

## NFP eNews 12 AUGUST 2021

Welcome to eNews, haysmacintyre's regular 'e-news alert' for charities and not for profit organisations.

### CHARITY COMMISSION PUBLISHES RESEARCH ON PUBLIC TRUST IN CHARITIES

On 15 July 2021 the Charity Commission published its [annual research](#) on public trust in charities and what trustees think about their duties and public expectations. The research was conducted in the spring and included surveys and interviews with trustees and the public. For the second year running, public trust in charities in England and Wales is on the rise and public perception of the relevance of charities has also risen.



### CHARITY COMMISSION: UPDATED COVID-19 GUIDANCE FOR CHARITIES

The Charity Commission has updated its [COVID-19 guidance for the charity sector](#). Amendments have been made to the guidance for trustees, including updating the advice for trustees on holding meetings remotely or postponing or cancelling meetings to reflect the lifting of restrictions in England and Wales.

### THE FUTURE OF GIFT AID?

The Office of Tax Simplification (OTS) have recently published a report titled [Making better use of third party information](#). The report looks at various sources of tax-related data currently collected by third parties and discusses whether this data could be instead received directly by HMRC to the benefit of the tax payer. One area of focus is Gift Aid, as it is reported that £564m of Gift Aid goes unclaimed every year, with an additional £180m claimed in error. The report concludes that given the combination of the complexity of Gift Aid and a lower trust by taxpayers (compared with financial services institutions), that mandatory automated reporting is an impractical solution currently. However, it was noted that there is still scope to improve the taxpayer experience by facilitating voluntary third party reporting of Gift Aid data. Given this, the OTS suggests that the automated reporting of Gift Aid donations should not be mandated, but that HMRC should continue to work with the charity sector to develop better automated systems operating on a voluntary basis.



## BUSINESS RATE REVIEW

As part of its wider review of business rates, the [Treasury has issued a consultation document](#) on proposals to streamline the business rates system in England. It proposes to have revaluations of non-domestic property on a three, as opposed to the current five year basis. The intention of the proposals is to have more accurate valuations, which better reflect economic conditions as well as greater transparency about the way in which the rateable value has been determined.

## IN OR OUTSIDE OF IR35? PASS

[Data released by HMRC](#) shows that between 25 November 2019 and 31 May 2021 its Check Employment Status for Tax (CEST) tool, which provides guidance on whether a specific engagement should be classed as employed or self-employed, gave over one million outcomes. However, in nearly 20% of cases the outcome was undetermined. Although the outcomes will not represent individual cases for a number of reasons, it does illustrate the ongoing uncertainty in this area, and HMRC has even argued in preliminary tribunals that CEST was irrelevant. Please contact our [Employment Tax team](#) if you require assistance in this area.



## CHARITY COMMISSION: UPDATED GUIDANCE ON ES IN CHARITY ACCOUNTS

The Charity Commission has included advice on the use of electronic signatures in charity accounts in its [Charity reporting and accounting: the essentials November 2016 \(CC15d\)](#) and its [Independent examination of charity accounts: guidance for trustees \(CC31\)](#). The updated guidance says that, unless specified in the charity's governing document, signatures on balance sheets, the trustees' annual report and the independent examiner's/auditors' report do not have to be 'wet ink' and that electronic signatures can be used. This includes typed signatures or electronic versions of a handwritten signature. Company law still formally requires handwritten signatures on hard-copy accounts filed with Companies House. In practice, copies of handwritten signatures and other electronic signatures are sometimes accepted but this is not guaranteed.

## HAYSMACINTYRE'S 'QUESTIONS TO ASK' SERIES: OVERSEAS GRANT-MAKING

A key role of any charity trustee is to ensure that the funds of the charity are used for their intended charitable purpose. Trustees of grant-making charities have additional responsibility to ensure grants are being used as expected by beneficiaries. When it comes to sending money overseas, the law requires trustees to take – and provide evidence of – 'reasonable' steps to ensure payments are applied to advance charitable objectives. Holly Bannerman, Audit Manager, has set out some [key considerations](#) for charities that are giving or intend to give grants overseas. These questions provide prompts for trustees on areas which may need to be investigated or evidenced for reporting on international grants.



### CHARITY COMMISSION: ANNUAL RETURN FILING EXTENSIONS

The Charity Commission have reviewed their approach to annual return filing deadlines as COVID-19 restrictions are gradually eased. From 1 July 2021 to 30 September 2021, if you have an imminent filing date and are unable to meet your filing obligation for a COVID-19 related reason, you can still apply for a new filing extension. The Commission will allow a fixed three month extension from the date of your application.

