

AUDIT • TAX • ADVISORY



NEWSLETTER

Not for Profit eNews

September 2020





Welcome to the September edition of our NfP eNews

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

In this edition we provide an overview of the Treasury's extension of the Making Tax Digital Programme, changes to digital advertising and an update on the Charity Commission's business plan for 2020/21.

We also look at how charities can use their experiences following the pandemic to 'Survive, Adapt and Thrive' going forward by looking at the internal control environment and what tools and strategies charities can use to build resilience during and after the COVID-19 crisis.

Additionally, we give a brief update on the launch of the brand new MHA Trustee Hub, as well as guidance on how to safely donate and volunteer during the pandemic.

Best Wishes,



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Changes to digital advertising VAT rates for charities

HMRC have agreed to change their policy on VAT rates applicable to digital advertising following a successful campaign by the Charity Tax Group. Certain types of digital advertising are now considered zero-rated, therefore charities should review VAT rates applied to advertising over recent years. Significant savings for organisations are possible for previous standard rate digital advertising such as:

- Retargeting individuals revisiting a website
- Demographic targeting
- Lookalike targeting

It is important to note that not all types of digital advertising have been changed to zero-rated. For more information on how this may affect your organisation, please see the update posted by our team on our [website](#) or click the button below.

Post-16 audit codes of practice

The Post-16 audit code of practice guidance has been updated, setting out the common standard for the provision of assurance in relation to further education colleges, sixth forms and provides information on the requirements for independent training providers (ITPs). The audit code relates to periods from 1 August 2019 and is to be followed alongside grant funding agreements and contracts with ESFA.

A supplementary bulletin to the college accounts direction 2019 to 2020 and the post-16 audit code of practice 2019 to 2020 provides guidance and some further requirements as a result of COVID-19. This includes some of the points noted below:

- Completion of the regularity self-assessment questionnaire, documenting issues for corporations to consider, signed by the accounting officer and chair of governors.
- Considering the corporations activities including capacity, proactivity, reaction and evidence of decision-making processes.
- Changes to the Trustees report, adding disclosures on measures in place to contain the impact of Covid-19.

It is important to note that further guidance or requirements may be issued as required by the ESFA.

VAT & Charities Changes to digital advertising VAT rates

[Read now](#)





Making Tax Digital – Extended

On 21st July 2020, the Treasury [announced](#) their ten-year plan to build a trusted, modern tax administration system. This report includes introducing a progressive extension of HMRC's Making Tax Digital work, exploring appropriate timing and frequency for payment of different taxes, and the technology infrastructure needed to support that, as well as a reform of the tax administration framework.

HMRC plan to extend the Making Tax Digital programme, which has already been introduced, to more taxpayers and agents as part of the 10-year strategy. Extensions highlighted in the report include:

- Making Tax Digital will apply to all VAT-registered business for their VAT obligations from April 2022,
- Businesses and landlords with business income over £10,000 per annum will need to keep digital records and use software to update HMRC quarterly through Making Tax Digital from April 2023,
- Later this year, the government will be consulting on the design of what that system should be for Corporation Tax.

Further information on the extension of Making Tax Digital has been published [on our website](#).

SURVIVE. ADAPT. THRIVE (CAF)

The Charities Aid Foundation (CAF) have produced a '[SURVIVE. ADAPT. THRIVE](#)' campaign providing charities with actions, strategies and tools that can be used to help deal with unprecedented challenges that have occurred as a result of COVID-19.

The guidance provided has been split into three categories which are aimed at tackling different areas of responses that charities can undertake:

- 1. SURVIVE:** tackles the actions that can be taken to survive the current crisis. E.g. tips on grant applications and how charities can prevent fraud and stay secure.
- 2. ADAPT:** provides tools that can be used to adapt the way the charity is managed during and following the pandemic. E.g. adapting through collaboration with other charities and how to prove your charity's impact.
- 3. THRIVE:** shares guides and strategies to help charities to thrive beyond the COVID-19 crisis. E.g. building your charity's resilience and financing the future.

