



not for profit | Charity Commission CC10

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the hallmarks of an effective charity

The Charity Commission issued a revised CC10: The Hallmarks of an effective charity in July 2008 to set out the standards they believe an effective charity and its Trustees will try to uphold. They are overarching principles and not legal requirements which set out a framework for effectiveness that charities can work towards.

The 'hallmarks' are as follows:

clear about its purpose and direction - an effective charity is clear about its purposes, mission and values and uses them to direct all aspects of its work.

a strong board - an effective charity is run by a clearly identifiable Trustee body that has the right balance of skills and experience, acts in the best interests of the charity and its beneficiaries, understands its responsibilities and has systems in place to exercise them properly.

fit for purpose - the structure, policies and procedures of an effective charity enable it to achieve its purposes and mission and deliver its services efficiently.

learning and improving - an effective charity is always seeking to improve its performance and efficiency, and to learn new and better ways of delivering its purposes. A charity's assessment of its performance, and of the impact and outcomes of its work, will feed into its planning processes and will influence its future direction.

financially sound and prudent - an effective charity has the financial and other resources needed to deliver its purposes and mission, and controls and uses them so as to achieve its potential.

accountable and transparent - an effective charity is accountable to the public and other stakeholders in a way that is transparent and understandable.

We suggest that charities consider the hallmarks and put in place strategies to meet them where appropriate. The Commission has indicated that these hallmarks will be discussed when they visit charities.

The following reproduces the detailed methods by which the Commission have suggested that charities may demonstrate the hallmarks. It should be borne in mind that these are only a framework and might not be applicable to all charities.



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clear about purpose and direction

An effective charity is clear about its purposes mission and values and uses them to direct all aspects of its work. In order to demonstrate this, the charity:

- ensures that its mission and planned activities are within the objects set out in its governing document
- has a clear idea of its mission and the strategies and steps it will take to achieve it, set out in written documents that are regularly reviewed, giving the charity focus, direction and clarity.
- is able to explain how all of its activities relate to and support its purposes, strategy and mission, and benefit the public
- regularly reviews whether the charity's objects (as set out in its governing document) are up to date and relevant to the needs of its beneficiaries
- is independent and recognises that it exists to pursue its own purposes and not to carry out the policies or directions of any other body
- considers future sustainability, balancing what is needed now with what will be needed in the future.

a strong board

An effective charity is run by a clearly identifiable Trustee body that has the right balance of skills and experience, acts in the best interests of the charity and its beneficiaries, understands its responsibilities and has systems in place to exercise them properly. In order to demonstrate this, the charity:

- ensures that the Trustee body is constituted in accordance with the governing document
- identifies the mix of skills, knowledge and experience necessary for the efficient and effective administration of the charity and ensures that the recruitment and appointment of new Trustees provides adequate opportunities for re-assessing and achieving that mix
- has a Trustee body that is the right size for the charity - large enough to include skills and experience needed to run the charity effectively, but small enough to allow effective discussion and decision making
- has a clear understanding of the respective roles of the Trustee body and staff with written role descriptions for Trustees and charity officers (such as the Chair and Treasurer)
- ensures that the charity's committees, staff and agents have clear and appropriate delegated authority to carry out their designated roles in delivering the charity's purposes. It also has systems in place to monitor and oversee the way in which delegated powers are exercised
- undertakes all appropriate checks to ensure that a prospective Trustee is eligible and suitable to act in that capacity (including, where applicable, CRB checks for potential and serving Trustees)
- identifies and meets the individual induction, training and development needs of Trustees and has in place a framework for evaluating board and Trustee performance
- ensures that its Trustees understand that they must act only in the charity's interests and that any conflicts of interest are identified and managed
- identifies and complies with relevant legislation and takes professional advice where necessary.

fit for purpose

The structure, policies and procedures of an effective charity enable it to achieve its purposes and mission and deliver its services efficiently. In order to demonstrate this, the charity:

