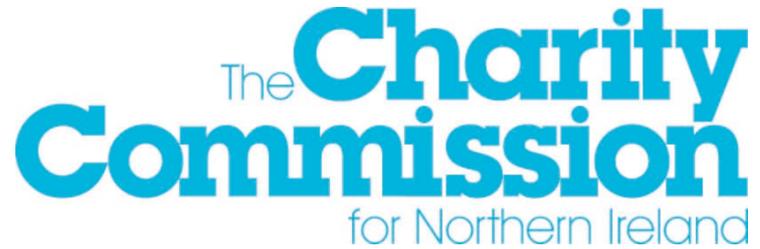
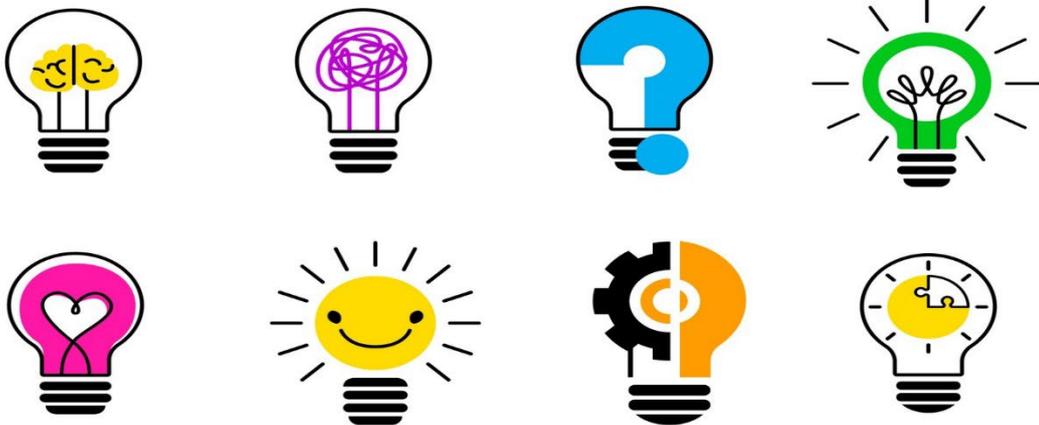


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Concerns received about charity fundraising

A thematic report from the Charity Commission for Northern Ireland



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Contents

Section 1	Introduction	3
	1.1 Regulating fundraising	
	The role of the Commission	
Section 2	Common themes of fundraising concerns	5
	2.1 Street and public collections	
	2.2 Financial transparency	
	2.3 Fundraising agents and professional fundraisers	
Section 3	Conclusion	9
Appendix 1:	Fundraising regulation at a glance	10
Further information		11

Section 1: Introduction

Charities touch the everyday lives of many people, and the benefits charities bring to our communities cannot be overestimated. Charitable donations empower the good work of charities and generating income is a critical part of the work of any charity.

Charity fundraising can be highly visible and an important point of contact between charities and members of the public. However, public trust and confidence in charities can be damaged by poor fundraising practices.

1.1 Regulating fundraising

While charity fundraising is a largely self-regulated activity, the Commission expects charities that fundraise in Northern Ireland to do so in a way which protects their charity's reputation and encourages public trust and confidence in their charity. This includes following the law and recognised standards, protecting charities from undue risk, and showing respect for donors, supporters and the public. These standards are set out in the [Code of Fundraising Practice](#) (the Code).

The [Fundraising Regulator](#) is the body responsible for supervising charities' compliance with the Code. It regulates all types of fundraising by charities based in England, Wales and Northern Ireland. It

- uses the Code to adjudicate on concerns and complaints about fundraising
- uses its register to promote visible compliance amongst charities with the Code
- has sanctioning powers to use if necessary.

The FR is not a membership body, registration with the FR and paying the levy charged by the FR is voluntary. However, only those who pay the levy and sign up to follow the Code can use the FR's fundraising badge.

Despite the FR not having any statutory powers to sanction fundraising organisations, even those charities which decide not to register with the FR are expected to comply with the Code when fundraising or employing professional fundraisers.

The role of the Commission

The Commission does not regulate against the standards in the Code, but we do have a role in fundraising regulation where there is evidence:

- that trustee actions or failings, in fulfilling their duties towards their charity, pose a serious risk to the charity
- of a serious risk to charitable funds, or to public trust and confidence.

In this role we work closely with the Fundraising Regulator, and other regulators, to identify cases where, as well as breaches of fundraising standards, these sorts of concerns may arise.

The infographic in Appendix 1 provides an overview of the main regulators of fundraising in Northern Ireland.

The Commission has produced this report to help charity trustees, volunteers and supporters to avoid common fundraising pitfalls and so protect public trust and confidence in charities and their fundraising. In this report you will find some case studies and some lessons we have learned about fundraising, there are also examples of how the vigilance of the public plays a key role in regulating charities and securing public trust.

For more information on trustee duties and responsibilities see the Commission's [Running your charity](#) guidance. For a fuller understanding of the obligations of charity trustees in relation to fundraising see [Fundraising for charities, a guide for charity trustees and the public](#).

The Fundraising Regulator also publishes [summaries of its investigations](#) to share learning with the sector and to enable the public to make informed decisions when they donate to charity.

