

# Serious incident reporting

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A guide for charity trustees



# The Charity Commission for Northern Ireland

The Charity Commission for Northern Ireland is the regulator of charities in Northern Ireland, a non-departmental public body sponsored by the Department for Communities.

## Our vision

To deliver in partnership with other key stakeholders in the charitable sector “a dynamic and well governed charities sector in which the public has confidence, underpinned by the Commission’s effective delivery of its regulatory and advisory role.”

Further information about our aims and activities is available on our website [www.charitycommissionni.org.uk](http://www.charitycommissionni.org.uk)

## Equality

The Charity Commission for Northern Ireland is committed to equality and diversity in all that we do.

## Accessibility

If you have any accessibility requirements please contact us.

## Online or in print

If you are viewing this document online, you will be able to navigate your way around by clicking on links either within the contents page or text.

We have produced a glossary that provides further information, definitions and descriptions of some key terms. The words in **bold green type** indicate words that are found in the glossary towards the end of this document. If you are reading the document online you can click on the word and it will link you to the definition in the glossary.

Please check our website [www.charitycommissionni.org.uk](http://www.charitycommissionni.org.uk) to make sure you are viewing the latest version of this policy.

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## Section 1: Overview

Given the nature of the work undertaken by charities and the challenging environment in which they work, there is a possibility that **serious incidents** may occur. In the event of a serious incident occurring, the Commission's regulatory role is to ensure that charity trustees manage the incident responsibly and comply with their legal duties. In this way the charity trustees can take steps to limit the immediate impact of the incident and prevent it from happening again.

Most problems can be resolved by charity trustees, sometimes with the support of professional advisers. Taking action quickly can help protect your charity from further harm and ensure that public confidence is maintained. Dealing appropriately with these types of events will also benefit other charities by maintaining public confidence in the sector as a whole.

If a serious incident takes place, charity trustees are required to report what happened to the Commission and explain how it is being managed. An actual or alleged incident must be promptly reported to all the relevant authorities.

### What does this guidance cover?

This guidance helps trustees by setting out examples of adverse events which the Charity Commission for Northern Ireland (the Commission) regards as serious incidents. It also sets out how these events, whether actual or alleged, should be reported to the Commission, as well as other relevant authorities, in a timely fashion.

### What does this guidance not cover?

This guidance does not cover Matters of material significance that must be reported by auditors and independent examiners, if identified in the course of an examination of charity accounts. The Commission has produced separate guidance on [\*Matters of material significance\*](#) which is available on the Commission's website.

## Who does this guidance apply to?

This guidance is designed to help charity trustees to identify serious incidents and provide clear guidance on how these incidents should be reported to the Commission as well as other relevant authorities. The guidance will also help charity employees, volunteers, stakeholders and members of the public to recognise serious incidents.

## Key Terms

**Serious incident:** A **serious incident** is an adverse event, whether actual or alleged, which results in, or risks, a significant loss of charity money or **assets**, damage to charity property, or harm to the work of the charity, its beneficiaries or reputation.

**Periodic reports:** In some circumstances a charity which needs to make regular multiple reports can submit these reports in bulk as **periodic reports**, rather than as separate, single, reports for each incident.

## What are legal requirements and best practice?

In this guidance, where we use the word 'must' we are referring to a specific legal or regulatory requirement. We use the word 'should' for what we regard as best practice, but where there is no specific legal requirement. Charity trustees should follow the good practice guidance unless there is good reason not to do so.

## Charity legislation

References in this document to 'the Charities Act' are to the **Charities Act (Northern Ireland) 2008**.

## Section 2: Duty of charity trustees to report serious incidents

The Commission regards a **serious incident** as an adverse event, whether actual or alleged, which results in, or risks, a significant:

- loss of charity money or **assets**;
- damage to charity property; or
- harm to the work of the charity, its beneficiaries or reputation.

The most common types of incidents include frauds, thefts, significant financial losses, money laundering, criminal breaches, allegations of **terrorism** or extremism, and safeguarding issues.

If a serious incident takes place, charity trustees are required to report what happened to the Commission and explain how it is being managed. The Commission expects these types of incidents to be reported to it even if the charity trustees have already reported them to the Police Service for Northern Ireland (PSNI), donors or another regulator.

For charities that are registered in one location but operating in another, any serious incident should be reported to the charity regulator where the organisation is registered. It should also be reported to relevant statutory agencies in the jurisdiction where the incident occurred.

### 2.1 Why tell the Charity Commission?

- *The Commission needs to ensure charity trustees comply with their legal duties:* by reporting a serious incident, charity trustees demonstrate that they have identified a risk to the charity and that they are taking appropriate action to deal with it, now and in the future. This is very important because protecting the assets, reputation and beneficiaries of the charity are essential charity trustee responsibilities. The potential for reputational damage can be lessened, however, if charity trustees can show that they handled the incident well; this will also allow the Commission, if asked by the media or other stakeholders, to state that the charity trustees handled the situation responsibly in reporting it to us.

Charity Trustees should always put appropriate safeguards in place and take reasonable steps to ensure their charity is not exposed to undue risk. Without these safeguards charities can be vulnerable to

fraud, theft or other kinds of abuse, and charity trustees may be in breach of their duties.

- *The Commission may need to offer regulatory advice or guidance:* timely reporting allows the Commission to identify problems in charities at an early stage and, where appropriate, to provide regulatory advice and guidance to charity trustees to ensure they meet their legal duties. In more serious cases, where charities' assets, reputation, services or beneficiaries have been harmed, or are at significant risk, the Commission may need to intervene by using its powers in order to safeguard charity assets.
- *The Commission can assess the risk to other charities:* serious incident reporting helps the Commission to gauge the volume and impact of incidents on charities and to understand the risks facing the charity sector in Northern Ireland. This insight will inform the Commission's approach as the regulator of charities and may lead it to issue timely advice, guidance or alerts to warn other charities of identified risks and how to manage them, in compliance with our statutory objectives, functions and general duties.