### FUNDRAISING REGULATOR GUIDANCE ON SAFE AND RESPONSIBLE FUNDRAISING

The Fundraising Regulator and Chartered Institute of Fundraising have published [new guidance](#) to support charities to fundraise safely and responsibly as COVID-19 restrictions ease. They state that “even where formal restrictions are lifted, cautious approaches are still being encouraged by public health bodies and there is a focus on individuals and organisations taking responsibility for their way of working.” The guidance is intended as a framework to aid good decision-making and reminds organisations to keep up to date with government guidance, to conduct and adhere to the results of thorough risk assessments, to consider the public mood and the feelings and preferences of supporters, and to regularly evaluate and review fundraising activity.



### DCMS: RISK MANAGEMENT TEMPLATE FOR EVENT ORGANISERS

The Department for Digital Culture, Media and Sport (DCMS) has published a [Risk management template for event organisers](#), to help event organisers to reduce the risk of COVID-19 transmission in event settings. The resource includes examples of the types of risk mitigation measures event organisers can put in place to reduce the risk of COVID-19 transmission at events.

### CHARITY COMMISSION INQUIRIES INTO DOUBLE DEFAULTERS

The Charity Commission have [published the results](#) of the latest round of its inquiry into ‘double defaulters’ – charities in default of their statutory obligations to meet reporting requirements by failing to file their annual documents for two or more years in the last five years. Twenty-five charities submitted their outstanding annual documents and continue to operate as charities. The total reported income across these charities was £8m. Nineteen charities were found to have ceased to exist or operate and have been removed from the register. The Commission reminds the sector that failure to submit the annual documents to the Commission may be a criminal offence, and is regarded as mismanagement and/or misconduct in the administration of a charity.



## MANAGING FAITH CHARITIES AS TRUSTEES

The Charity Commission have updated their previous 'Faith in good governance' guidance to make it easier to find information. The guidance has been renamed 'Managing faith charities as trustees' and can be found [here](#).

## FINANCE BILL 2021-22: DRAFT LEGISLATION AND TAX DOCUMENTS

On 20 July 2021 the Financial Secretary to the Treasury, Jesse Norman, [made a statement](#) setting out the draft legislation to be included in Finance Bill 2021-22, to allow for technical consultation and to provide taxpayers with predictability over future tax policy changes.



## REVISED UK QUALITY MANAGEMENT STANDARDS

The Financial Reporting Council (FRC) has [issued revised quality management standards](#) for an audit firm's responsibilities to design, implement and operate a system of quality management. These cover: management of firms that undertake audits or reviews of financial statements and related services; engagement quality reviews; and quality control of audits. The standards are effective for audits of financial statements for periods beginning on or after 15 December 2022 with early adoption being strongly encouraged.

## AND FINALLY...

The Charity Commission has [responded](#) to the government consultation on restoring trust and confidence in audit and corporate governance. The Commission supports the Government's objective to improve the UK's audit and corporate governance framework. However, in terms of the charitable sector the Commission's position is that it does not support extending a framework designed with the interests of shareholders and for-profit commerce in mind to the charity sector where these imperatives simply do not apply. The Commission recommend that charities are not included within the definition of Public Interest Entities (PIEs) and associated corporate reforms. The Commission believes that the existing charity governance and reporting framework is fit for purpose for the charity sector and that to introduce a new framework for charities will increase the regulatory burden for the sector with cost implications that will impact the sector without any assurance that the framework will deliver the enhanced assurance desired. Charity audit is recognised by the FRC as a specialism and has its own individual application of International Standards of Auditing in auditing Practice Note, PN11. If charities were to be included as PIEs the Commission would have concerns that there would be insufficient audit resource and experience to deliver the service to charities which would be detrimental to the charity sector and stakeholders.

## UPCOMING EVENTS

### Arts and Culture Benchmarking Report Launch

Thursday 23 September 2021, 15:30 - 17:00

Online

Please join us for the launch of our biennial arts benchmarking report. This event will cover some of the key findings from the report and insights into the Arts & Culture sector.

### Quarterly Charities Update

Thursday 7 October 2021, 15:30 - 17:30

Online

Our quarterly charity update webinar covers financial, compliance, governance and other topical issues for charity and not for profit organisations.

### VAT and Tax Exchange

Thursday 14 October 2021, 16:00 - 17:30

Online

haysmacintyre's VAT and Tax Exchange seminar series are delivered bi-annually providing an update on topical VAT and tax issues, with specific focus on off-payroll working arrangements relating to charities and not for profit organisations.

### INGO Benchmarking Report Launch and Seminar

Wednesday 27 October 2021, 13:00 - 18:00

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This seminar for International Non-Government Organisations (INGOs) will provide an update on the latest developments relevant to international charities and include the launch of our 2021 International Charity Financial Benchmarking Report.

### NGB benchmarking report launch webinar

Wednesday 3 November 2021, 10:00 - 18:00

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The launch of haysmacintyre's annual NGB Benchmarking Report and webinar for sports organisations.

For further details on our not for profit upcoming events and to register, visit [www.haysmacintyre.com/events](https://www.haysmacintyre.com/events).



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