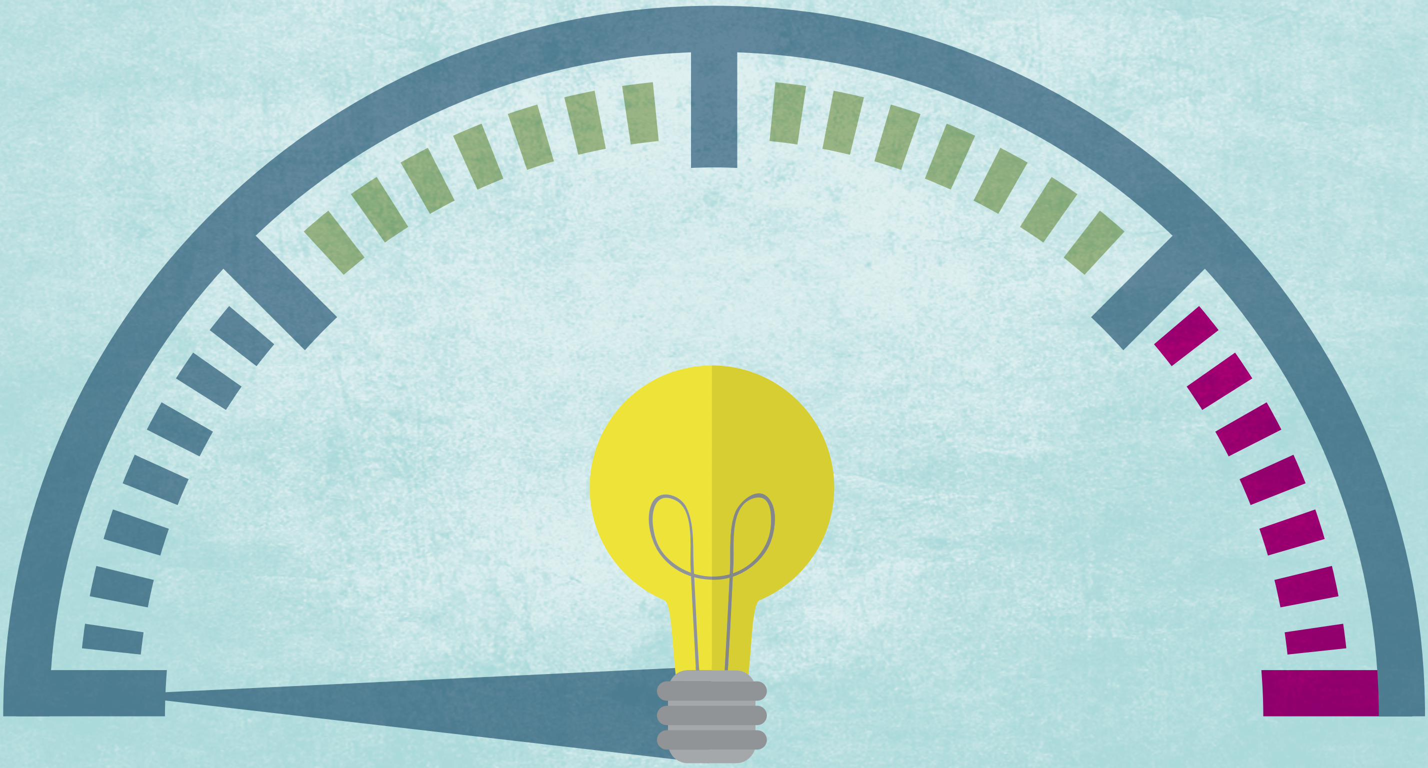
CFG
INSPIRING FINANCIAL LEADERSHIP

FINANCE FOCUS

The magazine for CFG members
September 2017

Taking the plunge

How to de-risk innovation and secure sustainability



ALSO THIS MONTH:

USING RESERVES TO MANAGE RISK

INTRODUCING CFG'S NEW CHAIR

CHARITY GOVERNANCE CODE

ANNUAL RETURN CONSULTATION

EDITOR'S NOTE

"Do not fear mistakes. There are none." Miles Davis

Do you know your scrum from your sprint? No, we're not talking about rugby. Agile working – the iterative approach to project management originally used by software developers, is increasingly being applied as a means of delivering meaningful innovation across many other business functions.

In the third sector there is a tendency to see this approach – with its emphasis on being quick to get things to market and testing prototypes – as risky. And when your finances and fundraising modus operandi are under such intense scrutiny, it takes a brave charity to dip its toes into the waters to agile working, let along take the plunge.

But what if an agile approach actually does the opposite and actually de-risks business development? Ahead of her talk to our Large Charities Conference this month, Thea Dexter from the Good Lab (page 10) explains that the key benefit of prototyping: testing and refining along the way, is that you are removing the risk. The biggest risk to sustainability, she says, is the fear of failure.

Managing risk is not simply about building up reserves, say Sayer Vincent's Kate Sayer and Jonathon Orchard on page 11. Of course reserves are essential for managing the fluctuations in income and expenditure, but if your business model requires a high level of reserves, maybe it's time to review it – if your fixed costs are high, then it's better to have a reliable income.

In the spirit of CFG's values, we're always keen to share our experiences of strategic management. On page 12, and inspired by her experience of kayaking down a rapid during her holiday, Caron Bradshaw asks how you prepare for something that's not been done before when help won't be on its way? With a steer from an extreme kayaker, she shows how whether it's kayaking or changing the world, the principle of taking and managing risk is the same.

Rosie Chapman who chaired the Charity Governance Code Steering Group explains how the new Code can help both you and your Board manage risk on page 15. Often it's not the big ticket risks that are the real threat, she says, but the smaller, cumulative ones that often fall below the radar. Charity pension specialist, David Davidson on page 17 explores the risk to charities and their people from pension scammers, which is reckoned to have cost as much as £3bn.

