

AUDIT • TAX • ADVISORY

NEWSLETTER

Not for Profit eNews

July 2020



Welcome to the July edition

We hope all is well with you, your families and your organisation.

In this edition we provide an update on specific areas of gift aid which have recently been relaxed, updated guidance on Serious Incident Reporting requirements by the Charities Commission, the Job Retention Scheme update by the government and new environmental considerations for fundraising.

Additionally, this edition looks at remote accounting software training available by MHA, and opportunities charities can seek in internal controls as we all adapt to the 'new normal' way of working.

Best Wishes,



Gift Aid: relaxing of rules

In our May issue of eNews, we reported that the Charity Tax Group (CTG) had written to Government to request support for charities through the tax system during the COVID-19 pandemic. A month of negotiations later, UK Fundraising, in collaboration with CTG, have published that HMRC have agreed to relax the following Gift Aid rules:

Cancelled events

HMRC has accepted that a charity may claim Gift Aid on ticket refunds if individuals choose to donate their refund to the charity under Gift Aid. This is subject to the charity informing the individual that the donation is not obligatory but that once made it is non-refundable, alongside a handful of other requirements. This applies to refunds for fundraising events, challenge events, courses and conferences but only if cancelled as a result of COVID-19.

Membership subscriptions

In light of many charities and Community Amateur Sports Clubs (CASCs) reducing or even waiving membership subscriptions as a result of COVID-19, HMRC have accepted that donations made instead of subscriptions and intended to support the charity/CASC may be eligible for Gift Aid. Furthermore, amounts given in excess of reduced subscription rate, may also be eligible for Gift Aid.

Retail Gift Aid Scheme (RGAS)

So long as the charity's staff have provided an explanation of the Gift Aid scheme to the donor, Gift Aid can be claimed under RGAS with only an 'oral declaration'. Furthermore, should return notifications be issued by post but not received due to office closure, charities are permitted to continue claiming Gift Aid under RGAS.

Gift Aid Small Donation Scheme (GASDS)

HMRC have accepted that cash donors may wish to save up regular donations of under the £30 GASDS limit and give them to a charity in one go once it is safe to do so. Where the charity is happy that these are separate, sub-£30 donations, then the total donation is eligible for GASDS.





Updated guidance on Serious Incidents Reporting

Charity Commission [guidance](#) first published in 2014 states that charities must submit a Serious Incident Report regarding adverse events, whether actual or alleged, which results in or risks significant:

- harm to your charity's beneficiaries, staff, volunteers or others who come into contact with your charity through its work
- loss of your charity's money or assets
- damage to your charity's property
- harm to your charity's work or reputation

In light of the COVID-19 pandemic and the unprecedented challenges and unfamiliar scenarios many charities are facing, the Commission has provided updated [guidance](#) and specific [scenarios](#) to help Trustees determine which COVID-19-related incidents need reporting. When the following incidents do not prevent the charity from delivering vital services to beneficiaries, or result in actual or highly likely permanent closure, they do not require reporting:

- the decision to furlough some or all staff,
- the loss of a significant source of income, and
- the decision to temporarily stop operating

Update: Coronavirus Job Retention Scheme (CJRS)

The government has provided a [brief update](#) to their CJRS guidance in June, clarifying that:

- from 01 July, 'flexible furloughing' will be introduced, meaning employees can return to work on a part-time basis and still be furloughed for the remainder of their contracted hours. This allows employers to continue claiming under CJRS during their return to work.
- claims for July cannot be made in advance i.e. the earliest an employer can make claims for days in July will be 01 July 2020.
- the deadline for submitting any claims relating to periods ending on or before 30 June 2020 is 31 July 2020.

This has been summarised in more detail in an article by Nigel Morris, Employment Tax Director at MHA Macintyre Hudson. This article ([link in banner below](#)) summarises details on what considerations need to be made and documented when flexibly furloughing employees and how to calculate the total number of furloughed hours for staff.

Further information
COVID-19 Hub

Visit Hub



Internal Control Opportunities in the 'New Normal'

Following the governments signalling the easing of lockdown and announcing measures to encourage the restarting of the economy, it is important that as we do this that we take the time to consider what benefits and efficiencies we have gained through working in a largely remote environment and how we can build these into a 'new normal' going forwards. This is to maximise not only the effectiveness of working practices but also to provide for the welfare of our staff and the way that they choose to live their lives going forward.

