Changes to the Charities Annual Return announced

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CATEGORY:
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The Charity Commission has announced that the annual return for 2015 will contain three new questions following consultation on its proposals to increase transparency and accountability through annual reporting.

The Charity Commission will bring in changes to the annual return for the financial year ending in 2015. The new information that charities must provide is intended to increase the Commission's ability to detect risk, to assist the public in making confident decisions about charities and to encourage charity trustees to monitor charity finances and staff pay.

The three new questions will be:

1. In the reporting period, how much income did you receive from:

- contracts from central or local government to deliver services?

- grants from central or local government?

2. Does your charity have a policy on paying its staff?

3. Has your charity reviewed its financial controls during the reporting period?

These changes follow a full consultation by the Commission on its proposals for changes to the annual return. These proposals included requirements for charities to report on campaign expenditure and, for charities with incomes between £10,000 and £500,000, to report on key financial information. However, the Commission says that it has taken into account concerns raised by charities during the consultation process and will not make these proposed changes for 2015. It recognised that both of these proposals would result in a substantial amount of work for charities, particularly smaller charities.

The Commission intends to revisit the issue of campaign expenditure for the 2016 annual return, but will investigate whether technology solutions, such as accounting software, may enable it to collect key financial information without impacting heavily on smaller charities.

A summary of the consultation responses can be found through this link: summary of Charity Commission consultation responses.