Sadly, our Chair Ian Theodoreson is leaving us having successfully steered the good ship (or maybe kayak) CFG through uncharted waters. Happily, we welcome Nicki Deeson, International Finance Director at Amnesty International who will be taking his place at the helm on 5 October. Find out more about her views on the challenges ahead on page 13, and what she likes doing in her spare time (clue – next time you see her, hers is a pint of craft beer!)

This month's big issue is the recent report from the NAO criticising the government for its lack of transparency and scrutiny in distributing £592m of money from the Libor fines.

Hope you find this Risk issue of Finance Focus interesting and useful. If you can, join us for our Risk & Sustainability Conference 2017 on 28 November in London. Full details on our website – hopefully see you there!

Kate Bines, Head of Marketing & Communications, Charity Finance Group

Contents

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Organisation of the month

moorfields eye charity

Moorfields Eye Charity supports the incredible and pioneering work of Moorfields Eye Hospital and its research partner, the UCL Institute of Ophthalmology. We are joined by the charity's Head of Finance & Resources, Gordon Burns, as we shine the spotlight on this innovative charity.

What is your organisation's biggest achievement?

Built through philanthropy, The Richard Desmond Children's Eye Centre (RDCEC) is the world's largest specialist center dedicated to the treatment and research of blinding diseases in children. Now in its 10th year, the RDCEC combines the clinical excellence of Moorfields Eye Hospital with the research power of the UCL Institute of Ophthalmology to promote the rapid translation of research findings to better treatments for children and young people around the world – a truly 'bench to bedside' approach. We are incredibly proud that the RDCEC received 'Outstanding' in services for children and young people in the recent Care Quality Commission inspection of Moorfields Eye Hospital.

What have been the biggest changes to the charity sector since you started working in it?

Charities in the health sector taking on increased commissioned services from the Government, local authorities and the NHS, particularly involving obtaining, holding and processing personal data. In line with other statutory services, charities must ensure this information, about service users and supporters, is held securely and appropriately.

What is the biggest issue facing your sector right now?

The General Data Protection Regulation (GDPR) is the biggest issue being addressed by NHS charities at present. Grateful patients are the starting point for our fundraising. At present Moorfields Eye Hospital can write to patients who haven't opted out from receiving information about Moorfields Eye Charity's fundraising.

We will have to see what the Information Commissioner's guidance on 'legitimate interest' says when it is published in December but it's likely to mean we will need to change our fundraising model, moving to an opt-in approach and giving people much greater choice in how we communicate with them.

If the Government could change one thing that would make your charity's life easier, what would it be?

The ability to recover VAT incurred by hospices, introduced in the last Government, is something every charity would like to see extended. Irrecoverable input VAT is a cost that takes away resources and opportunities to meet the needs of beneficiaries and can make charities less competitive when compared to other organisations.

What positive changes has your organisation seen in your sector?

The impact of digital and social media on the charity sector cannot be underestimated. We are able to reach far wider audiences and increase publicity in the work that we do in a cost-effective way. It also enables donors and supporters to increase their support through the use of online giving platforms, rather than relying on traditional paper sponsorship forms and having to collect and send in the money themselves.

What is the one piece of technology your organisation couldn't do without?

It is vital to have a first class Customer Relationship Management (CRM) system to ensure that our supporter and grant making records are as accurate as possible. Without a robust CRM system, it is impossible in this day and age for a charity to function effectively, both in communicating with supporters, showing transparency in how it operates and above all by analysing data and using predictive modeling to increase the effectiveness of fundraising.

Speak at a CFG event

As our events season starts to pick up, now is the perfect time to consider sharing your experiences with other CFG members.

Ucoming events where your contribution would be welcome:

South West and Wales, 22 November, Cardiff

Diversifying income streams: We are looking for a charity who will share how they have diversified their income stream to become more financially sustainable and secure income for the future.

Good Governance – A Forward Thinking Board: Is your board breaking boundaries and reshaping ways to deliver good governance? We need a visionary board to share how they have enabled their charity to manage risks, and encourage leadership and growth. Share your story and learning so others can hear what you have done to empower your team.

Risk and Sustainability Conference 28 November, London

HR and risk culture: How do you make sure new and existing staff are inducted with an awareness of polices and embed a risk culture? If your charity can share how you have embedded key risk areas such as fraud and data protection into organisational culture we would love to feature your story.

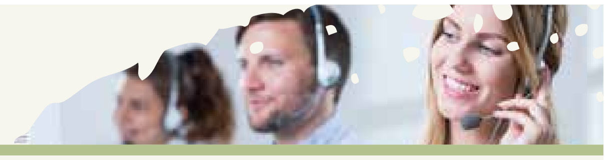
Lean processes: We would like to hear from someone who has applied lean methodologies to increase their effectiveness, without the need for increased resource.

Please email **events@cfg.org.uk** if you are interested in speaking at one of our events.

New members

- Keep Britain Tidy
- Mercy Corps Europe
- Peter McDonald Associate Member
- ROSA Fund
- Sussex Oakleaf Housing Association
- The Royal Parks
- The Stationers Foundation
- Trocaire (Northern Ireland)
- Wales Millennium Centre
- Chiva Africa
- Corali Dance Company
- Dacorum Council for Voluntary Service
- Emmaus Lambeth

Pension Awareness Day 2017:
Remember our Pensions Advice helpline



Pension Awareness Day 2017 took place on 15 September. The campaign aims to encourage pension providers and employers to effectively communicate messaging around the pension plan they have in place for its employees.

