

The Balanced Sheet

Financial news, training and support from
West Yorkshire Community Accounting Service



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Advice Line
0113 270 6269

www.wycas.org.uk



About WYCAS

WYCAS enables voluntary sector organisations to be more effective in their financial management through the provision of accounting services, training and advice.

Bradford and Leeds Community Accounting Service operating as WYCAS.

Charity number: 1076962

Company registered in England and Wales number: 3721361

2011 Evaluation Survey

We issued our annual survey in October and at the time of writing returns are still coming in. Thank you to all who have taken the time to give us your feedback and help us improve our service to you. Early analysis suggests the results will be extremely positive. We will give a full report in the next issue.

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WYCAS E-Bulletin at
www.wycas.org.uk

Julie Haley our Wakefield Community Accountant

It is with great sadness that we have to inform you of Julie's departure from WYCAS. As some of you may know due to illness she has not been at work since the start of the year. After several months absence and with careful consideration she has made the difficult decision to leave on ill-health grounds.

Julie has been an outstanding colleague and friend during the last six years; we miss her and she remains in our thoughts at this difficult time. She has made an invaluable contribution to the development of WYCAS and we know how highly she is thought of by her Wakefield groups.

Until further notice if you are a Wakefield district based organisation please contact us via our Leeds office.

Make more informed decisions

We can now help you analyse and explore the implications of your key decisions and proposed plans. For a limited number of organisations we can now offer a finance, resource and activity modelling service and can provide advice and tools to help you:

- Model the likely impacts of different decisions
- Develop a variety of scenarios (e.g. based on different possible funding settlements)
- Stress test key assumptions and analyse sensitivities
- More accurately assess financial risk
- Answer your 'what if?' questions

This may be particularly helpful for organisations looking to explore contracting opportunities or perhaps cost and price services for managing personal budgets or more general business planning. We use these tools ourselves for exploring the implications of different funding cuts on our activity, staffing allocations and bottom line! **Contact Simon Bostrom on 0113 270 6291 for more information.**

Trustee Payments

Can a charity pay its trustees?

Payments to trustees can take a variety of forms and it is important to understand what kind of authority is required to make them. The Charity Commission guidance booklet CC11 reminds us of the legal position:

'The basic principle is that trustees must not put themselves in a position where their personal interests conflict with their duty to act in the interests of the charity unless authorised to do so.'

We should point out at this stage that the following applies not only to trustees but to 'connected parties' (e.g. a spouse) and not only to payments of money but to other 'measurable benefits' too.

No authority is required to pay 'out-of-pocket expenses' e.g. travel costs for attending meetings, although such payments must still be disclosed in the accounts.

Selling goods or services to the charity (excluding employment)

Charities have a general power from the Charities Act 1993 to make these kinds of payments unless there is a clause in the charity's governing document that prohibits it. However, this does not cover payments for the usual duties of trusteeship and the following criteria must be satisfied:

1. There must be a written agreement that sets out the exact or maximum amount to be paid over the duration of the agreement.
2. The trustee must not take part in decisions about the payment or service.
3. The payment must be reasonable in relation to the service.
4. The other trustees must be satisfied that it is in the best interests of the charity.
5. The number of trustees receiving payment or who are connected to someone receiving payment are in the minority.
6. The trustees must follow the 'duty of care' as set out in the Trustee Act 2000 - exercising reasonable care and skill in the execution of their role as trustees e.g. taking advice when in doubt.

If such payments are prohibited by the governing document then authority must be sought from the

Charity Commission before any payments are made. The charity can remove the prohibition, but this requires consent from the Charity Commission (check the guidance as it is different for charitable companies).

Employing a trustee or former trustee (in any capacity)

There is no general power to do this and so there must be a specific or 'express' power in the governing document allowing it. This even extends to situations where a job offer is made while the person is a trustee but later resigns or where the person resigned from the trustee board before the job offer but played a major part in the trustees' decision to create or retain the post.

If there is no such clause you must seek authority from the Charity Commission or amend the governing document to insert such a clause (with consent from the Charity Commission).

If an employee becomes a trustee and remains employed, then on the face of it, there is no need for an express power, however the trustees could be exposed to a legal challenge from the Charity Commission or other parties and so it is recommended that authority is sought.

Paying for usual trustee duties

There is no general power to pay for trusteeship in any form (e.g. loss of earnings, allowances or a salary) without authority from the Charity Commission unless there is an express clause in the governing document enabling you to do so. The Charity Commission stress very heavily in their guidance that there is a long standing fundamental principle of voluntary trusteeship in charities and that the decision to pay a trustee for their usual duties should not be taken lightly.

This article has really only scratched the surface of this subject and there is a great deal of useful information in the Commission's guidance booklet CC11 which should be considered if you are thinking about paying trustees or connected persons.

