



Statutory inquiry report

Karmel City Church, Karmel Trust and Make a Difference Worldwide

December 2020



Report on the closure of a statutory inquiry, instituted by the Charity Commission for Northern Ireland under section 22 of the Charities Act (Northern Ireland) 2008, into the charities 'Karmel City Church', 'Karmel Trust' and 'Make a Difference Worldwide'.

Contents

Section 1:	Introduction	3
	<ul style="list-style-type: none">• The inquiry report• The charities• Background to the inquiry	
Section 2:	Executive summary	6
Section 3:	Statutory inquiry and findings	10
	<ul style="list-style-type: none">• Karmel City Church• Karmel Trust• Make a Difference Worldwide	
Section 4:	Conclusion	17
	<ul style="list-style-type: none">• Issues for other charities• Issues for funders, stakeholders and the general public	

Section 1: Introduction

The inquiry report

- 1.1 The Charity Commission for Northern Ireland (the Commission) categorises its investigations as self-regulatory, regulatory and statutory depending on the risk posed to the charity beneficiaries, the charity and the sector. These terms are indicative of potential outcomes whereby a charity may be encouraged to self-regulate, may be issued regulatory guidance or where, due to the severity of risk assessed, there may be a requirement for the use of statutory powers assigned to the Commission by virtue of the Charities Act (Northern Ireland) 2008 (the Act). More information on the different types of investigation can be found in the *Concerns and decisions* sections of the Commission's website: www.charitycommissionni.org.uk
- 1.2 The Commission instituted a statutory inquiry into three related¹ charities, Karmel City Church, Karmel Trust and Make a Difference Worldwide (the charities) in May 2019 following the receipt by the Commission of concerns in respect of the administration and governance of the charities.
- 1.3 The Commission appointed PricewaterhouseCoopers LLP (PwC) as interim manager of the charities and directed they conduct a forensic examination of information about the property and affairs of the charities and report to the Commission on, among other issues, the current financial position of the three charities and whether the charities were capable of operating as going concerns.
- 1.4 The statutory inquiry has now been closed as all three of the charities are closing or in the process of being wound up.
- 1.5 Under section 22(6)(a) of the Act, the Commission considers it appropriate to publish this report, which includes public notification of the closure of the statutory inquiry and that all three of the charities will cease to operate and will be marked as removed from the Commission's *register of charities* in due course.

¹ By reason of a number of common trustees.

The charities

- 1.6 Karmel City Church has grown significantly since it was started in November 1999 by Mr Glenn Dunlop with seven people meeting in the family home, to a congregation of c.180 people meeting twice a week and having recently been able to purchase its own building.
- 1.7 As a direct result of growth in the Church, it was decided to incorporate on 5 July 2005; the Church originally incorporated as Highway of Holiness Ministries (HOHM).
- 1.8 At the date of incorporation, the objectives of HOHM were:
"To advance the Christian religion and education, to relieve poverty and sickness in accordance with Christian principles in Northern Ireland, United Kingdom and in such other parts of the World as the Trustees may from time to time think fit."
- 1.9 It appears that as the focus of HOHM became increasingly global following a number of 'fact-finding' missions and crusades abroad (i.e. Malawi, Honduras). HOHM changed its name to Karmel Trust (the Trust) on 14 April 2008.
- 1.10 The aim of the Trust was to plant a church in each continent and support regional churches and ministries.
- 1.11 Make a Difference Worldwide (MADW) was subsequently incorporated on 24 March 2011 to segregate the humanitarian objectives of the Church from the advancement of religion. Its focus was on the provision of sustainable relief aid, food supplementation and medical support on a 'means tested' basis. The main source of income for MADW, other than specific grant funding, is through the sale of stock in its charity shops.
- 1.12 As the strategic direction of the Trust had changed significantly from that of HOHM, we understand that Karmel City Church (the Church) was incorporated² on 10 August 2011 as a vehicle for the local advancement of religion, as distinct from the global focus of the Trust and MADW, specifically to have an "*apostolic*" intent. As well as being a trustee, Mr Glenn Dunlop was employed as Senior Pastor of the Church, supported by a second pastor.