Our Pension helpline is run by Secondsight, a multi-award winning employee benefits specialist advising the charity and corporate sectors. Second Sight provides general advice around pension's guidance and information to members of CFG, including:

- group personal pension (GPP) queries;
- multi-employer pension scheme queries;
- DB pension queries;
- automatic enrolment
- pensions communication and education;
- where to look for a pension provider;
- salary sacrifice;
- trustee requirements;
- governance; and
- how to manage pension debts

We continually add new advice lines which cover important and current topics, including The Legal: General and The Legal: HR & Employment lines. Find out more here **bit.ly/CFGhelplines**

Voice your views

Visit the CFG website for more information: Policy > Have Your Say > Consultations

CFG's looking for fraud case studies

To help us share best practice, we are looking for case studies where charities have detected fraud by implementing strong counter-fraud controls. We'd love to hear from you about what you have been doing to handle fraud in your organisation. These stories can be positive or negative (or both) and you can remain anonymous if you wish. If you would like to be involved then please contact **heather.mcloughlin@cfg.org.uk** or call **0207 871 476**.

Small Charities Financial Capability Survey

CFG has launched the Small Charities Financial Capability Survey for small charities to find out more about their financial capability needs. The first survey in 2013 helped to produce the *Making it Count* report that was influential in developing the Small Charities Programme. The survey is open to all trustees and staff responsible for any form of financial management in charities with an annual turnover of less than £1.5 million. If you would like to complete the survey please visit: **http://bit.ly/smallcharitiessurvey**

Take CFG's Fraud Evaluation Survey

As part of CFG's 30th Anniversary Counter Fraud Campaign we are interested in understanding charities' current counter fraud policies and activities and invite you to take the following short survey. We have created a short survey that is open to all trustees, volunteers and paid staff who are responsible, in any form, for fraud their counter fraud activities within their organisation. You can take the survey at **www.surveymonkey.co.uk/r/CFGFraud**

Consultation on the impact of immigration changes on the charity sector

The Migration Advisory Committee (MAC) is undertaking a consultation on what impact immigration changes may have on different sectors. CFG will be submitting a response on behalf of charities, but we are keen to hear your views. We will be holding roundtables in September, but we would also appreciate any written comments from members on the following issues:

- What are the advantages and disadvantages of employing EEA workers? Have these changed following the Brexit referendum result?
- What would you most want from a UK immigration system? (e.g. transition period, process, content, visa types etc.)
- Are there any 'red lines' that would harm your charity in a potential immigration system?
- Are there particular types of workers you'd struggle to get access to?
- What specialist support would you need to prepare for and manage the impact of immigration changes?
- Are you considering investing in new technology or new processes to reduce dependence on EU nationals?

If you would like to feed in your views, please email **andrew.o'brien@cfg.org.uk**

CONTACT US
Email policy@cfg.org.uk to contribute to any of our policy work

New on the CFG blog

Could political instability create financial instability for charities?

Andrew O'Brien looks at the *Charity Begins at Home* report on the changing nature of UK households giving.
bit.ly/CFGpoliticalinstability

How can charities ensure they work towards gender equality in their organisation?

Heather McLoughlin looks at how charities can stay abreast of current regulations around equality and gender pay reporting.
bit.ly/CFGgenderequality

Why has CFG written a report on potential Brexit deals?

Andrew O'Brien tries to anticipate questions CFG made be asked about our Brexit report and CFG's position on Brexit.
bit.ly/CFGbrexitreport

News in brief...

Charity Commission launches consultation on 2018 digital annual return service

The Charity Commission has launched a consultation on proposed changes to the annual return. The Commission is looking to shift to an annual return that is better targeted and easier to use for charities. The consultation also proposes some changes to the questions asked of charities. The new questions are modelled along the Commission's regulatory risk and aims framework. Other changes to the annual return include making the process easier to complete online. This is the second consultation on the annual return, with the Commission initially launching one in early 2017.

Department for International Development (DfID) launches £30 million of match-funding

DfID has launched UK Aid Match for over 20 international development charities. For every £1 donated by the UK public to UK Aid Match, the government will also contribute £1 of UK Aid. Each of the appeals will receive up to a total of £5 million. The government is encouraging the public to donate the old pound coins that will fall out of circulation in October 2017. Between 2013 and 2016 the UK Aid Match funded 59 appeals, helping an estimated 19 million people in 22 countries, at a total cost of £120 million.

Research and reports

Department for Digital, Culture, Media and Sport (DCMS) publish report on charities cyber security

The report *Cyber Security Among Charities*, produced by DCMS and Ipsos MORI shows that the charity sector does not feel well informed about cyber security issues. The report was done through 30 in-depth interviews with a range of charities across the UK. It found that charities had apprehensions on a range of factors, from being concerned of the financial cost of cyber security, to a lack of skill awareness among trustees and staff. Positively, the research showed that registered charities in the UK are not fundamentally different from businesses and their perception and approach to cyber security. Read the full report at **bit.ly/DCMScybersecurity**

Women and men engage with charities differently

The Institute of Fundraising have published *Insights into charity fundraising* which has found that women are more likely to undertake charitable activities than men, while men are more happy to give a greater amount of money to charity. Men, on average, donated £29 in the last year, while women donated £22 in the same time frame. However, differences were also seen with how the different genders engaged with charities. Women were more like to volunteer, sign a petition, and visit a charity's website than men. Women also scored higher in every question that asked about trust and confidence. Read the report here **bit.ly/IOFreport**

Guidance and support

Charity Commission issues amended guidance on giving grants to non-charities

Following concerns raised over the Charity Commission's initial draft advice on grant funding a non-charity organisation (published in February 2016), the Commission has issued new guidance. The guidance is intended to help trustees know their risk and boundaries when making a decision to give grants to non-charities. The Commission issued this new guidance after CFG, NCVO and the Association of Charitable Foundations raised concerns that the language used could discourage grant makers. The guidance does include any new regulatory requirement, but rather draws from existing guidance. You can read the guidance here **bit.ly/CCguidance**

Fundraising Regulator provides rulebook for private site fundraising

Following a review of face-to-face fundraising with the Institute of Fundraising, the Fundraising Regulator has issued the new rule book on private site fundraising. The rulebook covers privately owned sites like shopping centres and supermarkets. The rulebook sets out 17 rules that the Regulator expects fundraisers to uphold. The Regulator has also updated guidance on street and door-to-door fundraising. You can read the rulebook here **bit.ly/FRrulebook**

What's the big issue?

