

Regulator investigates linked charities over financial concerns



CHARITY COMMISSION
FOR ENGLAND AND WALES

The Charity Commission is today announcing a class statutory inquiry into seven charities linked by two common trustees and common registered contact details, due to serious concerns over potential misconduct and/or mismanagement at the charities.

The charities are:

- IPAD ([1131132](#))
- FAO (Friends of African Organisations) ([1147157](#))
- BAC (British Africa Connexions) ([1171412](#))
- KDDA (Kono District Development Association UK) ([1160673](#)) [now removed – see notes to editors]
- Hope Direct ([1114725](#))
- SAAPA (Social Action and Poverty Alleviation) ([1111959](#))
- ACT (Action for Community Transformation) ([1174726](#))

During a proactive exercise the Commission identified a series of discrepancies across the charities' accounts. It therefore exercised its power to obtain the charities' bank statements to examine its concerns further. After examining IPAD's annual return, the Commission found discrepancies of over £83,000 income and £39,000 expenditure between information submitted in the charity's annual return and what was shown in the charity's bank statements. The issues indicate a potential misapplication of charitable funds and possible personal benefit.

The Commission is also concerned that the trustees have knowingly acted against their legal duty by providing false and misleading information to the Commission. The accounts held by the Commission for IPAD for FYE 2014 contain identical financial information to three other sets of accounts submitted by two other connected charities included in the class inquiry. With the exception of one charity there is no evidence of charitable activity which raises concern that there may have been a potential misuse of funds. The Commission has therefore frozen the bank accounts held in the names of six of the charities in order to protect charitable funds.

The inquiry opened on 29 April 2019 and will examine whether:

- the linked charities have been operating for exclusively charitable purposes for public benefit in furtherance of their charitable objects;
- the financial controls of the linked charities are adequate and their funds have been properly expended and accounted for;
- the trustees of the charities have complied with their legal duties in respect of their administration, governance and management of the charities;
- the trustees' compliance with legal obligations for the content and preparation of the charities accounts and other information or returns is in line with the statutory requirements.

It is the Commission's policy, after it has concluded an inquiry, to publish a report detailing what issues the inquiry looked at, what actions were undertaken as part of the inquiry and what the outcomes were. Reports of previous inquiries by the Commission are available on [GOV.UK](https://gov.uk).

Ends.

Notes to Editors

1. As of 27 September 2019, Kono District Development Association (KDDA) UK was removed from this inquiry. We will be reporting on our findings once the class inquiry has concluded.
2. The Charity Commission is the independent regulator of charities in England and Wales; our role is to regulate charity trustees' compliance with the charity law framework.
3. Section 76(3)(d) of the Charities Act 2011 gives the Commission the power to order any person who holds any property on behalf of the charity, or trustee of it, not to part with the property without prior approval of the Commission. It is a temporary and protective measure.
4. It is an offence under section 60 of the Charities Act for a person knowingly or recklessly to provide the Commission with false and misleading information.

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Last updated 1 November 2019 [+ show all updates](#)

1. 1 November 2019 The notes to editors section has been updated to reflect changes to the ongoing inquiry. Based on information reviewed in the class inquiry, the Commission is satisfied with assurances provided by Kono District Development Association (KDDA) UK and has removed it from the class inquiry. We intend to publish a report setting out our findings once the class inquiry has concluded.
2. 6 September 2019 First published.