Information includes videos, resources, links and CAF's research into helping charities cope with the impact of the coronavirus.





MHA Trustee Hub Launched

Our national hub of downloadable templates and resources for charity trustees is now live!

The MHA Trustee Hub is an online resource aimed at assisting charity trustees to find **practical guidance such as templates, checklists, help sheets and policies**, that will support Trustees to improve governance and financial competencies, and help charities to adapt to the 'new normal' environment post-Coronavirus.

At MHA we pride ourselves on our commitment to the not for profit sector and our clients. Over the years we have seen increasing responsibility within the Trustee role. To help you within your role we have created our own Trustee hub where we will share materials to help and support you in your role.

The initiative is an ongoing project where materials will continue to be updated to provide the most relevant information to charity Trustees.

Go to the MHA Trustee Hub:

<https://www.monahans.co.uk/mha-trustee-hub>



**Click here to
visit the hub**



There is no doubt that strong effective governance and leadership is the major contributor to the success of a charity.

Sudhir Singh

Head of MHA Not for Profit sector



#MHATrusteeHub

NOW LIVE



Charity Commission Business Plan 2020/21

The Charity Commission's 2020/21 Business plan marks the second year of the Statement of Strategic Intent 2018-2023 and further progression of the 5 strategic objectives:

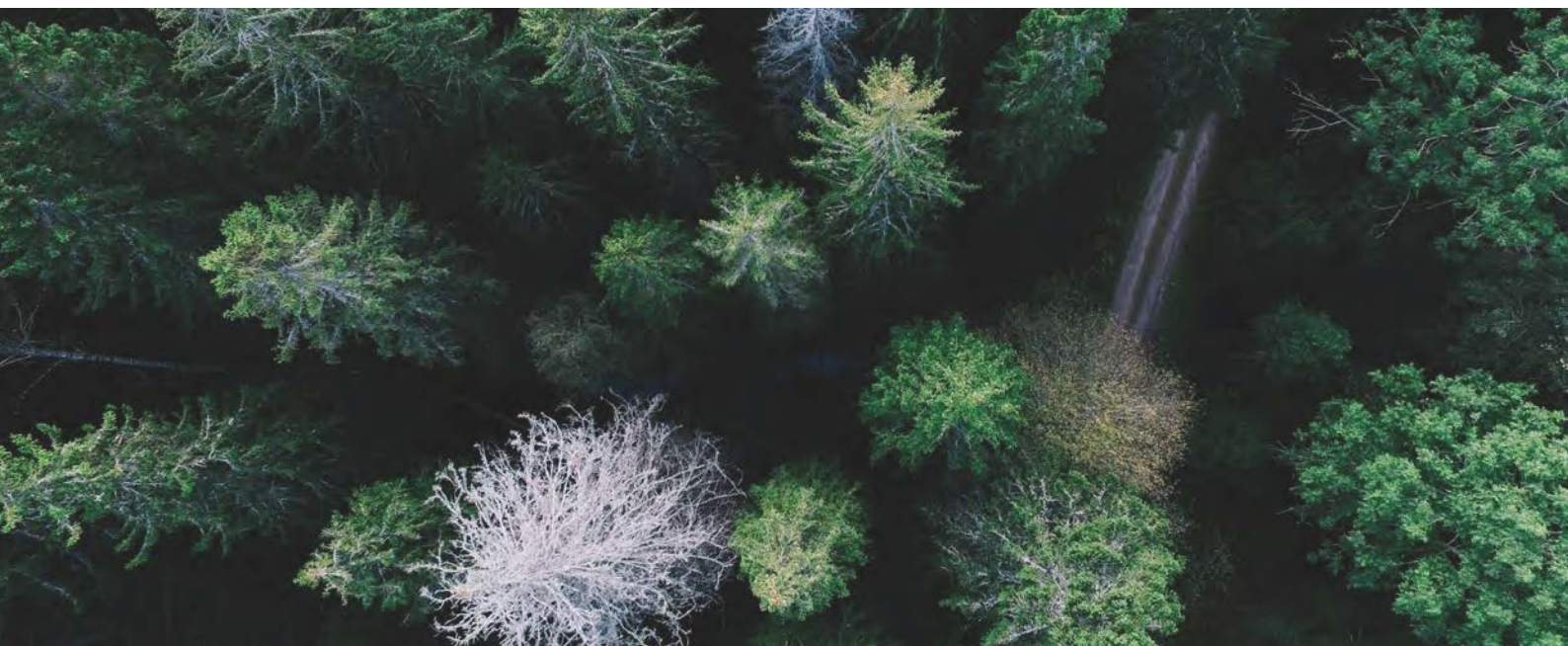
1. Holding charities to account
2. Dealing with wrongdoing and harm
3. Informing public choice
4. Giving charities the understanding and tools they need
5. Keeping charity relevant