NAO critical of Government's use of the Libor Fund

The National Audit Office (NAO) has published a report criticising the Government's use of the Libor Fund.

The report shows that £592 million has been granted following direct requests to the Chancellor. That is, there has previously been no strategic approach to awarding grants or a formal, transparent bidding process. Indeed during his time as Chancellor, George Osborne announced that he had 'donated' or 'personally pledged' funds from the Libor scheme. In one instance this was as a result of a direct request from ex-cricketer Geoffrey Boycott.

This approach contravened the Public Administration and Constitutional Affairs Committee's recommendation that "there must be no suggestion that individual ministers have funds under their personal control or are exercising personal patronage."

CFG has previously voiced concern that these targeted giveaways risked establishing a hierarchy of causes.

Retrospective reviews poses risks to charities

The NAO's key concern is that the Government cannot say whether the money distributed to date has been used 'as intended'.

The MoD, at the request of HM Treasury, has begun to retrospectively review all grants awarded from the Libor Fund since 2012. The review, which will report at the end of this year, plans to:

- check every grant made and ensure that there is evidence that funds have been used appropriately in accordance with individual grant aims;
- check every grant for fraudulent activities; and
- refer any problematic grants for further investigation or action where appropriate.

There are a number of issues to consider here. What 'further action' could be taken has not been explicitly defined – the NAO reports that the government is confident that should it be deemed that a grant has not been spent as intended, there is the recourse to seek repayment of the grant.

However, given that £196 million of grants distributed by the MoD on behalf of HM Treasury did not have any terms and conditions attached, there is a risk that assessments of whether the grants have been used effectively, and therefore if any punitive action should be taken, will be subjective.

Further, until autumn 2016, HM Treasury did not plan to conduct any formal monitoring to assess how Libor grants had been spent after payment. Those organisations in receipt of the funding are therefore unlikely to have conducted an evaluation. Affected charities will therefore need to allocate resources they are unlikely to have budgeted for to collect the required information.

Finally, this retrospective review could set a precedent for other Government departments to review their grant funding. Charities in receipt of grant funding from government should be alert to this.

> *"HM Treasury will spend most of the remaining funds (£40 million) it holds under the Libor scheme in one final public subscription*

Budget poses a critical opportunity

It is a step in the right direction that a more formal funding application for the Libor scheme has been introduced. CFG has long called for a more formal mechanism through which charities have an equal opportunity to apply for public funds.

The NAO report states that HM Treasury will spend most of the remaining funds (£40 million) it holds under the Libor scheme in one final public subscription. The intention is this will go to Armed Forces and emergency service charities which were invited to submit their applications in June this year.

CFG will be making representations to HM Treasury ahead of the autumn Budget (22 November) to urge government to also use this funding to support the sector as a whole. Charities continue to operate in a time of significant economic uncertainty and continue to struggle to find funding to invest in strengthening their capacity on long-term sustainability.

Policy progress

CFG submits response to Financial Reporting Council's exposure draft on Practice Note 11: The audit of charities in the United Kingdom

This exposure draft for PN 11 has been produced due to changes to the legislative and regulatory framework and developments in account and audit framework, including the new Charities SORP FRS 102. Our response draws from the experience and knowledge of the auditors and accountants in CFG's Technical Accounting Forum. CFG raised concerns around guidance on going concerns, related parties, and reading and considering the other information. We do praise the FRC for attempting to reduce the quantity of information relayed in the PN 11 to help reduce the regulatory burden on auditors. Read the full consultation response at **http://bit.ly/CFGconsultationresponse**

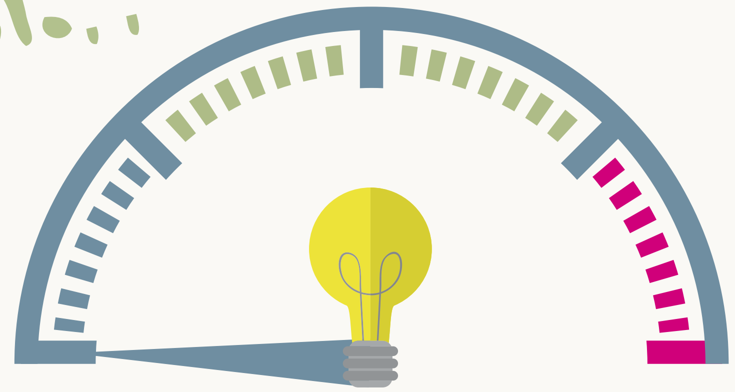
CFG report finds that local infrastructure needs more support to meet the needs of small charities

CFG published a new report *State of small charity accountancy and support service providers*, funded by the Small Charities Programme. Our work has found that there is significant demand for these services, but many providers lack the reach and capacity to deliver. The report also found that the number of accountancy and support service providers has fallen. More needs to be done to help them, and CFG's report makes some suggestions on how this could be done, from digital support, skills based volunteering to encouraging social investors to invest in these capacity building organisations. The report also highlights that national bodies can do more to support the needs of local infrastructure providers, particularly in fostering collaboration and developing strong networks of support. Read the full report here **http://bit.ly/CFGinfrastructure**

CFG convinces SORP Committee to drop key facts summary and disclosure of donors

Minutes from the SORP Committee, which is jointly headed by the Charity Commission and OSCR, reveal that the representations made by CFG and our members have led to proposals for a mandatory 'key facts summary' and disclosure of donors to be dropped. The SORP Committee is now considering whether to introduce key facts summary as a recommended best practice requirement. This is a welcome decision and demonstrates the influence that CFG members can have when we work together.

