

Compliance Toolkit

Protecting Charities from Harm

Chapter 1: Charities and Terrorism Summary



The Charity Commission

The Charity Commission is the independent regulator of charities in England and Wales. Its aim is to provide the best possible regulation of charities in England and Wales in order to increase charities' effectiveness and public trust and confidence. Most charities must register with the Commission, although some special types of charity do not have to register. There are some 180,000 registered charities in England and Wales. In Scotland the framework is different, and the Commission does not regulate Scottish charities.

The Commission provides a wide range of advice and guidance to charities and their trustees, and can often help with problems. Registered charities with an annual income of over £10,000 must provide annual information to the Commission. The Commission has wide powers to intervene in the affairs of a charity where things have gone wrong.

More information about the Commission together with a range of guidance for charities can be found on our website www.charitycommission.gov.uk, or by contacting Charity Commission Direct:

Telephone: **0845 300 0218**

Typetalk: **0845 300 0219**

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Summary

Charities and Terrorism forms part of the **Compliance Toolkit: Protecting charities from harm** and provides charities with information on key aspects of the UK's counter-terrorism legislation, showing how particular provisions are likely to affect charities and their work. The Commission aims to ensure that trustees are aware of the legal requirements placed on them in relation to both UK legislation and charity law so that they can properly discharge their duties in the interest of their charity. We want to increase awareness of how charities might be at risk of abuse for terrorist purposes as well as help charities to develop their own risk measures and procedures, giving examples of good practice and risk management that will safeguard charities from potential harm.

Why is this guidance relevant to the charitable sector?

Terrorism is a serious and continuing threat to UK society, UK interests abroad and the wider international community. This threat applies to the charity sector as much as any other sector. All parts of the UK economy, including the financial sector, are tightening their safeguards and defences against terrorist abuse. As avenues for terrorists to exploit in these sectors are closed off, there is an increasing risk of attention focusing on others, including the charitable sector.

Proven instances of terrorist involvement or association in the charitable sector are rare, but are completely unacceptable and corrode public confidence in charities. The risk of links or association to terrorist activity or of terrorist abuse does not apply equally across the sector and there is no 'one size fits all' approach.

Who should read this guidance?

All charity trustees need to be vigilant about the potential risks from terrorism. While this guidance applies to any charity, we do not expect trustees of all charities to have detailed knowledge and understanding of every aspect of this chapter. However, trustees should familiarise themselves with the broad principles.

It is clear from the enormous diversity of the sector that the risks will vary from charity to charity, and for large numbers of charities there may be few risks. For these charities, it may be enough for their trustees to consider the information provided in this summary and to look further, in particular, at the modules that highlight [Charity law duties and responsibilities – what we expect of trustees](#) and [Reporting requirements](#) in relation to reporting suspicions of terrorist activity. If a matter of concern arises in a charity, this guidance provides a useful reference for trustees of their legal duties and responsibilities.

Other charities may experience much higher risks, whether working solely in the UK or operating internationally when carrying out their activities themselves or in partnership with others, and depending on the particular type of work they engage in. The nature of those risks is also likely to differ. For these charities, this chapter provides comprehensive information to help them in assessing and managing the risks of links to or associations with terrorist activity and organisations, or of terrorist abuse.

How might charities be vulnerable?

The abuse of charities for terrorist purposes may take a variety of different forms, including exploiting charity funding, abusing charity assets, misusing a charity name and status and setting up a sham charity. It may also include inappropriate expressions of support by a trustee for a proscribed organisation. Terrorism risks may arise when funds are raised and donations received, where grant funding is disbursed, and in the provision of services and other charitable activity. Case studies, examples and illustrations in the guidance highlight how this might happen.

Whatever the charity, its size, activities and areas of operation, those with strong governance arrangements, financial controls and risk management policies and procedures that fit their needs will be better safeguarded against a range of potential abuse, including terrorist abuse.