² as a private limited company by guarantee without share capital

1.13 On opening of the statutory inquiry, the charity trustees of the Church were Mr Glenn Dunlop's wife, Mrs Mardy Dunlop, his brother, Mr Warren Dunlop (Mr W. Dunlop) and Mr Edwin Tease (Mr Tease); Mr Glenn Dunlop had previously resigned as a trustee of the Church on 1 January 2019.

1.14 At this date Mrs Dunlop, Mr W. Dunlop and Mr Tease were also charity trustees of the Trust. Mr and Mrs Dunlop and Mr W. Dunlop were charity trustees of MADW; Mr Tease and his wife were the only employees of MADW at the conclusion of the inquiry.

1.15 Mrs Dunlop subsequently resigned as trustee of the three charities on 16 May 2019; Mr Glenn Dunlop resigned as a trustee of MADW on the same date.

Background to the inquiry

1.16 On 30 April 2019 the Commission received a written report of some matters regarded as alleged or actual serious incidents (serious incident report). In summary, these issues included the following:

- Lack of transparency by the Senior Pastor of the Church about the origin and purpose of a significant donation (approximately £600,000) received by the Church;
- Infrequent Board meetings and lack of provision of meeting minutes;
- Misunderstandings about the roles, duties and responsibilities of trustees and also elders of the Church who may be acting as shadow directors or trustees; and
- The Senior Pastor insisting he is the person of significant control in the affairs of the Church.

1.17 Following receipt of the report, and examination of available records, the Commission instituted an inquiry into the three charities pursuant to section 22 of the Charities Act (northern Ireland) 2008.

Section 2: Executive Summary

- 2.1 Following the receipt of issues of concern in respect of the administration and governance of the charities, the Commission elected to institute a statutory inquiry under section 22 of the Charities Act (Northern Ireland) 2008.
- 2.2 The Commission identified specific concerns that the charities had inadequate policies and procedures in place, or in operation, to appropriately govern the charities and to ensure the proper application of charity property. In addition, the Commission identified concerns about the appointment of charity trustees, the management of conflicts of interest, keeping accurate minutes and the keeping of records and that the charity trustees had failed to comply with the charities' governing documents.
- 2.3 In the Commission's view the concerns identified supported the need for immediate action. In addition, the Commission acknowledged the need for immediate improvement to the charities generally and that it was therefore necessary to appoint an interim manager to ensure the proper application of charity property and the adherence to the charities' governing documents.
- 2.4 Through this inquiry the Commission has found there is evidence of mismanagement and misconduct across the charities and by all trustees.
- 2.5 In particular, there were obvious failings in corporate governance in each of the three charities, most notably in the failure of the trustees to meet on a formal and consistent basis, to keep minutes of meetings, maintain basic registers, ensure adequate budgeting and financial management and to manage risk, including conflicts of interest.
- 2.6 Commission guidance³ on running your charity outlines five key principles of good governance, the first being that *"an effective board will provide good governance and leadership by understanding its role and responsibilities. The members of the board are equally responsible*

³ 'Running your charity: Support for charity trustees on key aspects of running a charity effectively'

in law for the board's actions and decisions. They are collectively responsible and accountable for ensuring the organisation is performing well, is solvent and complies with all its obligations."

- 2.7 In contrast there was no collective responsibility or accountability within the board of the Church, or indeed within the other two charities. Rather all decision making ultimately rested with one individual who assumed multiple, but undefined, leadership roles within the Church on the basis of his sincere belief in his "*God-ordained authority*" to do so, and in the other two charities; this eventually brought Mr Glenn Dunlop into conflict with two of the other trustees, Mr Tease and Mr W Dunlop, about how best to govern effectively.
- 2.8 Further, in relation to the Church specifically, the Commission found that Mr Glenn Dunlop continued to exercise control and direction of the charity in the capacity of a charity trustee despite his name no longer featuring on the *register of charities* as a charity trustee (as of 30 April 2019) or on the Companies House register as a director (as of 1 January 2019).
- 2.9 The actions of Mr Glenn Dunlop in his continued exercise of influence and control over the charity, demonstrated he was acting in the capacity of a charity trustee and that he presented the most immediate risk to the governance and finances of the charity, and as such, its ability to continue to operate.
- 2.10 On 24 September 2019 the Commission gave notice of its intention to remove Mr Glenn Dunlop as a charity trustee, officer and agent of, Karmel City Church, under section 33(2) of the Act. This notice was issued as the Commission considered that the actions of Mr Glenn Dunlop amounted to mismanagement and/or misconduct, which included:
- Causing the congregation of the Karmel City Church to withhold their donations to the Church, reducing its income from approximately £3,750 per week to less than £100
 - Lack of transparency surrounding the donation of approximately £600,000 to the church and the risk of misapplication of charity funds