Taking the plunge



De-risking innovation to build a sustainable future

Thea Dexter, Head of Front End Innovation, Good Lab

In a traditionally risk-averse sector, we can adopt agile working practices and a portfolio approach to innovation to mitigate against perceived failure. But the biggest risk is allowing too much caution to be the enemy of long-term sustainability and progress, argues Thea Dexter from Good Lab.

We could be forgiven for thinking safety lies in doing things the way they've always been done, especially where donors' money is concerned – yet for charities, the ability to evolve is more important than ever. Fortunately, there are ways to increase efficacy and decrease risk as part of innovation or product, service and brand development.

Innovation and best practice

Collaboration is one of the most powerful ways to decrease risk. The diversification gained by convening more parties around a table to own a challenge means the risk and reward are shared, but it also means that there are more inputs. Data and knowledge is key, so the more of it, from different perspectives, the better – especially when it comes to innovation and doing anything new. At the Good Lab, our strength comes from the collaboration of our diverse charity partners.

Insight – whether that comes from market intelligence; organisational understanding; or a deep understanding of the attitudes and behaviours of supporters and customers – is core to making good decisions. Done well, it informs the why, what, when and how of everything that happens within a successful organisation, ensuring a laser focus on doing the right things, for the most effective reasons. Foresight and inspiration from beyond the sector are the other bedfellows alongside insight.

Prototyping, or making things real and getting that prototype into people's hands as quickly as possible, is a great way to de-risk the development of products, services and experiences. One secret of this is to not be too concerned about perfection – getting something 'good enough' out for an early real-market test is key. You will learn huge amounts by doing this, and can perfect the details of execution after you know that your audience engages with and buys into the core of what you're offering. Good prototype testing allows for plenty of quality feedback that instantly informs improvements and developments – getting you further, faster, on the back of real data. To prototype is to prove.

> *"Although taking risks that deal with the uncertainties on the horizon may feel uncomfortable, the far bigger risk is doing nothing at all.*

Alongside these core principles there are many further tactics which can be used to de-risk innovation and development projects, including delivering frequently; having stringent value measurements; and staged investments. These need dedicated structures; governance, and processes that are specially designed for purpose. Likewise, teams need the skills, space, time and resources to operate differently if being asked to think differently or do something outside the organisational norm.

Investing in today and investing in tomorrow

Different time horizons require different attitudes to risk. When considering the future in the longer term, we need to look beyond the mitigations we've already mentioned above – although they still ring true.

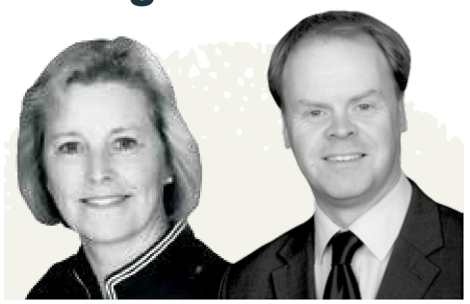
Trustees should be engaged and educated to ensure they don't view risk in an over simplistic way. The rewards to be gained from a short-term project for today are not equal to those from a project for the long-term future. When allocating budget and resource for long term innovation (as well as evaluating the success of it) we need to remember that this comparison is not equal. There needs to be the budget and skilled resource to gather insight, create solutions and test a variety of outcomes for a 'tomorrow' every bit as thoroughly as for a 'today'. Investing in the short, medium and long term needs to be thought about as a portfolio.

Taking a portfolio approach to innovation and risk means that trustees have to feel more comfortable with failure in a certain context. Working to address the future is hard. It is uncertain. Not as many projects, activities or enquiries will result in a tangible launch or positive outcome. Put simply, more things will 'fail'. But if we have been ambitious enough, those projects that endure – those that 'win' – should be responsible for a much greater upside. The stakes are high, but there has to be space within the innovation portfolio for this high risk, high reward approach, alongside short term and incremental growth endeavours.

Likewise, on the other side of the coin it is of paramount importance to paint a picture for trustees of what might happen if we don't invest appropriately in the future; if we just drift rather than taking a proactive stance. Consumer-film giants like Fujifilm and Kodak were branded 'lazy and irresponsible' for not investing in the future and adapting quickly in the late 1990s and early 2000s when it came to the onslaught of digital media. Famously for Kodak, the risk of concerning themselves only with the today, and not tomorrow, was nigh on fatal.

We won't stay safe by sitting tight. The sector must invest in its long-term future, both to grow and to defend against imminent disruption. And although taking risks that deal with the uncertainties on the horizon may feel uncomfortable, the far bigger risk is doing nothing at all.

Using reserves to manage risk



Kate Sayer, Senior Consultant & *Jonathon Orchard,* Partner, Sayer Vincent

Sayer Vincent's risk and reserves experts Kate Sayer and Jonathon Orchard discuss the different options for charities when managing their organisation's policies.

The extent to which you need reserves depends on the financial risks your charity faces. The business model, or a combination of several business models, provides the first indication of the level of financial risk faced by your charity and therefore provides a starting point for establishing an appropriate level of reserves.

Impact of different business models on setting a reserves policy

If your charity has reliable income and makes grants, then it only needs to manage the timing of cash inflows and outflows, with little need for reserves. Charities with less reliable income need a higher level of reserves because it will be harder for them to manage fluctuating income. However, reserves are only needed for fairly short-term commitments if their costs are flexible. For example, a grant-making charity that relies on fundraising events decides to only make commitments to beneficiaries when they know they have the funds available. They only need reserves to cover their running costs to manage the risk of shortfalls or delays to income. This is a sensible adjustment to their operating model which reduces the need for reserves.

If your charity has a high level of fixed costs, then it is better to have reliable income. Such charities find it difficult to reduce costs if they face reductions in income. Reserves are therefore needed to continue operations to cover a deficit in the short term, but this is not sustainable longer term. Charities with high levels of fixed costs and unreliable income are facing an uphill struggle to survive. Facing significant financial risks these charities theoretically need very high levels of reserves, but they usually have little opportunity to build up reserves.