For detailed guidance on the duties of charity trustees, see the Commission's [Running your charity](#) guidance.

## 2.2 Who should report?

The responsibility for reporting serious incidents rests with the charity's trustees. In practice, some charities may delegate this task to someone else within the charity, such as an employee or the charity's professional advisers. However, all charity trustees are responsible for ensuring their charity reports serious incidents and does so in a timely manner.

Anyone who is not a charity trustee can raise issues about charities through the Commission's concerns process. More information about raising a concern is available from the Commission's [Concerns about charities](#) guidance.

When a charity trustee reports an incident, they need to confirm that they have authority to report on behalf of the charity trustee body. If someone other than a charity trustee is making the report, they should:

- provide their name
- their role or relationship with the charity

- confirm who in the charity trustee body is aware of the incident
- confirm they have the authority of the charity trustees to report the incident.

## **2.3 When to report**

The Commission requires an actual or alleged incident to be promptly reported to all the relevant authorities. This means as soon as possible after it happens, or immediately after you become aware of it.

## Section 3: How to report serious incidents

This section explains how to report an actual or alleged **serious incident** in your charity. It also sets out what types of incident the Commission expects charity trustees to report and how to recognise these.

### 3.1 Action to take

If something does go wrong, you should take immediate action to:

- Prevent or minimise any further harm, loss or damage
- Report it to the Commission as a serious incident
- Report it to the PSNI if you suspect a crime has been committed and to any other statutory agency/regulator and stakeholders to whom the charity is accountable
- Plan what to say to your staff and, where appropriate, volunteers, members, the public and the media
- Review what happened and take steps to prevent it from happening again. This may include reviewing internal controls and procedures, and/or seeking appropriate help from professional advisers.

The Commission requires charity trustees to report all serious incidents to it, even if they have already reported the incident to the PSNI or another statutory agency/regulator. The report will set out what happened and explain how they are dealing with it. The Commission does not directly investigate criminal offences, safeguarding or health and safety incidents. Lead responsibility for these areas rests with other statutory agencies and regulators. However, the Commission may need to contact the PSNI or other statutory agency/regulators and follow up on their investigations. When reporting a serious incident to the Commission involving an alleged or actual safeguarding matter, charity trustees must be mindful of the need to adhere to other statutory or internal safeguarding requirements including data protection policies and procedures.

You can report serious incidents via email to:

[concernsaboutcharities@charitycommissionni.org.uk](mailto:concernsaboutcharities@charitycommissionni.org.uk), including 'Serious Incident Report' and the name of the charity in the subject line. Access to this email inbox is restricted to a small number of staff within the Commission.

**You may find it helpful to refer to the *reporting* checklist below**

When making a serious incident report, you should provide details of:

- Who you are and your connection to the charity
- The authority you have to report on behalf of the charity's trustees
- Who in the trustee body is aware of the incident
- What happened and when the charity first became aware of it
- Action being taken to deal with the incident and prevent future problems
- Whether and when it has been reported to the PSNI or another regulator/ statutory agency (including official reference numbers)

If, having read this guidance, charity trustees are unsure whether the incident needs to be reported, the Commission recommends that they submit a report. The Commission can then decide what guidance to offer and what action, if any, is appropriate.

Remember: charity trustees should aim to provide enough detail in the report to give the Commission a clear picture of what happened and when, the extent of any loss or harm, how the charity trustees are dealing with the incident and the possible next steps that the charity is considering taking. *There is no minimum loss figure that should be reported.*

## **3.2 Reporting criminality**

Charity trustees are required to report any actual or suspected criminal activity. Do not wait until someone is arrested, charged or convicted before reporting the incident. *If reporting to the PSNI or to Action Fraud, you are also required to make a report to the Commission.* Charity trustees should ensure that such incidents are reported as set out below.

## Reporting fraud

Incidents of fraud must be reported to **Action Fraud**, ensuring a crime reference number is obtained and making it clear that the person reporting is representing the charity. Action Fraud is a national reporting centre specifically for reporting fraud and has an [online fraud reporting](#) service, available 24 hours a day. Their website includes a comprehensive [A to Z of types of fraud](#).

**Reporting theft:** Theft, or alleged theft, must be reported to the PSNI and charity trustees should obtain a crime reference number. If a serious incident has already been reported to the PSNI, another regulator or statutory agency, charity trustees are still required to make a report directly to the Commission.

A separate report is required as the Commission's regulatory interest is different from that of other statutory agencies and it cannot rely on other statutory agencies to engage proactively. For example, in areas of high risk, other statutory agencies such as the PSNI may be prohibited from engaging with the Commission in relation to a serious incident because legal processes are underway. Therefore, it is important that charities take the initiative and report serious incidents directly to the Commission.

To minimise the potential for duplicate reporting, charity trustees can simply forward a copy of a report provided to another statutory agency, covering the alleged theft. Where regulatory interests overlap, the Commission will identify this and ensure that work is not duplicated and the burden on charity trustees is not increased. The Commission may engage with the relevant agency and, if appropriate, agree who will take the lead on the issue. In these circumstances the Commission may suspend taking regulatory action.

## 3.3 Reporting multiple incidents

The Commission recognises that some incidents may occur more frequently within certain charities because of the scope and/or nature of their activities. For example, a charity which manages a number of trading arms may be more vulnerable to incidents of fraud. Again, a charity which has regular contact with the public and vulnerable beneficiaries may experience a greater likelihood of allegations being made and incidents occurring.

Where charities work overseas, particularly in areas of high risk, they may be more vulnerable to harm and loss. The Commission recognises the valuable work these charities do internationally, often in difficult circumstances. The Commission anticipates that charities working in this way, and dealing appropriately with incidents, may make multiple reports of serious incidents to the Commission.

