

THE SCOTTISH CHARITY REGULATOR (OSCR)

Inquiry Report made under Section 33 of the Charities and Trustee Investment (Scotland) Act 2005

Heart Space Dundee (SCIO), Scottish Charity Number SC043257:

Background

Heart Space Dundee (SCIO) is a charity registered with the Officer of the Scottish Charity Regulator (OSCR). It was entered on to the Scottish Charity Register on 2 July 2012. The charity's objects are, 'To increase the level of participation in physical exercise through Yoga, recognised by Sports Scotland, and to provide a specific space and environment for the participation of these activities with facilities to encourage engagement in activity'

We opened an inquiry into the charity following receipt of a concern about the content of the 2016 accounts and in particular the use of the charity's assets to make payments to charity trustees and others for non-charitable purposes.

Progress of inquiry

During our initial inquiries we wrote to the charity trustees for further information on what was reported in their 2016 accounts. We also met the charity trustees to discuss specific transactions in the accounts and the level of financial controls the charity had in place. At that point in our inquiries the charity trustees had appointed new accountants and were working with them in the preparation of the 2017 accounts.

In December 2018 we received a Notifiable Event from the charity trustees which indicated that the charity's assets might be at imminent risk of misuse. The charity trustees had identified anomalies in the charity's bank statements and had started their own investigation into these matters. The trustees immediately reported their concerns to the bank with whom the charity holds their account and proceeded to take steps to protect the charity's assets.

Regulator's action

On 21 December (under section 31(7) of the Charities and Trustee Investment (Scotland) Act 2005) we directed the bank that holds the charity's account not to part with any of the charity's property without consent from OSCR. This was a protective measure while the charity trustees made arrangements to address the risk identified.

Following receipt of information indicating that the charity's banking arrangements had been changed to remove the risk to its assets, we revoked the direction to the charity's bank on 27 December 2018.

Conclusion

Throughout our inquiry, the charity trustees have continued to engage with OSCR, providing updates and details of their progress on identifying historical financial anomalies and implementing stronger financial controls and agreements. We consider the actions of the current charity trustees to be consistent with their trustee duties under Section 66 of the 2005 Act.

We have therefore closed our inquiry, though we expect the charity trustees to update us on dealing with the issues that have been identified.

Learning points for the wider sector

- All charity trustees in a charity have a collective responsibility to manage in the interests of the charity and to protect its assets
- Charity trustees should ensure that appropriate levels of financial control are in place, and ensure that these controls continue to be implemented. In particular, charity trustees should ensure that no single individual has the ability to exercise control over the charity's assets without checks or oversight
- Payments to charity trustees from charitable funds should only be made in furtherance of charitable purposes, and the reasons for payments should be clear, and clearly recorded

OSCR
12 July 2019