Reserves are only one way to manage risk

If your charity has a business model that requires a high level of reserves, then it might be more appropriate to make changes to your model rather than seek to amass your reserves. This may require radical change such as changing the method of delivering services. One charity we know had been delivering services with funding from grants and contracts. They decided that it was an unsustainable business model and changed it. They changed their business model to providing consultancy and training to public sector and other third sector bodies working in their field, enabling them to leverage their knowledge to have a greater reach and greater impact. They reduced their fixed costs because the office and core team could be smaller. They also changed many staff costs from fixed to variable as team members were happy to work as associates. This made their prices reasonable for commissioners and made them more flexible.

Managing cashflow and working capital

All charities need to manage cashflow appropriately. With regular forecasts updated for estimated receipts and payments, charities can see the level of cash needed to provide sufficient working capital. Good cashflow management can, however, reduce the requirement for working capital.

Holding reserves for known liabilities

Some charities will put reserves to one side in a sinking fund or as a provision if they know they need to fund future costs such as building maintenance, dilapidations on a lease or pension contributions. These are generally designated funds and are held separately to the general funds or reserves of the charity. The accounts should explain the purposes for which funds have been designated. It may not be necessary to hold all the designated funds in cash as the likely timescale may permit the timely sale of investments. In addition, it may not be necessary to fully fund all such provisions, depending on the timing and nature of the liability. However, in general these are known liabilities and can be quantified.

General reserves

Typically charities will hold general reserves to help them bridge short-term funding gaps, cover an unexpected drop in fundraising income, an unforeseen reduction in funding or unplanned expenditure.

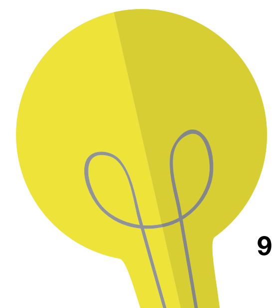
Beware inter-dependency

You might identify a number of significant risks that would have a major financial impact on the charity, but assume that you are unlikely to face all these risks at the same time. In fact, for many charities, were they to place a value on every strategic risk, they would need vast reserves. However, some time should be spent considering the dependencies for risks. For example, a significant data protection issue that is reported in the news may damage your reputation with knock-on effects for fundraising.

Beyond reserves

Reserves are an appropriate response to some financial risks, but a well-run charity does not need to build up large reserves – it needs to manage its strategic risks well. If you'd like to read more about this topic, download *Beyond Reserves* from the CFG website **bit.ly/beyondreserves** and come along to CFG's Risk Conference on 28 November.

Kate Sayer will be speaking at CFG's Risk & Sustainability Conference 2017, see the full programme and reserve your place at **cfg.org.uk/risk17**



Embrace change and manage your risks wisely, sustainability will follow

As we focus on managing risks to become more sustainable in the future, Caron discusses how CFG's new approach came to fruition and is developing in its second year.

No organisation should seek their own continuation just for continuation's sake – however if we are to continue to support and meet the needs of beneficiaries we have to consider our ability to look beyond our most immediate challenges. In other words, to keep up our good work for current and future beneficiaries we must be sustainable. Despite sustainability being almost entirely dependent on our ability to manage risks and respond to opportunities, I suspect we don't often consciously link the two.

Smart organisations see problems before they occur and successfully pre-empt them rather than waiting for something to be broken before they fix it. The most sustainable organisations are those who are the most adaptable. As Darwin said 'it is not the strongest of the species that survives, nor the most intelligent but the one most responsive to change'. Put another way, it isn't the biggest, the most well-known charities, or those who can design the most effective solutions to social need who will survive, but those who can adapt to the risks and opportunities they encounter.

CFG's journey with risk over the last few years has been driven by the imperative to ensure we are sustainable; that we spot opportunities, that we adapt to change and that we actively manage risk. Last year I wrote about a pilot approach to risk that CFG was adopting. It follows a concept borrowed from improvisation: notice more; let go; use everything. We seek to utilise everything that we already consider, record and do in the day to day running of CFG. We seek to empower and equip all levels of the organisation to spot and manage risk and we've designed our own mechanism for the most powerful of risk management tools: discussion. We've let go of reliance on a 'risk register'. A year on and we feel confident that whilst it requires refinement before it can be shared as a toolkit that others might find useful, it is helping us be more responsive and resilient.

I look forward to sharing it with you in the future – but in the meantime let me share one of the different approaches to risk I explored during development, drawn from possibly an unexpected source – Steve Fisher, an extreme kayaker from South Africa!

I came across Steve's TED talk 'breaking down risk'. A lot of what he was saying really resonated with me in the context of charities finding their feet and addressing their sustainability in uncertain times. In preparing for an unprecedented kayaking trip he asked 'how do you prepare for something that's never been done before in a place where help is not on its way?' That pretty much sums it up – our future landscape is uncertain (more than ever in light of Brexit and the significant social, economic and political shifts we are seeing globally), we may be trying new things and we rarely have someone to come to the rescue.

> *We seek to empower and equip all levels of the organisation to spot and manage risk*

His tips for ensuring you can continually reach your goals focus on demystifying risk, building skills in your team and not panicking when things go wrong, but learning to solve the problem and keep moving. As he says, 'We all live always at the edge of uncharted waters, whether it is something meaningless like kayaking down a rapid or meaningful like changing the world, the principle is the same.'

To be truly sustainable we have to be able to embrace change and manage risk effectively.