- Misuse of charity funds to provide himself with a short term loan of £15,000 to cover personal car financing, contrary to the Articles of Association of the charity
 - Lack of transparency in both the selection of a beneficiary of a "Love Offering" and the level of support provided.
 - Multiple failures in corporate governance, most notably the failure to keep minutes of meetings, maintain basic registers and to manage risks and conflicts
 - Inappropriately using volunteers to conduct renovation work on church property leading to a claim from one of the volunteers for personal injury
- 2.11 Removing Mr Glenn Dunlop as a trustee, charity trustee, officer or agent of the charity, while retaining his position as Senior Pastor of the Church, served to distinguish his role as an employee from that of charity trustee, and as such to reduce the influence exerted over the members of the charity and thereby encourage donations to increase to previous levels.
- 2.12 In advance of the Commission acting to remove Mr Glenn Dunlop, he subsequently gave notice on 17 October 2019 of his resignation as Senior Pastor of the Church due to *"the breakdown of relationships within the company causing adverse working conditions."* Mr Glenn Dunlop subsequently set up a new church, Karmel Apostolic House; the remaining congregation, and elders, left the Church to join Mr Glenn Dunlop at this time. Karmel Apostolic House has not yet applied to register with the Commission.
- 2.13 With no remaining congregation, the interim manager took the decision to close the charity, Karmel City Church, and also Karmel Trust, as it primarily relied on the Church for its funding. Both Mr W. Dunlop and Mr Tease agreed to remain as trustees of both charities to assist with the winding up process; their trusteeship will end when this process is complete.
- 2.14 Mr W. Dunlop resigned as the only remaining trustee of MADW on 20 December 2019. The Commission appointed a new board of trustees to MADW on 28 February 2020. Following a decision taken by charity trustees on 8 July 2020, the charity trustees of Make a Difference Worldwide took the decision to commence the process of winding up the charity.

- 2.15 The Commission is content that its actions in this case were proportionate. These charities were not representative of the many well governed charities in Northern Ireland who deliver an excellent service to their beneficiaries. The public, and the charity sector, should be encouraged that the regulator will act to use its powers to protect charity assets.
- 2.16 All remaining assets from the closed charities, Karmel City Church and Karmel Trust and Make a Difference Worldwide, will be disbursed in line with the charities' governing documents.

Section 3: Detailed statutory inquiry findings

- 3.1 PwC's report to the Commission was received on 2 August 2019 and included the following summary findings.
- 3.2 To create three distinct organisations with separate charitable objectives was a laudable aim, however, from their inception there were a limited number of trustees appointed, each spread very thinly across more than one of the three charities, and for which a number of these trustees, in addition to family members, also worked.
- 3.3 Over the years there has been very little increase in the number of either trustees or employees, such that there is very limited pool of people available to effectively, or efficiently, govern or operate the three charities.
- 3.4 Governance was certainly not formally effected in any of the three charities; there were obvious failings in corporate governance, most notably in failing to keep minutes of meetings, maintain basic registers, ensure adequate budgeting and financial management, manage risk, conflicts etc.
- 3.5 With regards to conflicts of interest in particular, the respective boards of trustees were essentially a familial construct; to quote Mr Glenn Dunlop himself, there were "*too many Dunlops*"; conflicts of interest inevitably arose, which, it may be argued, were, in fact, almost impossible to manage, even if there was a desire by the trustees to do so.
- 3.6 Further, segregation between the three charities was often not distinctive, particularly between the Church and the Trust, and as such both governance and operations often overlapped in furtherance of their respective objectives.
- 3.7 Each of the trustees has accepted that Church governance, and indeed of each of the three charities, fell well short of best practice and required significant improvement.