If a charity will be making regular multiple reports, the charity trustees can decide to submit **periodic reports**, reports in 'bulk', rather than separate, reports for each incident. Charity trustees do not have to seek permission from the Commission to submit periodic reports, they can exercise discretion and choose the method of reporting which best suits their charity. Many larger and well established charities already have accounting and audit systems in place for periodic reporting to their own boards. These reports can be used or adapted for the Commission rather than formatting a new one, so long as they include the information outlined in section 3.1 above and do not include sensitive personal data.

If a charity chooses to submit a bulk report in this way, the charity trustees should be confident that each incident listed is reportable (ie significant) and worthy of inclusion. They should also provide sufficient detail regarding each incident, or the Commission may have to contact them for more information.

### 3.4 Declaration in the annual monitoring return

All charities, no matter what their size or income, are expected to report serious incidents to the Commission.

When a charity submits an annual monitoring return, charity trustees **must** declare whether all serious incidents or other matters have been brought to the Commission's attention. It is a criminal offence, under Section 25 of the Charities Act, for any person to provide false or misleading information to the Commission.

If charity trustees fail to report a serious incident that subsequently comes to light, the Commission may consider this to be mismanagement and take regulatory action, particularly if further abuse or damage has arisen following the initial incident.

### **3.5 What happens after a report has been sent to the Commission?**

When a charity submits a serious incident report, the Commission will confirm that it has received the report and may take steps to verify details within the report, for example, by contacting the PSNI. The Commission will assess the risk posed by the alleged or actual incident and how it is being dealt with by the charity trustees. The Commission will contact the charity trustee again if it:

- Needs more information about the incident
- Considers your charity needs regulatory advice and guidance
- Has to use its legal powers to protect your charity
- Requires you to provide future, timely updates
- Needs to monitor your progress in dealing with this incident.

## Section 4: What type of incidents do we expect to be reported?

This section sets out what types of incident charity trustees are expected to report to the Commission and explains the different authorities or agencies which may be involved. Remember, when making a report, charity trustees should have regard to the following advice and the checklist outlined in section 3.1, 'Action to take', above.

Charity trustees are expected to report an incident if it results in, or risks, **significant** loss of the charity's money or **assets**, damage to the charity's property or harm to the work of the charity, its beneficiaries or reputation.

The main categories of reportable incident are:

- Financial crimes: fraud, theft and money laundering
- Large donations from an unknown or unverifiable source, or a suspicious financial activity using the charity's funds
- Other significant financial loss, links to **terrorism** or extremism, including 'proscribed' organisations, individuals designated under terrorist asset freezing laws, or kidnapping of staff. Under the Terrorism Act 2000, the Home Secretary may proscribe an organisation if she/he believes it is involved in terrorism, and this is a proportionate response. A fuller definition of '**proscribed**' is available in the glossary.
- Suspicions, allegations or incidents of abuse involving beneficiaries
- Other significant incidents, such as insolvency, forced withdrawal of banking services, or actual or suspected criminal activity within or involving the charity.

A table of examples is provided at **Annex 1** below.

## 4.1 Financial Crime: Fraud, theft and money laundering

Fraud and theft are different criminal offences. They may relate not just to a charity's funds and financial assets, but also to other assets, such as databases and confidential or sensitive information held by the charity. The impact of financial crime on a charity can be significant, going beyond financial loss. These crimes also cause distress to charity trustees, employees, volunteers and beneficiaries; they may bring adverse publicity to the charity and damage its good reputation with donors, beneficiaries and the public. If an incident of financial crime in a charity is not handled appropriately, it can damage the charity sector as a whole.

**Fraud:** is a form of dishonesty, involving false representation, (for example identity fraud); failing to disclose information or abuse of position. Fraud is undertaken in order to make a gain or cause loss to another.

The risks to your charity from cyber-fraud are increasing all the time. Almost 70% of all fraud is now committed online. These crimes can be quite complex and difficult to detect, often involving data breaches or identity fraud. It is important that charity trustees consider how best to protect their charity from harm online. Advice on guarding against cyber-crime is available at [www.Cyber Essentials Scheme](http://www.Cyber Essentials Scheme)

**Theft:** is dishonestly taking property belonging to another with the intention of permanently depriving the other person or organisation.

**Money Laundering:** there is no comprehensive definition of the term 'money laundering.' This term 'is used where criminals turn the proceeds of crime ('dirty' money) into property or money ('clean' funds) so that they seem lawful and legitimate. In this way the money avoids suspicion or detection. Unfortunately, the good reputation and public confidence enjoyed by a charity can also make it a target for criminals looking for a safe hiding place for illegitimate funds.

Remember, there is no minimum loss figure that should be reported. Charity trustees need to decide whether incidents are of serious significance to report, in the context of the charity and its income, taking account of the actual harm and potential risks posed by the incident.

The higher the value of the loss, the more serious the incident will be, indicating it should be reported. Other factors that are likely to indicate seriousness include:

- The role of the person accused of taking the funds/assets within the charity, particularly if he/she holds a senior position or has responsibility for financial management, for example, the Chief Executive or Treasurer on the board of trustees.
- If the charity trustees know that the person accused is also involved with other charities.
- Numerous incidents have taken place that are connected.
- A single incident has been committed over a long period of time.
- A number of separate incidents have occurred over a short period of time.
- The funds lost or at risk are from a public appeal, collection or grant funding.
- There are signs of public interest, such as media reporting
- The charity has had to take serious action against an individual, such as disciplinary procedures or suspension.

Sometimes incidents which appear to be of low value can pose serious risks to a charity, as they may be a sign that individuals are trying to avoid detection. Repeated or frequent incidents can be symptomatic of weak financial controls and poor governance, leaving a charity more vulnerable to fraud or theft. Therefore, if there have been repeated incidents of low value fraud or theft in your charity, the Commission would expect you to report this.

