

## ENDS

## Notes to Editors

1. 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.
2. The Commission opened the inquiry on 30 December 2019. View the full inquiry report.