Karmel City Church

Governance

- 3.8 Trustees did not meet on a regular, formal basis, nor were any formal votes ever taken.
- 3.9 Although the business of the Church would often be discussed informally by the trustees, it appears that all strategic and financial decisions were ultimately made by Mr Glenn Dunlop. Mr Glenn Dunlop believed that he had a "*God-ordained authority*" to assume control of governance of the Church, that the Board of Trustees existed only in an advisory capacity and did not have "*actual power*" in relation to any Church decisions. Further, whilst Mr Glenn Dunlop may have consulted with the trustees or the elders on Church decisions, he ultimately made the decisions himself, as "*church is not meant to be a democracy*".
- 3.10 Mr Glenn Dunlop ultimately appoints the 5-fold⁴ and Eldership Team, and indeed removes individuals from such governance positions, e.g. he was said to have removed Mr W. Dunlop as lead elder, and then stopped the monthly Eldership Team meetings that had been put in place, with no particular reason being provided.
- 3.11 As such, it seems apparent that for Mr Glenn Dunlop, 'spiritual' governance, as prescribed by the Bible, will always take precedence over legal governance as prescribed by the Articles of the Church.
- 3.12 It is clear that Mr Glenn Dunlop did engage with the other trustees of the Church, however, in relation to certain key decisions it appears that such engagement was not as transparent, or collective, as would be legally required. It appears that Mr W. Dunlop and Mr Tease were not consulted on the final purchase price agreed for Roden Street⁵ (though both appeared to be comfortable with the price agreed), nor, about particular plans for development of the Roden Street property (relating to the development of a pre-school), or about specific plans for the expenditure of a significant donation.

⁴ The 5-fold structure (with references to Ephesians 4:11-13) includes the following five roles: apostle; prophet; evangelist; pastor; and teacher.

⁵ Roden Street was the property purchased as the future location and potential community centre and/or pre-school for the church.

- 3.13 It appears that Mr Glenn Dunlop wanted to remove Mr W. Dunlop from both the Church and the Trust's board of trustees, in addition to removing himself and Mrs Dunlop from MADW as part of a complete Board restructuring of the three charities.
- 3.14 Mr Glenn Dunlop subsequently choose to resign himself from the board of trustees on 1 January 2019, citing his reasons as *"to remove or lessen the possible potential of conflict of interest, benefit in kind, any suggestion of conflicted intercompany financial partnering, the promotion of healthy working relationships and work load management"*.
- 3.15 Subsequent to this resignation, on 20 February 2019, Mr Glenn Dunlop held a meeting with select members of the Eldership Team. It is understood that both Mr W. Dunlop and Mr Tease were charged with *"rebellion and non-submission"* by Mr Glenn Dunlop, punishment of which was to be stood down as elders for six months with removal from the Board of Trustees to follow.
- 3.16 Ultimately a letter of excommunication was read aloud to the congregation of the Church on 28 April 2019, prior to being sent to Mr W. Dunlop and Mr Tease.
- 3.17 There is no written basis, within any documentation provided, for a process of excommunication within the Church, nor any detail of the investigations or proofs that may be required in order to invoke such a process. The Commission considers that attempts by Mr Glenn Dunlop to exert control of the Church may be categorized as misconduct and in contravention of the charity's Articles of Association which contain no such process of excommunication.
- 3.18 Mr Glenn Dunlop's employment contract does not include a description of his role and responsibilities as Minister-in-Charge. Further, the governance structure of the Church has not been formally documented, including the roles and responsibilities of the 5-fold and elders.
- 3.19 In addition, there is no evidence of a written basis for any vote to be taken by the congregation of the Church, who are deemed to be in fellowship, rather than to be members with any voting rights.

- 3.20 The congregation of the Church is extremely generous in its giving and to a certain extent there has been good stewardship exercised by the trustees, in particular in looking to save money and minimise costs, however, at times, this has been to the detriment and risk of the congregation, e.g. having no contractor's insurance in place and looking to begin renovation work at its new property using Church volunteers rather than skilled labour, and perhaps to a lesser extent, in not employing additional staff to support the work of the Church. This has led to a personal injury claim by one of the volunteers injured during the renovation process.
- 3.21 Concerns have been raised about reported communications to the Church, e.g. at a service held on 7 May 2019, Mr Glenn Dunlop communicated to the congregation that Mr W. Dunlop and Mr Tease had "*taken over the Church*", informing them of the Commission's inquiry and the involvement of external legal advisers, which directly led to donations being immediately withheld by the congregation, a situation which has continued for the duration of the statutory inquiry.
- 3.22 In regard to these communications with the congregation, which directly led to donations purposely being withheld, Mr Glenn Dunlop was continuing to exert a significant influence over the Church, controlling and directing its affairs, despite having resigned as a trustee.