For some charities, due to the nature of their activities, for example, shops or trading outlets, the risk of incurring loss or being the victim of crime is higher. If a charity relies upon cash-based fundraising, it may be more vulnerable to opportunist and organised fraudsters, who can take advantage of the trust and honesty shown by charity trustees or volunteers.

If charity trustees decide that an incident is not reportable to the Commission, it is still important that they handle the situation appropriately and take reasonable steps, perhaps by tightening financial controls and procedures, to ensure it does not happen again.

More information is available in the new *Fraud and Theft Checklist* at **Annex 2** below.

## 4.2 Unverifiable or suspicious donations

Charity trustees should act with due diligence and be mindful of donations to the charity from unknown or unverifiable sources. Charity trustees who fail to exercise due diligence may be in breach of their legal duties under the [Finance Act 2011](#). They will also be at risk of breaching tax regulations relating to tainted charity donations.

Charity trustees should also be alert to unusual donor activity, such as a large, one-off donation or a series of smaller donations from an unfamiliar, unverifiable or anonymous source. These donations may take forms other than money, for example, donations of goods or shares.

As a guide, charity trustees should report, via email, unverifiable or suspicious donations which they consider to be significant, providing the assurance detail outlined above. However, remember that in the case of 'low value' incidents, charity trustees should use their own judgement to decide whether it is reportable to the Commission, taking into account all the relevant factors.

Charity trustees should also report where they are concerned about other suspicious financial activity connected to the charity's funds. This might include requests from third parties to:

- cash a cheque for a large sum of money
- convert large quantities of cash into another currency
- pay a fee to release funds to be donated to the charity.

## 4.3 Recording substantial donations and transactions

Charity trustees need to keep records of substantial donations and transactions. These records may help the charity trustees to ensure that they are not breaching any tax rules and avoid incurring a tax liability at a later date.

## 4.4 Other significant financial loss

Charity trustees are expected to report any significant asset or financial loss due to other causes, particularly where this will affect the charity's ability to operate and serve its beneficiaries, or may require it to draw upon its financial reserves. For example:

- Significant fire, flood or storm damage destroying or seriously damaging the charity's main premises
- Having to abandon property, for example, in a war zone overseas
- Losing a court case and having to pay significant fees out of charity funds
- Losing institutional donors, public funding or key delivery contracts and being unable to replace these in order to ensure the charity's survival. The Commission would only expect to receive such a report at the point where the charity is aware that the situation is irrecoverable and that the charity will close.
- Significant financial penalties for breaches or non-compliance imposed by HMRC, Financial Conduct Authority, HSE, ICO, Fundraising Regulator or other regulators.

Again, charity trustees should report, via email, any financial loss which they consider to be significant. Charity trustees do not need to report financial loss such as a decrease in the value of investment funds, impairments, asset write-downs, pension deficits and bad debts, unless they pose a significant threat to the solvency of the charity.

*Remember: when submitting a report to the Commission, charity trustees should state what happened, the nature of the risk and the steps they are taking to deal with the incident.*

## 4.5 Links to terrorism and extremism

These types of incident include discovering that someone within or connected to the charity does business with or has links to terrorist groups, or is subject to an asset freeze. It includes situations where property has been stolen by terrorist groups, or charity money, personnel or other assets used to support terrorist activities.

Charity trustees are expected to report to the Commission if they become aware of allegations being made, or have evidence to suspect that:

- The charity (including a charity trustee, trustee, officer, agent employee, volunteer or anyone associated with the charity) has any known or alleged current links to a **proscribed** organisation or other terrorist/ unlawful activity. The Commission does not need to know of any historic links which related to a qualifying offence as

defined by Section 3(7) of the Northern Ireland (Sentences) Act 1998.

- Someone within or closely connected to the charity, or one of the charity's delivery partners, is placed on a UK or international terrorist list or is designated under terrorist asset-freezing laws.
- Charity funds or assets have been used to pay bribes, protection money or ransoms.
- Charity funds or assets have been used or diverted, perhaps via a delivery partner, to support a terrorist group or for other terrorist purposes/activities.
- The charity has been used to avoid asset-freezing measures.
- Charity personnel have been kidnapped or harmed by terrorist groups, including overseas when representing the charity or carrying out charity work.

Charity trustees must report their concerns or suspicions to the PSNI immediately.

Charity trustees can report an incident to the PSNI in the following ways:

- via the [National Crime Agency website](#)
- calling the Metropolitan Police Anti-Terrorist Hotline on 0800 789 321. Information is centralised on this line and passed to relevant police services as required.
- call 101 or report it at a local PSNI Station

This link leads to a list of [proscribed \(banned\) organisations](#) on the government website. This list also covers a 'recognised list' which is specific to Northern Ireland.

Charity trustees should also be aware of the risks of their charity being abused for extremist purposes, for example, when carrying out activities or events involving guest speakers, or when promoting literature and educational materials, including through the charity's website and on social media. Charity trustees are expected to report to the Commission if:

- they know or suspect that their charity's premises, or any of the activities that the charity runs, have been misused as a platform for

the expression or promotion of extremist views, or the distribution of extremist materials.

Charity trustees become aware of any media reports alleging that their charity has been misused for such purposes, particularly if they believe these could have a significant negative impact upon the charity's reputation.

