



Trustee Academy #9: influencing for good

Description

Trustees Learning and Development Programme

Always striving to find a better way through lifelong learning

Introduction

Isaac Newton formulated gravitational theory in the 17th century after watching an apple fall – according to legend. Three centuries later, it was the basis of developing space travel. Gravity is an influence that humanity uses for good and sometimes for evil.

Tyrants and martyrs are *influencers* for evil or for good as a matter of personal motivation. I'm sure we can each think of modern candidates to fit both categories. In this bulletin we are challenged to be *influencers* for the good of MMHS stakeholders.

A friend raised their eyebrows when I said I was content to be 'woke' (another American import). [Steve Chalke](#), a Christian *influencer* said, 'If to be woke means "to be alive to the insights, contexts, and needs of others; to aim to be well-informed, thoughtful, compassionate, tolerant, respectful, and kind, to want to make the world a better place for all people and all living things", then sign me up for that challenge!'

Thinking about the L&D content in this bulletin, the question comes to mind – how can we be the best of *influencers*, within the confines of charity law, to enable our staff to deliver the very best to those we serve?

Alan

Legal and governance

ESG: maturity matrix for charities

The private sector has begun to embrace Environmental, Social, and Governance reporting. You could say ESG is now well-settled in that sector. It's all about a commitment to sustainable operations.

What of the charitable sector? Well, it has been a little bit slow in the uptake of ESG reporting. Charities are all about providing public benefit. The question is – should ESG reporting be included as part of the process of showing 'public benefit'?

There are growing pressures on charities to also embrace ESG reporting – to make sure right targets and strategies are in place. An interesting angle to this debate is that many charities will not be fully aware of the extent to which they are *already* taking ESG action. They haven't 'sat down' to think through what they have been doing. If there's a good story to be told, we need to be telling it. [Watch the video](#) to find out more.



Finance

Audits for company charities

Sometimes a simple definition is helpful when trying to understand a concept or a process. Broadly speaking, a charity audit is an investigation of a charity's accounts and financial transactions. A charity's financial records and statements – as well as its financial resources and commitments – are examined. The audit ensures charities are following the law, that money is being declared where it should be, and that everything is accounted for. When do charities need auditing?

- Charities with a gross income of £25,000 or more must have an independent examination;
- charities with a gross income of £1,000,000 or more must have an external audit;
- charities with assets above £3,260,000 and gross income of £250,000 or more must have an external audit.



Guidance on audits for company charities

This Q & A pack is designed to answer the questions that are most frequently raised with us about audit exemption under the Companies Act and the audit and independent examination of company charities under the [Charities Act 2011](#) ('the Charities Act').

About audit requirements

For financial years starting on or after 1 April 2008 company charities which meet the Companies Act definition of a small company (and do not exceed the Companies Act audit threshold) may elect for exemption from audit under the Companies Act. This enables small company charities to opt to have their accounts audited or independently examined under the Charities Act. Independent examination offers a lower cost alternative to charities that do not require the higher level of assurance that audit can provide. Changes effective from this date also resulted in the requirements for the audit of small groups when their accounts are prepared by parent company charities.

The changes necessary to both company and charity law to create a more level 'playing field' in external scrutiny arrangements for charities resulted in a number of questions being raised with us about the interface between the external scrutiny arrangements of company and charity law.

Questions and Answers

1. Does a charitable company have to be audited under both Companies Act and Charities Act provisions?
2. Can a charitable company be independently examined under the Charities Act?
3. What advantages are gained from claiming audit exemption under the Companies Act?
4. Which companies may claim exemption from audit under the Companies Act 2006?
5. What statement must be made in accounts if audit exemption is to be taken?
6. What must a Companies Act audit exemption statement say if accounts prepared under Companies Act 2006?
7. What if the charitable company operates in Scotland?
8. Do group accounts prepared under the Companies Act need to be audited?
9. When must a parent company prepare group accounts under the Companies Act 2006?
10. Should group accounts be prepared on a voluntary basis under the Companies Act?
11. Is there any guidance on the content of charity audit reports?
12. Where can further information about filing accounts with Companies House be obtained?

