

SERIOUS INCIDENT POLICY

This is a Charity Commission (CC) key compliance and monitoring tool.

Trustees have a duty to take reasonable steps to assess and manage risks to their charity's activities, beneficiaries, property, work or reputation. A key part of this is to respond appropriately to and manage effectively any serious incidents that arise in their charity.

Reporting serious incidents demonstrates that the charity has identified a risk to the charity and that it is taking appropriate action to deal with it. This is very important because safeguarding the assets of the charity and the charity's beneficiaries are key trustee responsibilities.

The CC defines nine key areas that would require a serious incident report, and these are listed below. Of these, Items 1, 2, 5 & 6 are the most likely ones for us to encounter, and should be risk-assessed annually.

In the event of any of the nine issues arising, the FCA will:

- a. Investigate the circumstances.
- b. Decide on the most appropriate action.
- c. Report the circumstances to the CC and any required statutory body (police, etc).
- d. Take action.
- e. Put measures in place to prevent recurrences.

THE NINE SERIOUS INCIDENT ISSUES

1. Fraud and Theft

Fraud is a form of dishonesty, involving either false representation, failing to disclose information or abuse of position, undertaken in order to make a gain or cause loss to another.

Theft is dishonestly appropriating property belonging to another with the intention of permanently depriving the other of it.

2. Other Significant Loss

You should also report to us any significant loss due to other causes, such as fire, flood or storm damage. As a guide for this type of incident, we would expect you to report any loss of funds or other property with a value of 20% or more of the charity's income, or £25,000, whichever is the smaller amount. For amounts lower than that, you should decide if they are significant for your charity and should be reported, taking the charity's income, work and other factors into account.

3. Significant sums of money or other property donated to the charity from an unknown or unverified source. This could mean an unusually large one-off donation or a series of smaller donations from a source you cannot identify or check.

4. The charity (including any individual staff, trustees or volunteers) has any known or alleged link to a proscribed (banned) organisation or to terrorist or other unlawful activity.

Under section 19 of the Terrorism Act 2000 there is a duty to disclose a belief or suspicion that a terrorism offence has been committed when the information comes to your attention through trade, profession, business or employment.

5. A person disqualified from acting as a trustee has been or is currently acting as a trustee of the charity.

How you handle this kind of incident and the two incidents that follow will show whether you have proper systems in place to check the eligibility of trustees and to safeguard children and other vulnerable beneficiaries.

6. The charity has no vetting procedure to ensure that a trustee or member of staff is eligible to act in the position he or she is being appointed to.

Charity law does not require charities to ask prospective new trustees to sign a declaration of their eligibility to act but we consider that it is good practice to do so. It shows that the trustees are discharging their legal duties and responsibilities as trustees. We have produced a model declaration.

We would have a serious regulatory concern if you failed to put systems in place to make the necessary checks to vet trustees, staff and volunteers in order to protect vulnerable beneficiaries. These include DBS checks where they must or should be carried out because of the activities that the charity undertakes. In some circumstances we may regard failure to conduct suitable checks as evidence of misconduct, mismanagement or both, in the administration of the charity.

7. The charity does not have a policy for safeguarding its vulnerable beneficiaries (eg children and young people under 18 years of age, or adults who are vulnerable at a particular time because they are in receipt of a regulated activity)

8. Suspicions, Allegations and Incidents of Abuse or Mistreatment of Vulnerable Beneficiaries.

9. The charity has been subject to a criminal investigation, or an investigation by another regulator or agency; or sanctions have been imposed or concerns raised by another regulator or agency such as HMRC, the Health and Safety Executive, the Care Quality Commission or Ofsted.

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