Join us at CFG's Risk & Sustainability Conference in London on 28 November and get an insight into how you can map and manage risk, diversify your income streams to become more resilient, manage your reserves to invest in innovations, and create a culture among your staff. Early bird available until 17 October. Book now: **cfg.org.uk/risk17**

Introducing CFG's new Chair

Nicki Deeson, *International Finance Director, Amnesty International, incoming Chair of Charity Finance Group*

2017 not only sees the introduction of a new three-year strategy for Charity Finance Group, but also a new Chair of the Board. We are delighted to have long-standing trustee Nicki Deeson taking the reins and leading CFG to a bigger and better future.

Nicki, congratulations on your appointment as Chair. What is your professional background?
I qualified as an ACA with PWC and moved into the charity sector in 1992 – I did two years voluntary work in Bangladesh, and worked in a number of finance and management roles in charities including Plan International and Alzheimer's Society, before joining Amnesty International as FD in 2013.

How did you first get involved with CFG?
When I became FD of a small UK charity in 1995, I felt completely at sea about charity accounting, SORP etc. and the auditors got quite fed up of my constant questions. Finally, I saw a leaflet for CFG and it felt like a life saver, giving me access to information, training and other people like me. CFG is both a fantastic organisation and network, it helped me so much in those early years and it helps me still in my current role.

How long have you served as a trustee and what made you apply?
Five years. I was at a CFG event and it was mentioned they were looking for new trustees. At the drinks reception after a glass of wine, I felt emboldened to mention my interest to a couple of friends. I then approached Caron who was very positive about my applying, which really encouraged me to get more involved.

> *The challenge is working out how to maximise any possible benefit from Brexit for the sector*

How do you think CFG will change in the next three years?
Although I think CFG is fantastic, I hope we will be doing more and better in three years' time. In particular, I am looking forward to the mentoring programme being rolled out, to developing a clearer members' path from FD to CEO, and I'm excited to have some new faces joining the Board, which will bring fresh perspective to CFG's strategy and direction.

What do you think are the biggest issues facing the charity finance sector at the moment?
Lack of public trust is a real problem which is very hard to change – however good the sector's finances are, there will always be PR disaster cases which hit the press. I hope as CFG members we can champion the good financial management that most charities demonstrate. Of course, another constant problem for many of us is a lack of resources to maximise impact to our beneficiaries – not helped by uncertain government funding and increased fundraising regulation. Finally, although I voted Remain, and still wish the UK could stay in the EU, I'm coming to terms with the fact that Brexit is going to be a reality so I would say the third challenge is working out how to maximise any possible benefit from Brexit for the sector.

What do you think is the most valuable aspect of CFG membership for finance professionals?
For me it's always been going to meetings and getting to know people, sharing experiences and hearing ideas to help me solve my problems of the moment.

What do you wish other people/ members knew about CFG?
The commitment and passion of the staff to ensuring each one of our members and corporate partners has the best experience. It isn't always possible for staff to meet all our members but I know they would love to sit and listen to what is going on for every one of you reading this, if they could. So do get in touch with myself or CFG if you have any questions or concerns – we all want to help you!

How would you like to see the sector change in the coming years?
I would like to see the sector better harnessing the power of technology to increase our efficiency and effectiveness – as it feels we are sometimes behind the curve. In my fantasy world, I would like to see the pay gap shrinking between the charity sector and the private sector due to public recognition of the value that charity professionals provide… Dream on!

Finally, what do you like to do in your spare time?
I like to go to pubs – my husband is treasurer of our local CAMRA which gives us onerous beer-drinking responsibilities.

Don't get caught in the headlines

With recent reports in the media of several charities falling victim to fraud, CFG's Heather McLoughlin discusses the lessons charities can learn from the events and what CFG is doing to help.

This summer saw three high-profile cases of charities losing significant amounts of money to fraud both internally and outside of the organisation.

The first case involved a Swansea-based homelessness charity being defrauded of £1.3m over six years by the head of finance. This caused the charity to go into liquidation, owing £915,000 in May 2015. Subsequently, 75 staff lost their jobs and 2,500 service users were affected by the closure of the charity.

The second case involved a payroll manager from a large household name charity, who over a period of seven years embezzled £359,551 from the organisation. This fraud was only detected after the manager had left the organisation upon retirement in 2015 and remaining staff noticed problems with the 'recipient' accounts.

In a case of external fraud, an elaborate cyber hoax was enacted on hospice charities, with one in Greater Manchester being involved in an online virus check where cyber criminals stole £235,000.

Significantly, the two internal fraud cases reached court and have resulted in prison sentences.

What can charities learn from these cases?

These cases are clear examples where counter-fraud controls have broken down within the organisation. Controls are ultimately there to protect your beneficiaries and it is important that a culture within your charity is created where any breaches can be reported and dealt with effectively and efficiently.

The first two cases are prime examples of internal fraud. It can be difficult for charities to accept that staff and volunteers would knowingly defraud the organisation they work for. However, it is important that charities are aware of these risks and they implement strong and effective internal financial controls. The Charity Commission's *CC8 Internal financial controls for charities* is a good starting point for Trustees and staff to understand your Trustees' legal duties and how your charity can manage assets and finances in a way that reduces risk.

Charities should also ensure the right counter-fraud culture is embedded within the whole of the organisation, from the CEO and senior managers to volunteers. Share your fraud policy with all staff, volunteers and Trustees so that they know what to look out for and fully understand what they need to do if they suspect the organisation is a victim of fraud.

External fraud often occurs in the form of cyber attacks and unfortunately charities often fall victim as they are seen as a 'soft target' by fraudsters. To prevent cases like the cyber hoax the hospice fell victim to, it is important that users remain vigilant and don't click on links or attachments you suspect or don't recognise. This is the main method of attack and this simple step will reduce risk dramatically. It is also important to know exactly which anti-virus software you are using and ensure it is up to date. In the recent cyberware attack on the NHS in May 2017, the ransomware was able to enter the system on computers that had out of date anti-virus software. Those NHS services who kept their computers up to date were better protected. A good anti-virus software will still stop a huge number of threats.