- regularly reviews its governing document to ensure that it is up to date and that the Trustees have the powers that they need in order to achieve the charity's purposes and manage its resources effectively
- takes appropriate steps to protect its reputation in all aspects of its work, especially in its dealings with beneficiaries and others with an interest in the charity
- implements policies and procedures to ensure that all vulnerable beneficiaries are protected from abuse
- regularly reviews and assesses the risks faced by the charity in all areas of its work and plans for the management of those risks
- regularly reviews its structures, policies and procedures to ensure that they continue to support, and are adequate for, the delivery of the charity's purposes and mission; this includes policies and procedures dealing with board strategies, functions and responsibilities; good employment practices and the encouragement and use of volunteers.
- recognises, promotes and values equality and diversity in beneficiaries, staff and volunteers, and in all aspects of its activity
- considers whether collaborations and partnerships (including merger) with other organisations could improve efficiency, the use of funds and the better delivery of benefits and services to beneficiaries
- has regard to the impact of its activities on the environment. It considers ways in which it can take an environmentally responsible and sustainable approach to its work which is consistent with its purposes, even where its purposes are not specifically related to the environment.

learning and improving

An effective charity is always seeking to improve its performance and efficiency, and to learn new and better ways of delivering its purposes. A charity's assessment of its performance, and of the impact and outcomes of its work, will feed into its planning processes and will influence its future direction. In order to demonstrate this, the charity:

- has considered how to identify, measure and learn from the charity's achievements, impact and outcomes, including the positive and negative effects that it has on beneficiaries, others with an interest in the charity and the wider community
- sets achievable targets and indicators against which success and improvement is measured and evaluated based upon the purposes of the charity, the needs of its beneficiaries, the quality of its services and the resources available
- welcomes and acts on feedback (positive as well as challenging) from its beneficiaries and other people with an interest in the charity about the services it provides and the areas where improvements could be made
- looks at and assesses innovative and imaginative ways of working towards achieving its purposes and aims
- identifies emerging trends in its operational environment and uses this information as part of its planning process

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- identifies and uses opportunities to influence the environment in which it works to be more conducive to its mission and purposes, following the law and good practice when campaigning or lobbying
 - is not complacent but is engaged in a process of continual improvement, using using techniques and tools best suited to its size and activities, such as recognised quality systems and benchmarking, in order to improve its own future performance
 - is ready to share good practice with others.

financially sound and prudent

An effective charity has the financial and other resources needed to deliver its purposes and mission, and controls and uses them so as to achieve its potential. In order to demonstrate this, the charity:

- has policies to control and manage its reserves, investments and borrowing, taking professional advice where needed
- integrates financial planning with wider organisational planning and management, ensuring that funds are available when the charity needs them and are used in the most effective way to the benefit of the charity
- ensures financial sustainability by managing cash flow and monitoring and reviewing financial performance during the year, taking timely corrective action where needed
- considers the sources of its income and has a strategy in place to raise the funds it needs, diversifying its sources of income as far as possible
- reviews its fundraising strategies and activities to ensure that they comply with good practice standards, taking account of any relevant ethical issues
- is aware of the financial risks involved with existing and new ventures and manages the risk of loss, waste and fraud by having robust financial controls and procedures in place
- structures the charity's activities in a tax efficient way and minimises the operational risk to the charity from trading activities
- prepares its annual report and accounts in accordance with good practice requirements and fulfils the legal requirements for filing in a timely fashion.

accountable and transparent

an effective charity is accountable to the public and other stakeholders in a way that is transparent and understandable. In order to demonstrate this, the charity:

- complies with its legal obligation and best practice, as set out in the Statement of Recommended Practice, to produce annual accounts and a report which includes an explanation of what the charity has done for the public benefit in the year
- explains in its Annual Report the extent to which it has achieved its charitable purposes in a way that people with an interest in the charity can understand
- has well-publicised, effective and timely procedures for dealing with complaints about the charity and its activities. These should explain how complaints and appeals can be made, and give details of the process and likely timescales involved
- can show how it involved beneficiaries and service users in the development and improvement of its services; the contribution may have been by way of the appointment of beneficiaries as Trustees or their involvement through discussion, consultation or user group input
- has a communications plan which ensures that accurate and timely information is given to everyone with an interest in the work of the charity, including the media, donors and beneficiaries.

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