Operations

- 3.23 The books and records of the Church are well kept with supporting invoices available for the vast majority of external expenditure, however, a number of matters of potential concern are set out below.
- 3.24 There is no formal lease agreement in place for the rent of the Church premises on the Ravenhill Road; the initial agreement lapsed and was never renewed; however, payments continue to be made on the basis of a verbal or 'gentleman's agreement'.
- 3.25 A payment was made by the Church on 22 March 2017 for a sum of £15,000 to Mr Glenn Dunlop recorded as a short-term loan to cover personal car financing, which had not yet been received; the loan was subsequently repaid, in full, on 7 April 2017. As a private benefit to a trustee, and member of the Church, this loan would be in breach of the

Articles and represent misuse of charitable funds; this has subsequently been accepted as such by Mr Glenn Dunlop.

- 3.26 Total cash withdrawals in the three years to 31 March 2019 were identified of £44,590.72, the largest cash withdrawals being payments authorised to numerous beneficiaries recorded as a 'Love Offering'. These offerings are said to be recommended primarily by Mr Glenn Dunlop and paid to individuals deemed to be in need, in line with the charitable objectives of the Church. The process, however, of selecting both a beneficiary and the level of support, appears to lack the degree of transparency expected from a charitable organisation.
- 3.27 As recently as 28 July 2019 Mr Glenn Dunlop instructed that a payment made to a recent speaker at the Church should be made in cash and the required Love Offering form not completed; no record was made of how much had been collected and donated by the Church.

Karmel Trust

- 3.28 Despite not being a trustee, we were told that Mr Glenn Dunlop considered the Trust to be "*his own*" apostolic ministry, and was responsible for the strategy employed, including acting in the capacity of 'lead Apostle', facilitating crusades, church planting and 'networking' amongst local and global ministers. It does appear, however, that all strategic and financial decisions were ultimately made by Mr Glenn Dunlop, and as such he could be considered to be a de-facto trustee of the Trust, who ultimately had control and direction of the charity.
- 3.29 There certainly appears to be a difference of opinion amongst the trustees of the Trust as to its recent and current purpose, in particular in relation to a number of overseas trips made to the United States; previous overseas trips have been made to Malawi, Honduras and the Philippines.
- 3.30 It was perceived by other trustees that the trips to the United States were not in line with the Trust's purpose of planting churches, in particular that Mr Glenn Dunlop had gone on a "*preaching circuit*" to promote relationship building and "*Glenn Dunlop ministries*". It is noted, however, that for the majority of his overseas trips Mr Glenn Dunlop was accompanied by Mr W. Dunlop, in particular on more recent trips to the United States.

- 3.31 Given the global focus of the charity, there are a number of overseas payments made by the Trust, including several one-off payments to pastors based in the United States. More regular overseas payments were made by the Trust to contribute funding to a church it helped to establish in Malawi, Karmel Christian Church, which are used to cover its expenses including the wages of its Pastor.
- 3.32 In general, evidence of the electronic payment being made is retained by the Trust, however, this documentation does not specify the intended purpose of each individual payment; the books and records of the Trust typically record a general purpose of payment, such as 'salaries'.
- 3.33 Funds transferred from the Trust to Malawi are collected in cash; no receipt, or other evidence of the application of the funds received, is provided to the Trust on behalf of Karmel Christian Church Malawi, such as would be the case for the majority of overseas payments made by MADW.
- 3.34 There does appear, however, to be a strong working relationship between the two entities which has been forged over a number of years, including as a result of a number of mission trips to see and support the work in Malawi.
- 3.35 In the absence of adequate minutes of trustee meetings, however, it is difficult to assess how the Trust actively monitors, and assesses, its continued support to Karmel Christian Church Malawi.