Section 2: Common themes of fundraising concerns

2.1: Street and public collections

Street and public collections have become a feature of town and city centres across Northern Ireland. Many charities conduct street and public collections to raise funds and increase the profile of their cause or organisation. These collections are a perfectly legal means by which charities can generate funds.

However, it should be noted that not all collections are for the benefit of charities or for charitable purposes. Other organisations, sports teams, for example, can collect on the street and this situation can create confusion and ambiguity for donors. See Case study 1 below:

Case study 1:

The Commission received a concern from a member of the public about a "charity collector" who had been conducting a local street collection. The individual was concerned that the collection was not a charity collection and thought that the individual's motives could be questionable.

Having been contacted by a member of the public, we worked alongside the Police Service of Northern Ireland to establish that the individual had not been granted a collection permit and that they had not in fact been collecting on behalf of a charity.

The PSNI, at that point, took the matter on as a potential criminal investigation.

2.2 Financial transparency

Charities should be open and transparent about their financial dealings. This includes being open and accountable to funders and donors. Problems can arise and trust in charities can be eroded when charities and trustees fail to provide adequate financial information to supporters and fundraisers. See Case study 2 below:

Case study 2:

The Commission received a concern, about financial transparency, from an individual who had fundraised on behalf of the charity.

The individual had been aware of the significant amounts of money that they had collected on behalf of the charity and was surprised to hear that the charity was apparently in some financial difficulty. The individual asked for access to the charity accounts, including money raised as part of fundraising efforts. This request was refused by the charity.

The Commission provided self-regulatory guidance to the charity on keeping records of income and expenditure and that they should make these available when requested. We also advised, more generally that the charity should take an open and transparent approach to their finances.

Lessons for other charities

Charities rely on the support of the public as fundraisers and donors. Accordingly, they should be open and transparent regarding their income and expenditure. At a minimum, charities should be preparing annual accounts, presenting these to members and supporters at an Annual General Meeting (AGM) and making them available on request.

If the charity has a website, it would be good practice to publish their accounts here, along with an annual report, detailing their activities across the past year. A registered charity which submits [Annual accounts and reports](#) to the Commission can easily make this information available by signposting the public to their entry on the [Register of charities](#).

Following simple procedures when handling money, including cash donations, can also help charities to avoid disputes. This includes:

- Sealing and securing collection boxes during a collection
- Ensuring that donated cash is collected and recorded by two unrelated individuals, wherever possible
- Drafting and implementing policies on issuing receipts when fundraising.

2.3: Fundraising agents and professional fundraisers

Professional fundraisers and agents provide fundraising services to charities. For example, a business may sell a street fundraising appeal service, providing street fundraisers and donation processing to a charity.

Professional fundraisers may provide the infrastructure to launch and conduct fundraising appeals if the charity does not have the capacity to do so. It may make financial sense therefore for the charity and its trustees to engage the services of a professional fundraiser.

Outsourcing fundraising also allows the charity to focus on delivering its charitable purposes. It may be a good business decision for a charity to use professional fundraisers. See Case study 3 below.

Case study 3:

The Commission received a concern from a member of the public that a clothing collection bin was placed in the middle of a footpath in Belfast and was blocking pedestrian access. The bin had a charity's name and HMRC number listed on it.

We made initial investigations and established that the concern was evidence based. When we contacted the charity to request that they move the bin, they weren't aware that it had been placed in that location. The charity was using professional fundraisers who managed their clothing collection activities.

The Commission requested that the charity arrange for the bin to be moved, as they are responsible for the fundraisers they had hired. Our follow up enquiries confirmed that this had been done.

Lessons for other charities

It is perfectly legitimate for a charity to use a professional fundraiser or agent. However, it should be recognised that the charity trustees risk losing a degree of control when a charity uses such a service. The reputation of the charity should be at the forefront of the charity trustees' minds, and they should be sure that they are using a reputable service.

The [Code of fundraising practice](#) provides guidance on what a charity should include in a fundraising agreement, to ensure all parties are clear about how the fundraising will be carried out.

It is essential that charity trustees carry out due diligence when they engage a professional fundraiser. Bad donor experiences can linger on long after the charity fundraising drive or marketing campaign has come to its conclusion.

Section 3. Conclusion

The Commission continues to receive concerns about charities on a regular basis. The concerns cover a broad range of areas but where themes and trends emerge, we will try to provide information to charities and the public. Experience tells us that good charity regulation includes tackling issues upstream before they become major problems at a later stage.

This approach involves three tiers. Firstly, we will work proactively with the public and charities to ensure that our role in relation to charity regulation is understood. Secondly, we investigate apparent charity misconduct and maladministration when concerns about charities are expressed to us. And finally, we communicate the lessons learned during our investigations, as is the case with this report, to help charities avoid the common pitfalls.

Fundraising is a major issue of importance to both charities and members of the public. Public trust and confidence in charities can be won or lost on how an organisation interacts with the public through its fundraising efforts.

We hope and expect that this report will be of use to charity trustees, volunteers, fundraisers and members of the public. For more information on the work of the Commission sign up to the [Charity Commission for Northern Ireland newsletter](#). To discuss this report and share your views. Please use the [Contact us](#) link on the website.

Appendix 1: The infographic below sets out the regulation of fundraising in Northern Ireland moving from self-regulation to statutory regulation.



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