Download the CC11 guidance booklet from:
[www.charitycommission.gov.uk/
Publications/cc11.aspx](http://www.charitycommission.gov.uk/Publications/cc11.aspx)

Managing risk: Operating in the new world

Investment Guidance

Recent research shows the extent to which demands on charities are growing in the current environment. The survey based report by accountants PKF and the Charity Finance Directors' Group looks at how charities are managing policy, social and financial developments. Common experiences are greater competition in service provision, increasing costs from changes in public policy and more rigorous scrutiny from stakeholders. Particular challenges include the capacity and capability of trustees to manage resulting risks including reducing income and using reserve balances. Most organisations are responding, notably by increasing collaborative working, but there is more that many could do. The full report is available from <http://bit.ly/sNbu3V>

Two recent papers may interest organisations thinking about investments:

Updated Charity Commission guidance confirms that investments can be made ethically, sustainably, for a financial return or to achieve charitable aims or for a mix of these objectives. However, trustees must have clear motives in making decisions and show best use of charitable resources. This guidance is available from: <http://bit.ly/s3sHIY>

An Action Guide for Charities on ethical investments was issued last month. It summarises the opportunities and impacts of ethical investment and outlines steps for considering the issues further. This guide is available from www.neiw.org/charities_guide

Newsbites

Free resource pack

Leeds Infrastructure Consortium (LIC) has recently issued a new resource pack. It provides help in key areas including finance, governance, marketing and funding. The pack is intended to give community and voluntary groups and small charities information they need to operate effectively and efficiently. Although primarily aimed at organisations in the Leeds area the tools and guidance should be of wider benefit. The pack is available at: <http://bit.ly/w4sWW3>

Governance for smaller organisations

A new governance code designed especially for smaller charitable

organisations was released to mark the recent Trustees' Week. Trustees of smaller charities should find the document a useful tool. It mirrors the principles of the main governance code but is designed to be clearer and easier to use for those organisations with limited resources. Download a pdf copy from:

<http://bit.ly/rZxNY3>

Back on Track?

A summary of the Charity Commission's latest monitoring and investigation activity. 'Back on Track' is aimed at raising awareness to help particularly charity trustees avoid problems that have led other charities into serious difficulties. The report identifies weaknesses in both finance and governance arrangements as common

issues where Commission intervention has been required. Read more and download the report from: <http://bit.ly/vxlLtv>

Overseas aid

Many charities - both large and small - collectively send millions of pounds overseas as aid each year. The Charity Commission provides guidance and relevant advice on how to safeguard the transfer of funds overseas and ensure that the money is being used as intended. The full guidance is available from: <http://bit.ly/tCUPXO>

Following this guidance will help trustees ensure they are adhering to their legal duty to safeguard charitable funds and assets, act prudently and discharge their duty of care.

Training

WYCAS organises a training programme in partnership with the five West Yorkshire CVSs. Please contact the relevant training organiser for details of prices and to book a place.

January 2012

10	10am – 4pm	Building a Budget Tina Ashby 0113 297 7944	Leeds
11	10am - 3pm	End of Year Accounts Tom Clarke 01422 348777	Calderdale
17	10am - 4pm	Basic Bookkeeping Tina Ashby 0113 297 7944	Leeds

February

9	10am – 1pm	Finance for Social Enterprises Tina Ashby 0113 297 7944	Leeds
21	10am – 4pm	Spreadsheets for Beginners Tina Ashby 0113 297 7944	Leeds
21	10am – 4pm	Basic Budgeting and Cashflow Diane Fox 01274 722772	Bradford
23	10am - 4pm	QuickBooks for Beginners Diane Fox 01274 722772	Bradford

March

5	10am – 1pm	Preparing for the Year End Tina Ashby 0113 297 7944	Leeds
15	10am - 4pm	QuickBooks Intermediate Diane Fox 01274 722772	Bradford

At the time of going to press not all the courses have been agreed for 2012. For training updates visit our website - www.wycas.org.uk

Important notice - early warning!

We currently expect the funding for our advice and information services to be totally withdrawn from 2012/13.

This includes funds to:

- provide our telephone advice and support line
- develop and publish our good practice guides
- develop, produce and issue this newsletter and our e-bulletin

If this loss of funding is confirmed then unfortunately we may not be able to afford to continue the newsletter and possibly some of these other services may cease from this date also. We will know more by the next issue and will let you know of the resulting impact.

Faster News?

Our newsletter is currently published three times a year. For more up to date information and news if you have not already done so, please sign-up for our monthly e-bulletin at www.wycas.org.uk and follow us on Twitter @_WYCAS_

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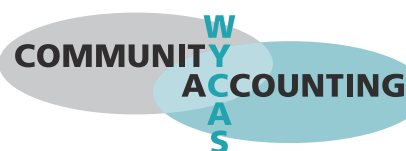
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