We have therefore provided some thoughts below on some of the considerations that should be given when adapting your control arrangements in the new world:

Bring Everyone Together

It is tempting for decisions on how to operate in the "new normal" to be taken at the top or through small decision-making groups. Taking a more inclusive approach to this across the workforce not only engenders a feeling of togetherness but also maximises the likelihood that you will be able to capture more of those marginal efficiency gains that people have developed in a remote environment and be able bring these into the new normal working conditions.

Understand the risks

Knowing not only the risk environment which you operate in but also the organisations appetite to risk will help to enable the right people to make good decisions at the right time. Ensuring your systems of risk management are effective and up to date will therefore help you in understanding the risks you face in the post-pandemic world but also, given your appetite to risk, how you may choose to respond to these.

Complexity is not your friend

There is sometimes a view that by making a process lengthier and more complex that you reduce the likelihood of material error as so many checks are in place to make the chances of this remote. In reality this is rarely the case, and it is often simple processes, with appropriate safeguards built in, that work the best as they can be easily understood by all and therefore not only reduce the time taken to process but also the opportunity for someone getting it wrong first time.

The threat of fraud will always be there

Unfortunately, there will always be those who want to exploit people and organisations for their own gain, so it is vital that appropriate safeguards are built into your control environment to minimise the risk of fraud and theft. For your IT systems this means ensuring that there are safeguards over access to systems, password controls are enforced, and patches are updated as often as required. There can be great efficiencies gained through moving to electronic processes for areas such as invoice authorisation, but it is important that safeguards are developed to reduce the risk of fraud.

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Internal Control Opportunities in the New Normal

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Test, test, test

The importance of testing has been highlighted for different reasons in recent months, but it is important as part of any changes to control processes that these are tested on a small scale prior to going live to ensure any flaws in the process are identified and rectified before the processes become business as usual.

Support through governance structures

Establishing good governance arrangements at all levels within your organisation will help support the decision making and help to ensure that the right decisions are made by the right people at the right time.

Seek assurance

At first, second- and third-line levels it is important that Boards, via their audit or risk committees, are assured that key internal controls are operating effectively to support the organisation in meeting its objectives. Therefore, it should be identified how such assurance will be provided and received, and whether independent assurance needs to be sought over key internal control processes.

Our Governance, Risk and Compliance team has significant experience in working with all types of organisations in designing and implementing changes to control environments, risk management and governance processes and would be delighted to support you in developing and embedding your control environment in a post-pandemic environment.





Environmental Change – Toolkit for Fundraisers

The Institute of Fundraising has released a new [toolkit](#) setting out advice and information on introducing environmental considerations in how organisations set out to fundraise in the future as organisations return to their new way of working, which sets an opportunity to instigate change. It covers different areas including:

- discussions at Board level
- strategically divesting from fossil fuels (including in pension fund investments)
- understanding and measuring carbon footprint
- set targets for reducing carbon footprint
- publicly acknowledging the climate emergency and what action the charity is taking
- assessing gift and donation acceptance policies, directly considering environmental factors

A helpful link for pension funds and investment managers is the IIGCC which is a leading European investor membership body and the largest one focusing specifically on climate change.

Accounting software training

Despite many of us continuing to work from home, from the makeshift to the more established home offices, MHA haven't stopped providing accounting software training. Using video conferencing and screen-sharing, we have adapted this service and received some great feedback from clients who have already received remote training.

So, whether you're considering upgrading your understanding and utilisation of your current software or are using COVID-19 as a launchpad for a new, digitalised way of working, MHA can deliver bespoke training and guidance, all from a safe distance!



Our numbers

1,600

not for profit clients nationally

>30

years sector experience

Our rankings*

3

national ranking for overall service

5

national ranking for charity expertise

9

national ranking overall in charity sector

10

top 10 international network

* Charity Finance Audit Survey results published in Dec. 2019

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50



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UK

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US\$3.9bn

Combined global revenues
9% increase on FY18

146



Territories



122

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