Make a Difference Worldwide

- 3.36 Mr Glenn Dunlop is the founder of MADW and appears to have been actively involved in both the set-up of the charity and its early work to develop the project in Malawi, which ultimately became Make a Difference in Mzimba. Since that time, however, Mr Glenn Dunlop has become less involved with the work of the charity, including in its decision-making processes.
- 3.37 There is little evidence available that Mr W Dunlop and Mrs Dunlop were directly involved in MADW, although it would seem that Mr W Dunlop would often check, on an informal basis, on the progress of MADW.

- 3.38 It appears, therefore, that the 'business' of MADW is primarily managed by Mr Tease who is not a trustee of the charity. In the absence of any minutes of meetings, or other available documentation, however, it is not possible to comment definitively on who, in practice, determines the strategy for the charity and assumes responsibility for delivering that strategy in line with its objectives.
- 3.39 It appears that most of the financial decisions made in regard to MADW were made by Mr Tease rather than the trustees, with no documented approval process, or budget, in place between Mr Tease and the trustees to determine an appropriate use of the charity's funds.
- 3.40 As such, it appears that the financial decision-making process operated independently of the board of trustees, which would be contrary to the Articles of Association of MADW.

Named parties

- 3.41 The Commission shared this report with named parties.
- 3.42 The responses of PwC and Mr W Dunlop have been considered and appropriate amendments reflected within the report.
- 3.43 Mr Glenn Dunlop has advised that he will be making no comment on any of the specific details of the Commission's report at this time. He also articulates his view that the report contains "inaccuracies and unproven allegations".

Section 4: Conclusion

4.1 The Commission's inquiry into the charities known as Karmel City Church, Karmel Trust and Make a Difference Worldwide is now concluded following the determination that all of the charities should close and confirmation that their remaining assets will be passed to other charities with similar charitable purposes.

Issues for other charities

4.2 The Commission has published guidance entitled *Running your charity*, which provides support for trustees on key aspects of running a charity effectively. It is available in the *Charity essentials* section of www.charitycommissionni.org.uk. Sections 3 and 5 of the guidance have particular relevance here in relation to the requirements for charity trustees:

- to know their roles and responsibilities
- to manage conflicts of interest
- to maintain and retain proper financial records.

4.3 *Faith in Good Governance* is the core guidance issued by the Charity Commission for England and Wales for religious charities whose main focus is religious worship and related activities. Faith in good governance recognises that there can be "*distinctive issues that arise for those involved in faith-based charities [in] how religious leaders can effectively carry out their role at the charity in a way that is effective and consistent both with their wider role as trustees or as employees, and in harmony with the governance role of other trustees, colleagues and members.*"

4.4 Further, *Faith in Good Governance* states:
"*Sometimes religious leaders are trustees. It is valid for the trustee group to look to those trustees with spiritual authority for guidance on spiritual matters. Apart from this, unless the governing document says otherwise, religious leaders should have the same level of involvement and participation in decision making as all other trustees. All decisions concerning the charity must be taken by the trustees acting together.*"

4.5 This importance of understanding the respective roles of each person involved in running a charity is reiterated in *Faith in Good Governance*, which also reiterates that it is the trustees who retain ultimate responsibility and authority:

"In addition to trustees, a wide range of people are often involved in running a charity. In a faith-based charity, these can include paid staff, religious leaders, volunteers and members. It is vital that all groups and individuals have a clear understanding of their respective roles. It is the trustees who retain ultimate responsibility and authority."

4.6 *Faith in Good Governance* does recognise, however, "that trustees must have the flexibility and freedom to decide what is the best way to achieve their charities' aims and preserve their faith-basis and values" in the context of both legal requirements and best practice.

Issues for funders, stakeholders and the general public

4.7 One of the Commission's objectives is to increase the public trust and confidence in charities. The Commission would stress that conduct as described in this report is not representative of the charity sector in Northern Ireland in general.

4.8 The Commission's guidance on raising concerns about charities may be found at the following link:

www.charitycommissionni.org.uk/concerns-and-decisions/concerns-about-charities-guidance/

4.9 This report concludes the Commission's statutory inquiry into Karmel City Church, Karmel Trust and Make a Difference Worldwide.

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