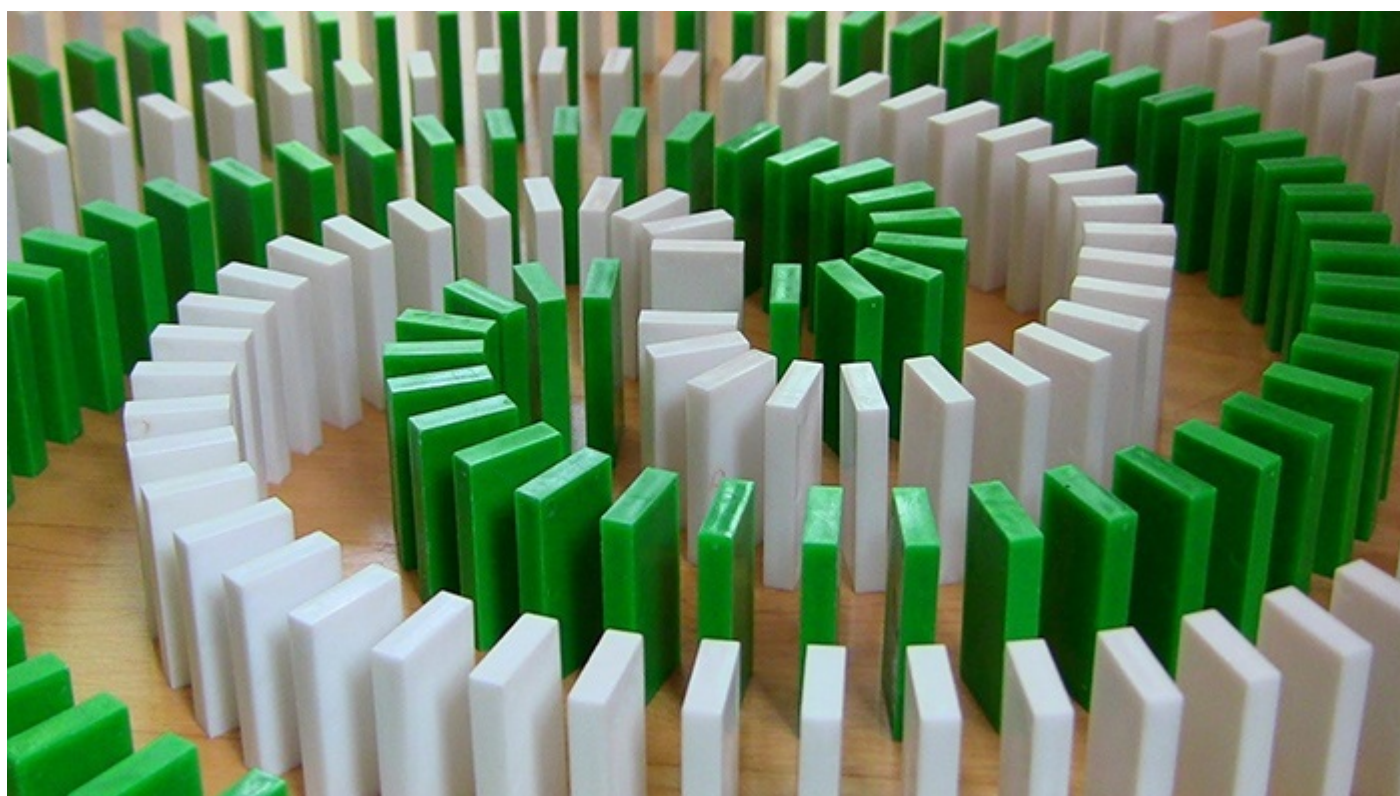
MMHS is both a charity and a company – which means it is subject to the provisions of both the [Charities Act 2011](#)

and the [Companies Act 2006](#). To understand the relationship between the scrutiny of company and charity law, read the [guidance note](#) issued by the Charity Commission but note the gross income change from £500K to £1m, as mentioned above.

Personal Development

Developing personal influence

Here is the [link to the Personal Development Material](#). It is an Influencing action plan. In Bulletin #4 we looked at strategies for improving our *own* influencing skills. This month's bulletin broadens the subject to consider other stakeholders and the influence they have on our activities. It encourages us to explore how we can 'influence the influencers'. This is particularly thought-provoking, given our workshop on stakeholders at the trustee residential event in October 2022.



Category

1. Bulletins

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