## **4.6 Safeguarding beneficiaries**

Every charity that works with children or vulnerable adults who are at risk has a range of statutory obligations to a variety of regulators, who also produce guidance on these matters. Charity trustees must be aware of the reporting requirements to the relevant regulator and have procedures in place for employees and volunteers to follow. In reporting to the Commission we do not expect a charity to disclose details of safeguarding investigations; it is sufficient to inform us that an incident has occurred and that full safeguarding procedures are being implemented. Such a report will not trigger another full investigation by the Commission, provided the charity is doing what they are supposed to do in these circumstances. Charity trustees are expected to submit a serious incident report to the Commission if any of the following things occur:

- Beneficiaries of the charity (adults or children) have been, or alleged to have been or are being, abused or mistreated while under the care of the charity, or by someone connected with the charity, for example, a charity trustee, employee or volunteer.
- There has been an incident (alleged or actual) where someone has been or is being abused or mistreated and this is connected with the activities of the charity.
- There has been a breach of procedures at the charity which has put beneficiaries at risk. This includes a failure to carry out checks which would have identified that a person is disqualified in law under safeguarding legislation from holding a position in the charity working with children or vulnerable adults.

If charity trustees have grounds to suspect that such incidents may have occurred, it is important to take action promptly. As well as reporting to the Commission, depending on the incident, charity trustees must also notify the PSNI, and the relevant Health and Social Care Trust (HSCT) Gateway Services team.

The Commission is not responsible for dealing with incidents of actual abuse or mistreatment and it does not administer safeguarding legislation. It cannot prosecute or bring criminal proceedings, although it may refer concerns on to 'lead agencies', such as the PSNI, HSCT, Access NI and the Disclosure and Barring Service (DBS), as well as to specialist bodies responsible for designated areas, such as education or health and social care.

The Commission's role is to ensure that charity's trustees comply with their legal duties and responsibilities and are handling the incident responsibly, and where necessary, putting in place improved governance and internal controls in order to protect the charity and its beneficiaries from further harm. When reporting an incident to the Commission which has already been reported to the HSCT, PSNI or other relevant regulator charity trustees must only inform the Commission an incident has occurred, or is alleged, a report has been made to a regulator, and provide an incident report number and information as to whether the charity's policies and procedures have been followed.

#### **4.7 Other significant incidents including disqualified trustees, insolvency, forced withdrawal of banking services, or actual/ suspected criminal activity**

Charity trustees are expected to make a report to the Commission if:

- They discover that one of the charity trustees is disqualified in law under section 86 Charities Act (Northern Ireland) 2008 from acting as a trustee, for example, because they have an unspent conviction for fraud or theft, they are an undischarged bankrupt or are disqualified as a director under company law. It is an offence for any individual charity trustee to wilfully alter, suppress, conceal or destroy a **serious incident** report. It should also be noted that it is a criminal offence under section 87 of the Charities Act for any person who acts as a charity trustee or trustee for a charity while disqualified.
- A charity, or its creditors, has applied for the charity to be wound up under the Insolvency (Northern Ireland) Order 1989 or to close, for example, due to unmanageable debts or reduced income streams.

- The charity's bank has served notice to close its account/s and withdraw all services and/ or the charity has been unable to secure new services.
- The charity is subject to a PSNI investigation or a significant investigation by another statutory agency/ regulator. Charity trustees do not need to report routine inspections by, for example, Education and Training Inspectorate, or Regulation and Quality Improvement Authority (RQIA), unless they have resulted in significant adverse findings or are likely to attract adverse attention.
- Major governance issues, such as mass resignation of staff or charity trustees, or other events, leaving the charity unable to operate.
- The charity, its charity trustees, officers, or employees are the subject of criminal proceedings, in connection with the charity or their role in it.

It is an offence, under Section 25 of the Charities Act (Northern Ireland) 2008, to provide false or misleading information to the Commission.

## ANNEX 1: Examples of potential serious incidents

**It is not possible to provide an exhaustive list of incidents which are serious and are expected to be reported to the Commission.**

**The examples in the table below are designed to help charity trustees identify the type of incidents which are expected to be reported. There are also examples of incidents which do not need to be reported to the Commission unless the charity trustees decide that they are significant in the context of their charity.**

Financial crime	
Fraud and money laundering	
Any actual or alleged fraud or money laundering is expected to be reported as a <b>serious incident</b> to the Commission.	
Below are examples of incidents to report to the Commission	Below are examples of incidents which do not need to be reported to the Commission
The charity's Chief Executive and Treasurer have produced false invoices for the charity's services.	The charity discovers a member of staff has attempted fraud, and the financial loss was minimal, but this has been intercepted and appropriately actioned by the charity's own internal financial controls.
The charity has been subjected to cyber fraud, for example, ransom malware in an email, or a bogus online fundraising scheme discovered using the charity's name.	A scam email was received by the charity and was identified as fraudulent and addressed by the charity with no risk to charity assets or data.
Theft	
Remember, there is no minimum loss figure that should or must be reported to the Commission. Charity trustees need to decide whether incidents are serious enough to report, in the context of their charity and its income, taking account of the actual harm and potential risks posed.	
Below are examples of incidents to report to the Commission	Below are examples of incidents which do not need to be reported to the Commission

Each month, between £100 -£200 goes missing, suspected stolen, from the cash till in the charity shop. It has been going on for six months and has been reported to the PSNI.	One-off theft of items such as jewellery or television at the charity's premises.
The office has been broken into and computers holding details of the charity's beneficiaries and personal details of donors have been stolen.	Theft of small amounts of cash belonging to a beneficiary, by another beneficiary, at a charity event.
	Theft of a collection tin with a small amount of cash in it.
<b>Unverifiable or suspicious donations</b>	
Charity trustees <b>must</b> act with due diligence and be mindful of donations to the charity from unknown or unverifiable sources.	
<b>Below are examples of incidents to report to the Commission</b>	<b>Below are examples of incidents which do not need to be reported to the Commission,</b>
A significant amount is donated to the charity from an unknown or unverifiable source.	Large anonymous legacy left in a will received from solicitor dealing with probate; on condition he/she remains anonymous.  Low value donation from an unknown source.
<b>Other significant financial loss</b>	
Charity trustees are expected to report any significant asset or financial loss particularly where this will affect the charity's ability to operate and serve its beneficiaries, or may require it to draw upon its financial reserves.	
<b>Below are examples of incidents to report to the Commission</b>	<b>Below are examples of incidents which do not need to be reported to the Commission,</b>
Significant loss of charity funds/assets due to a poor investment scheme undertaken by trustees, without professional advice.	Loss of charity funds where the value lost is not significant to the charity.