The Commission's role

The Commission's [Counter-Terrorism Strategy](#) sets out our four strand approach for tackling the threat of terrorist abuse in the charitable sector, comprising Awareness, Oversight, Co-operation and Intervention.

The way we tackle the risk of terrorist abuse in charities falls squarely within our existing approach to regulation. The Commission is uniquely placed to deal with all kinds of abuse of charities where it does occur, collaborating with other regulators, law enforcement agencies and other government departments, and supporting trustees to protect their charities.

Where allegations of criminality arise, these will be for the police and law enforcement agencies to assess. The Commission's role and concerns relate to the lawful exercise by the trustees of their duties and responsibilities and ensuring the charity is protected.

Effective regulation involves putting a strong emphasis on giving support and guidance to charities to prevent problems and abuse occurring in the first place.

When allegations of terrorist involvement or links with charities arise, we deal with them as a matter of priority. We will act proactively, swiftly and effectively when we have evidence or serious suspicions of terrorist abuse or support involving charities.

What we expect of charity trustees

The UK's legislative framework for preventing and pursuing terrorists and those who support terrorist organisations is complex. Terrorist activity is a crime and charities need to be aware that concerns about terrorist abuse and activity are considered in the UK in that context. However, there are also charity law responsibilities that arise from trustees' positions in managing and administering a charity irrespective of whether a criminal offence has been committed.

Trustees are custodians of their charities. They are publicly accountable, and have responsibilities and duties to safeguard their charity and its beneficiaries from harm of all kinds, including links to or associations with terrorist activity and organisations or terrorist abuse.

- The Commission expects trustees to be vigilant to ensure that a charity's premises, assets, staff, volunteers or other resources cannot be used for activities that may, or appear to, support or condone terrorist activities.
- Trustees must ensure that proper and adequate procedures are put in place and properly implemented to prevent terrorist organisations taking advantage of a charity's status, reputation, facilities or assets.
- Trustees must consider and manage risks to the charity, whether operational, financial, or reputational, ensuring they exercise proper control over financial affairs and keeping accurate records.
- Trustees must ensure they and their charity comply with the law, including counter-terrorism laws.
 - Trustees risk committing a criminal offence if they have financial dealings with someone who is a designated financial sanction target in the UK.
 - Trustees risk committing a criminal offence if they are connected to, or support a proscribed organisation.
 - Trustees must report a belief or suspicion of offences connected to terrorist financing. They should do this using the Anti-Terrorist Hotline on 0800 789 321. If trustees are concerned about an immediate threat to life and property they should contact the police immediately.
- Under the Commission's Reporting Serious Incidents regime, trustees must report to us if their charity (including any individual staff, trustees or volunteers) has any known or alleged link to a proscribed organisation or to terrorist or other unlawful activity as soon as they become aware of it.

- Trustees must not engage in conduct or activities which would lead a reasonable member of the public to conclude that the charity or its trustees are associated with a proscribed organisation or terrorism generally.
- Where a charity representative or a charity's activities may give, or appear to give, support to any terrorist activity, the Commission expects the charity's trustees to take immediate steps to dissociate the charity from the activity.
- Indirect or informal links with a terrorist organisation pose unacceptable risks to the property of a charity and its proper and effective administration. Even if the link or association does not amount to a criminal offence, it is difficult to see how a charity could adequately manage the risks to the charity and find a way in which the trustees could properly discharge their charity law duties and responsibilities.
- Where the risks are high, in order to fully discharge their duties, trustees must check partners and individuals against the list of proscribed organisations. Whatever the level of risk, it is good practice to do so.
- A designated person cannot be appointed as a trustee. This is because a designated person cannot discharge all of his or her duties as a trustee in the management and administration of a charity. If a trustee is subsequently designated, they must resign from their position or they will be in breach of charity law.

More information about whether a charity can work with designated individuals and entities as trustees, volunteers, partners or beneficiaries can be found in the module [Designated individuals and entities](#).

In the [International dimension](#) module we also explain why the terrorism lists of other governments are relevant to charities in the UK, and in the [Reporting requirements](#) module we provide more detail on the reporting regime for trustees, employees and volunteers.