The second-year plan is focused on making it easier for individuals to get the help and guidance they need by 'being open for business'. The Charity Commission seeks to be a more confident regulator by being proactive in identifying areas of concern and responding to them quickly. In addition to this, they plan on 'being a better, more professional organisation'. They plan to achieve this with a stronger internal support function that is better aligned with their purpose as well as continuing to build staff capability and capacity.

The Charity Commission have committed to 5 key deliverables targeted at supporting these priorities, some of which have been summarised below:

- Delivering improvements to the effectiveness of regulatory work and meeting their customers' expectations through new service standards. The Charity commission will seek to be more proactive through increasing the efficacy of casework.
- Delivering revamped core guidance and an improved website, making it easy for Trustees to access what they need: Providing the public and Trustees with information on important issues and guidance in a timely way.
- Building new digital services to support Trustees better in their work: Improving the registration process for charities and providing an online 'portal' to better communication.

It is important to remain mindful that the 2020/21 business plan was developed prior to the pandemic. The major impact that has occurred to the charity sector has only highlighted the importance of the strategy, although it is inevitable that the reprioritisation of activities and delivery will occur. However we do welcome efforts made in this plan to focus more on the supporting function of the regulator. More information can be found on the Charity Commission [website](#).





COVID-19 Volunteering

The cabinet office has issued guidance on how to safely volunteer during the pandemic with emphasis on following the appropriate health and safety guidance and the local restrictions in place in your area.

The advice for staying safe as a volunteer encourages workplaces to ensure their employees and volunteers can work safely from home or within the workplace by making every reasonable effort to comply with social distancing guidelines set out by the government.

Further guidance on the government's COVID-19 secure guidelines for return to the workplace can be seen on the Gov.UK website.

Disasters Emergency Committee's Coronavirus Appeal

On 14th July 2020, the appeal was launched to help protect the poorest and most vulnerable communities living in refugee and internal displacement camps by bringing together 14 registered UK Charities. This is an attempt to ensure that genuine relief efforts are going to registered, and therefore regulated, charities, reducing the risk of fraudulent and fake fundraising occurring.

The Charity Commission has issued guidance to donors who want to support this appeal and other Covid-19 relief efforts detailing how to give safely to registered charities. Simple steps include:

- Using gov.uk/checkcharity to check the charity's name and registration number
- Not providing financial details until certain the charity is genuine
- Contacting or finding sufficient information on the work and relief provided by the charity you want to donate to.

Non-legitimate appeals are fraudulent activity and therefore should be reported to the police if thought to be so.

COVID-19 Guidance Business continuity planning webinar

Essential COVID-19 advice for your business

Webinar

Podcast

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

About MHA

MHA is an association of some of the best independent regional UK accountancy firms

179

Partners

2200

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Over

50

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8

Member firms

UK

Independent member of Baker Tilly International

About Baker Tilly International

Baker Tilly International is a network of independent accountancy and business advisory firms; our firm is an independent member of the network

US\$3.9bn

Combined global revenues
9% increase on FY18

146

Territories



122

Member Firms

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Now, for tomorrow