Sudden loss of major donor contracts, representing 50% or more of charity's funding stream - charity has no reserves, so a significant number of staff will need to be laid off and services stopped.	Charity property overseas is damaged due to bad weather conditions. For example, a roof blown off during a storm.
Significant loss of charity funds due to legal costs and/ or liabilities incurred in a court case.	
<b>Links to terrorism or extremism</b>	
<b>Below are examples of incidents to report to the Commission</b>	<b>Below are examples of incidents which do not need to be reported to the Commission,</b>
Charity discovers one of its overseas partners has passed money to a member of charity's personnel who is a designated individual subject to financial restrictions.	All incidents of links to <b>terrorism</b> or extremism should be reported to the Commission except for any links which related to a qualifying offence as defined by Section 3(7) of the Northern Ireland (Sentences) Act 1998.
Personnel at the charity have been arrested for terrorism related offences.  Charity's warehouse in a conflict zone overseas has been raided and the charity's vehicles/ stock taken at gunpoint.	
Charity staff/ volunteers detained or kidnapped by a terrorist group overseas.	
A visiting or external speaker using a charity event/meeting to promote extremist messages, via live speech or social media.	

Safeguarding beneficiaries	
Below are examples of incidents to report to the Commission	Below are examples of incidents which do not need to be reported to the Commission,
A beneficiary or a member of their family alleges that they have suffered abuse of serious harm while attending a charity event with a charity volunteer.	Unusual/ aggressive behaviour by a beneficiary towards a member of staff.
Allegation that a staff member has physically assaulted a beneficiary.	PSNI called to a charity's premises because a beneficiary is drunk and being disorderly.
Repeated medication errors to beneficiaries in a care home.	Beneficiary in a care home received the wrong medication as a 'one-off' error.
Charities are involved with vulnerable beneficiaries and discover a <b>connected person</b> is on the sex offenders list.	Reporting Incidents, Diseases and Dangerous Occurrences Regulations (RIDDOR) to be reported to Health and Safety Executive NI.  Minor accidental injury to a charity service user e.g. slipping on a floor to be entered into the organisation's Accident Book.
Other significant incidents	
Disqualified person acting as a trustee	
Below are examples of incidents to report to the Commission	Below are examples of incidents which do not need to be reported to the Commission,
Any person acting as a trustee while disqualified.	A trustee voluntarily steps down from trusteeship when disqualified for having an IVA (Individual Voluntary Arrangement).

<b>Charity subject to investigation by a regulatory body</b>	
<b>Below are examples of incidents to report to the Commission</b>	<b>Below are examples of incidents which do not need to be reported to the Commission,</b>
If the charity is subject to official investigation by another regulator, for example, the Fundraising Regulator, PSNI, the Information Commissioner, or RQIA.	Routine investigations by a sector regulator, for example, the Education and Training Inspectorate or RQIA do not need to be reported.
<b>Poor governance</b>	
<b>Below are examples of incidents to report to the Commission</b>	<b>Below are examples of incidents which do not need to be reported to the Commission,</b>
Mass resignation of trustees, leaving the charity unable to function.	One or two trustees stepping down due to other commitments.
Evidence of trustees signing blank cheques.	
<b>Fundraising issues</b>	
<b>Below are examples of incidents to report to the Commission</b>	<b>Below are examples of incidents which do not need to be reported to the Commission, unless the charity trustees decide that this is significant in the context of their charity</b>
Suspicious or unauthorised collections in the name of the charity.	A missing collection tin containing a small sum of money.
The charity has failed to comply with the law on street or door-to-door fundraising or legislation relevant to the running of public raffles/ lotteries.	Failure of a sponsor, for example, of a fun run, to submit small amounts of money raised for the charity.
Significant funds due under a fundraising arrangement have not been paid by the professional fundraiser to the charity.	

Incident taken place involving a fundraising agency which will bring serious damage to the charity's reputation.	
<b>Data breaches or loss</b>	
<b>Below are examples of incidents to report to the Commission</b>	<b>Below are examples of incidents which do not need to be reported to the Commission,</b>
Charity's data has been accessed by an unknown person; this data was accessed and deleted, including the charity's email account, donor names and addresses.	A single laptop or mobile phone belonging to the charity is reported missing and it does not contain confidential data – it has been reported to the PSNI.
A charity's laptop, containing the personal details of beneficiaries or staff, has been stolen.	
Charity funds lost due to an online or telephone 'phishing scam', where trustees were conned into giving out bank account details.	
A Data Protection Act breach, reported to the ICO.	
<b>Other significant incidents</b>	
<b>Below are examples of incidents to report to the Commission</b>	<b>Below are examples of incidents which do not need to be reported to the Commission,</b>
Any other type of incident that the trustees regard as serious and likely to damage reputation or incur loss of funds/assets.	A theft from a charity shop which has been dealt with in accordance to the charity's procedures.