Using this guidance

The layout of the guidance can be used to best effect primarily as an on-line resource. Navigation is made simple with separate modules on specific topics and formatted so that it is easy to navigate between them. If trustees want more detailed information on a particular topic, they can focus on a stand-alone module and access related links, documents and resources.

There is also a 'recommendation system' that signposts other modules that may be relevant when viewing particular areas.

Chapter 1 of the guidance sets out:

- Our approach and role in targeting potential terrorist abuse in the sector;
- Risks and vulnerabilities of terrorist abuse in charities;
- Implications of counter-terrorism legislation for charities;
- Trustee requirements for reporting suspicions of terrorist abuse, serious incidents and recording assessments and procedures; and
- Charity requirements for checking lists of prohibited groups and designated individuals.

Key messages by module:

What this guidance is about and how to use it

- This section contains a list of future chapters, explanation of the guidance and a glossary of technical terms used.

Background information on the UK Government's and the Commission's counter-terrorism strategies

- The Commission's [Counter-terrorism Strategy](#) sets out our approach for tackling the threat of terrorist abuse in the charitable sector.

How might a charity be abused for terrorist purposes?

- Proven instances of terrorist involvement, support or association with terrorism in the charitable sector are rare, but completely unacceptable.
- Abuse may take a variety of different forms, including exploiting charity funding, abusing charity assets, misusing a charity name and status and setting up a sham charity.

Counter-terrorism legislation – an overview

- The Terrorism Act 2000 is the primary piece of counter-terrorism legislation in the UK and is part of a complex framework.

Proscribed organisations

- 'Proscribed organisations' are concerned in terrorism and prohibited by law from operating in the UK. The Home Office produces a [list](#) of these organisations.
- The Terrorism Acts set out what kind of support to a proscribed organisation is a criminal offence.

Designated individuals and entities

- A 'designated individual or entity' is an individual or group which faces financial restrictions in the UK. HM Treasury maintains the [Consolidated List](#) of these individuals and entities.
- Trustees may commit a criminal offence if they make funds or economic resources available to designated individuals without a licence from HM Treasury.

Terrorist Financing

- The [Terrorism Act 2000](#) is the primary piece of counter-terrorism legislation in the UK and is part of a complex framework.
- Trustees must ensure that a charity's premises, assets, staff, volunteers or other resources cannot be used for activities that may support or condone terrorism.
- Trustees must report suspicions of terrorist financing.

Charity law duties and responsibilities

- These duties apply irrespective of whether a criminal offence has been committed.
- Trustees must ensure they and their charity comply with UK laws, including counter-terrorism legislation.
- Trustees must prevent any misuse of charity funds or assets, and ensure that they are used reasonably and properly in furtherance of the charity's objects.
- Trustees must avoid undertaking activities or engaging in conduct that might place their funds, assets or reputation at undue risk, and use reasonable care when carrying out their duties.

Reporting requirements

- If trustees, charity employees or volunteers have information about possible terrorist activity they should telephone the anti-terrorist hotline on 0800 789 321.
- Charity trustees, employees and volunteers are now under a positive legal duty to report their suspicions of terrorist financing offences to the police. If they do not, they may commit a criminal offence.
- Charity trustees must report instances where the charity (including any individual staff, trustees or volunteers) has any known or alleged link to a proscribed organisation or to terrorist or other unlawful activity to the Commission as soon as they are aware of it.

The international dimension

- Different countries are likely to hold their own lists of terrorist and banned terrorist organisations. The lists hold no direct legal effect in the UK, but may impact on a charity's activities, particularly those conducted internationally.

Further Information

- References to other publications
- Other government departments and agencies
- Useful website links
- Other Charity Commission guidance
- Legal references (including a brief description of key acts and orders)
- Overview timeline
- Quick-guide flowcharts

Notes

This publication can also be accessed at the Charity Commission's website: www.charitycommission.gov.uk

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