## ANNEX 2: Checklist

### **Fraud and Theft Information Checklist**

When you report the incident, consider the following

- If it's a fraud, do you know what type of fraud it is?
- If it's a theft, what was stolen?
- What is the estimated value of the loss?
- When did the charity first become aware of it?
- How was it discovered – via the charity's own internal controls, its auditors or professional advisers, or perhaps via the bank?
- What happened and when/over what period? Try to summarise the circumstances of the incident without omitting key detail
- Can you confirm that your charity's internal policies and procedures have been followed in this case?
- Have you taken appropriate action to deal with the incident – has a report been made to Action Fraud or the PSNI (if theft) and a crime reference number been obtained?
- Have you recovered, or are trying to recover, the money/goods lost?
- Are you pursuing or considering civil recovery of the funds?
- Are your charity's losses covered by insurance?
- Is the person suspected/ accused involved in the charity as a trustee, employee, volunteer or other?
- Is the person suspected/accused in a senior position (e.g. Chair, Chief Executive, Director, Head of)?
- Is the person suspected/accused in a position of special responsibility for safeguarding the finances (e.g. Treasurer or Finance Director)?
- Is this an isolated incident or have numerous incidents occurred that are connected?
- Have there been a number of separate incidents over a period of time?
- Are the funds from a public appeal or collection or from grant funding?

- If yes, can it still go ahead?
- Are signs of public interest, for example, media reporting already?
- If you have media or press lines, what are they?
- Have you had to take action against an individual, for example disciplinary, procedures or suspension
- Do you know if the person accused of taking the funds/assets is involved with any other charities?
- Do you need to take steps to prevent this from happening again? If so, what are you planning?
- Have you reviewed or are about to review your internal financial controls and procedures as a result? If so, what are the results of this review or when is this due to complete?

## Glossary

Term	Definition
<b>Annual Return Regulations</b>	References in this document to the 'annual return regulations' are to The Charities (Annual Return) Regulations (Northern Ireland) 2015, prescribed by the Charity Commission for Northern Ireland. The full content of can be found at <a href="http://www.legislation.gov.uk">www.legislation.gov.uk</a>
<b>Assets</b>	An asset is a resource controlled by the charity as a result of past events and from which future economic benefits are expected to enable the charity to further its charitable aims.
<b>Charities Act (Northern Ireland) 2008</b>	<p>The Charities Act (Northern Ireland) 2008 is the main piece of legislation establishing the Charity Commission for Northern Ireland and setting out its functions and powers</p> <p>References to 'the Charities Act' are to the Charities Act (Northern Ireland) 2008 (as amended). The full content of the 2008 Charities Act can be found at <a href="http://www.legislation.gov.uk">www.legislation.gov.uk</a></p> <p>Not all of the sections of the Charities Act are in force yet. Details of those sections that are in force are available on the Commission's website <a href="http://www.charitycommissionni.org.uk">www.charitycommissionni.org.uk</a></p>
<b>Connected person</b>	This is an individual or an organisation that is associated with, or has a relationship with, a charity trustee or the charity itself where that relationship could give rise to an actual or perceived conflict of interest. It is the charity trustees' responsibility to determine whether an individual or organisation is a connected person. The term "connected person" is defined in the Charities Act (NI) 2008 in particular circumstances. If this is the case, attention will be drawn to this in the relevant Commission guidance.
<b>Material / Materiality</b>	Materiality relates to an item that, in the judgement of the examiner, if omitted or misstated, would affect the reader's understanding of the accounts.

	<p>Materiality depends on the size, amount or importance of the item, error or <a href="#">misstatement</a>. An accounting policy is sometimes described as material where the effect is material as to how an item or transaction is recognised, measured or disclosed in accounts. Where a policy does not conform with the Charities Statement of Recommended Practice (also known as the Charities <a href="#">SORP</a>), the examiner has to consider whether the effect of that policy when applied to transactions or items in the accounts is so material as to affect the presentation or understanding of the accounts.</p> <p>In this guidance materiality is used in connection with Direction 12 (regarding the examiner's report) and accruals accounts Direction 10 (regarding accounting policies, estimates and judgements) and requires the examiner to look at the underlying judgements, accountancy policies, or basis, for amounts that are material in the context of the accounts.</p>
<b>Material Significance</b>	<p>This is a particular term used in the Charities Act which gives rise to the duty of an independent examiner to report matters to the Commission. Under the Charities Act, independent examiners and auditors <b>must</b> report to the Commission any matter they become aware of regarding a charity or any connected organisation, which they believe is likely to be of 'material significance' to the Commission in carrying out its functions under section 22 or 33 of the Charities Act. The report must be made immediately and in writing.</p>
<b>Misstatement</b>	<p>This means whether, in any respect, the accounts are materially misstated by the inclusion of an item, or an aspect of the accounts that is factually incorrect, in error, or wrong, or by the omission of an item that should properly be included in the accounts.</p>
<b>Periodic reports</b>	<p>A charity which needs to make regular multiple reports can submit these reports in bulk as periodic reports, rather than as separate, single, reports for</p>

	each incident.
<b>Proscribed</b>	<p>Under the Terrorism Act 2000, the Home Secretary may proscribe an organisation if she/he believes it is involved in terrorism, and this is a proportionate response. For the purposes of the Act, this means that the organisation:</p> <ul style="list-style-type: none"> <li>• commits or participates in acts of terrorism;</li> <li>• prepares for terrorism;</li> <li>• promotes or encourages terrorism (including the unlawful glorification of terrorism); or</li> <li>• is otherwise concerned in terrorism.</li> </ul> <p>A list of proscribed organisations is available on the <a href="#">Home Office</a> website</p>
<b>Serious incident</b>	<p>Serious incidents are mainly concerned with criminal or unlawful activity, or very serious incidents about a charity that may affect its funds, property, beneficiaries or reputation. Charity trustees should report serious incidents to the Commission immediately, not waiting until they submit their annual return to notify us. Some incidents may not actually be criminal, but may suggest risk of potential criminal activity or other risks which, if they became reality, would cause serious harm to the charity. If you have any doubt about whether an incident is serious, report it to us anyway.</p>
<b>Statements of Recommended Practice (SORPs)</b>	<p>Statements of Recommended Practice (SORPs) supplement accounting standards and other legal and regulatory requirements in light of the special factors prevailing or transactions undertaken in a particular sector and their application is relevant to the 'true and fair' view required of charity accounts. For general charities preparing their reports and accounts for reporting periods beginning on or after 1 January 2016 this is the Accounting and Reporting by Charities: Statement of Recommended Practice FRS 102 (Charities SORP FRS102).</p>
<b>Terrorism</b>	<p>Under the Terrorism Act 2000, 'terrorism' means the use or threat of action which is designed to influence the government or an international governmental</p>

organisation or to intimidate the public or a section of the public, and the use of threat is made for the purpose of advancing a political, religious, racial or ideological cause. The action will fall within the meaning of terrorism under the Terrorism Act if it involves serious violence against a person, serious damage to property, endangers a person's life, other than that of the person committing the action, creates a serious risk to the health or safety of the public or a section of the public or is designed seriously to interfere with or seriously to disrupt an electronic system. The use or threat of action which involves the use of firearms or explosives is terrorism whether or not it is designed to influence the government or an international governmental organisation or to intimidate the public or a section of the public.

Charity trustees should bear in mind the exception of matters related to a qualifying offence as defined by Section 3(7) of the Northern Ireland (Sentences) Act 1998. This exception relates to individuals who may have been released from jail sentences early under the auspices of the Good Friday Agreement in Northern Ireland. Their involvement in any named charity would not in itself give rise to a requirement to report as a serious incident, rather, it is a matter of the behaviour or suspicion of behaviours during the period subsequent to their release and up to the present day which might give rise to such a report, just as it would for any other member of the public at any time.

## Useful contacts

Access NI	<a href="http://www.accessni">www.accessni</a>
Charities Regulatory Authority (CRA) Ireland	<a href="http://www.charitiesregulatoryauthority.ie">www.charitiesregulatoryauthority.ie</a>
Charity Commission for England and Wales (CCEW)	<a href="http://www.gov.uk/government/organisations/charity">www.gov.uk/government/organisations/charity</a>
Charity Retail Association	<a href="http://www.charityretail.org.uk">www.charityretail.org.uk</a>
Companies House	<a href="http://www.companieshouse.gov.uk">www.companieshouse.gov.uk</a>
Department for Communities	<a href="http://www.communities-ni.gov.uk">www.communities-ni.gov.uk</a>
Equality Commission for Northern Ireland	<a href="http://www.equalityni.org">www.equalityni.org</a>
Fraud Advisory Panel	<a href="http://www.fraudadvisorypanel.org">www.fraudadvisorypanel.org</a>
Health and Social Care Trust (HSCT) Gateway Services team	NI Direct - HSCT Gateways services teams
HM Revenue and Customs (HMRC)	<a href="http://www.gov.uk/charities-and-tax">www.gov.uk/charities-and-tax</a>
Human Rights Commission for Northern Ireland	<a href="http://www.nihrc.org">www.nihrc.org</a>
Labour Relations Agency	<a href="http://www.lra.org.uk">www.lra.org.uk</a>
Northern Ireland Council for Voluntary Action (NICVA)	<a href="http://www.nicva.org">www.nicva.org</a>
The Fundraising Regulator	<a href="http://www.fundraisingregulator.org.uk">www.fundraisingregulator.org.uk</a>
Volunteer Now	<a href="http://www.volunteernow.co.uk">www.volunteernow.co.uk</a>

## Useful links

Below is a list of contacts which you may find useful.

*[Suite of guidance on registering as a charity in Northern Ireland](#)*

*[Suite of guidance on charity accounting and reporting](#)*

*[PBR1 Public benefit requirement guidance](#)*

*[CCNI EG042 Monitoring and compliance guidance – getting it right](#)*

*[CCNI EG046 Making payments to trustees](#)*

*[CCNI EG043 Equality guidance for charities](#)*

*[Data protection: Key requirements for charity trustees](#)*

*[Disqualified trustees: a thematic report](#)*

*[Financial Action Task Force \(FATF\)](#)*

*[The Revised Code of Good Governance](#)*

*[Prevention and protection in partnership \(2015\)](#)*

*[The law on lotteries in Northern Ireland](#)*

## If you are dissatisfied with our service

The Commission is committed to delivering a quality service at all times. However, we know that sometimes things can go wrong. If you are dissatisfied with the service you have received, we would like to hear from you, and have a procedure that you can use. You will find further information on these processes in our guidance, *Making a complaint about our services*, which is on our website [www.charitycommissionni.org.uk](http://www.charitycommissionni.org.uk)

# Freedom of information and data protection

## Data Protection

Any information you give us will be held securely and in accordance with the rules on data protection. Your personal details will be treated as private and confidential and safeguarded, and will not be disclosed to anyone not connected to the Charity Commission for Northern Ireland unless you have agreed to its release, or in certain circumstances where:

- we are legally obliged to do so
- it is necessary for the proper discharge of our statutory functions
- it is necessary to disclose this information in compliance with our function as regulator of charities where it is in the public interest to do so.

We will ensure that any disclosure made for this purpose is proportionate, considers your right to privacy and is dealt with fairly and lawfully in accordance with the Data Protection Principles of the Data Protection Act.

The Data Protection Act 1998 regulates the use of “personal data”, which is essentially any information, whether kept in computer or paper files, about identifiable individuals. As a “data controller” under the Act, the Charity Commission for Northern Ireland must comply with its requirements.

## Freedom of Information

The Freedom of Information Act 2000 gives members of the public the right to know about and request information that we hold. This includes information received from third parties.

If information is requested under the Freedom of Information Act we will release it, unless there are relevant exemptions. We may choose to consult with you first if this relates to your consultation or application. If you think that information you are providing may be exempt from release if requested, please let us know.

Further information on our activities is available from:

**Charity Commission for Northern Ireland**  
**257 Lough Road**  
**Lurgan**  
**BT66 6NQ**

[www.charitycommissionni.org.uk](http://www.charitycommissionni.org.uk)

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