Resources available from CFG

CFG has launched the Counter Fraud Campaign and is asking charities to sign the Counter Fraud Pledge and get the tools they need to be proactive in their approach to tackling fraud. After signing the pledge, charities will receive a toolkit guiding them through steps to take to put their charity in the best position possible to tackle fraud. The toolkit includes CFG and PKF Littlejohn's *Countering Fraud Guide*, The Charities Counter Fraud Checklist, The Small Charities Guide to Countering Fraud and email updates from CFG with the latest resource links, news and counter-fraud events.

> *"External fraud often occurs in the form of cyber-attacks and unfortunately charities often fall victim as they are seen as a 'soft target' by fraudsters.*

CFG is also holding Counter Fraud Conferences during Charity Fraud Awareness Week (23 – 27 October) in London and Bristol. We will be putting fraud, in all its forms, under the microscope and exploring how charities can fully embed a culture that not only develops a proactive approach to fraud prevention but also helps safeguard them from fraud in the future.

You can sign up to the Counter Fraud Pledge at **cfg.org.uk/fraudpledge** and reserve your place at CFG's Counter Fraud Conference at **cfg.org.uk/fraudconf**

Charity Governance Code: What risks need to be managed at Board level?


Rosie Chapman, *Chair, Charity Governance Code Steering Group*

This July, an updated Charity Governance Code was published. Chair of the Code's Steering Group, Rosie Chapman, highlights how the Code has evolved and the need for trustees to focus on risks across the organisation.

A few years ago, before I took on the role of Chair of the Charity Governance Code, I spoke at CFG's Large Charities Conference and made clear the need for the Charity Code of Governance to be radically changed. My concern was that compared with developments in the public and private sectors, our Code was not keeping pace with modern day expectations. I then took on chairing the Steering Group responsible for reviewing the Code and engaged with charities, governance experts and other stakeholders to overhaul the Code.

So far I have been pleased with the overwhelmingly positive response of the sector to the refreshed Code that we published in July (See www.charitygovernancecode.org) and the backing it has received from the Charity Commission. But the Code is only as effective as the organisations that use it.

Risk management is one of the most important responsibilities of trustees. For this reason the Code has substantially tailored the guidance available for charities.

It is important that the right parameters are drawn between trustees and the executive. Unfortunately, in some cases trustees can become distracted from their core duties by getting bogged down in operational matters; 'getting in amongst the weeds'. It is also common for executives to become too protective of their own power and hide risks that trustees need to consider for fear of interference and scrutiny.

The updated Code clarifies the need for the trustee board to keep focused on strategy, the overall performance of the charity and assurance rather than getting tied up in operational matters. Executives should be given clear delegated authority so that they are clear on their responsibilities. A strong partnership between trustee boards and their executives is critical to effective risk management.

One of the new features in the updated Code is to ask charities to take into account the impact of cumulative risks on their organisation. To some extent, we have seen improvements in risk management in charities and much better understanding of the need for charities to understand the key strategic risks that they face. But risk is often not as straightforward as simply watching out for those 'big-ticket' items.

Often the greatest danger can come from a combination of smaller threats, under the radar, turning what on their own may be isolated issues into strategic problems for the charity. The Code addresses this and asks trustees to consider the cumulative effect of risks, not merely individual risks in isolation.

It can be challenging for those involved in the operations of charities and that work day to day with these risks in mind, to identify the cumulative impact. The benefit of a non-executive board of trustees is to enable the dots to be connected and ask probing questions about how different issues may combine to undermine the charity's strategic goals and ambitions.

As mentioned earlier, having clear boundaries is important for good risk management, but the Code also reflects the need for information sharing and escalation. Trustees are ultimately responsible for risk management in their charity, and that means that they need to have risks brought to their attention so that they can make the right decisions. In many of the worst cases of mismanagement in charities, Boards are not given the information they need about risks they face and this leads to poor decision making. Identifying risks and having policies in place are not enough unless issues are being put before the people that can action them.

The Board should be testing these processes for identifying and escalating risks regularly. The Code recommends that this is done every year, but in some cases where charities are operating in very volatile circumstances it may be necessary to do this more regularly.

We know that the charity sector is under even more pressure to not only manage risk but to be seen to be managing risk. High-profile closures of charities accompanied with negative media headlines have fed into concerns about governance. In my experience, most charities are well governed and are trying to do the best they can to work in a challenging environment. The Code is a way for the sector to demonstrate that to the public at large and to act as a reference point for both Boards and executives to forge better relationships.

The Code has to evolve with the sector and I look forward to seeing how charities use it over the coming months and years ahead.

Don't miss Rosie's session on the Code of Governance at CFG's Risk & Sustainability Conference in London on Tuesday 28 November. Secure your early bird place at **cfg.org.uk/risk17**

Annual return consultation, what is CFG doing?

Heather McLoughlin,
Policy & Public Affairs Officer, CFG

CFG's Heather McLoughlin looks at the Charity Commission's most recent consultation on the annual return.

In March 2017 Charity Finance Group, NCVO and Association of Charitable Foundations (ACF) submitted a joint letter to the Charity Commission over the Commission's Annual Return for 2017 Consultation.

Alongside the joint letter CFG also submitted an individual response, Consultation for the annual return for 2017, which raised three main concerns:

1. CFG is concerned about the implementation and logistics of the proposal that fundamental information should be updated regularly, rather than annually. As 97% of charities in the sector are small and medium charities, any constant requirement to update key information might prove to be too great a regulatory burden, especially as charities are increasingly facing staff shortage and, in some cases, technical shortage.
2. We raised concerns over the restricting of the annual return to match the Commission's regulatory risk priorities. CFG reminded the Commission that the emphasis on their Reporting Serious Incidents framework should not require charities to unnecessarily duplicate information in other reporting tools, and that the emphasis on risk did not exaggerate the actual reality of the risks facing charities.
3. While CFG recognised the Commission's desire to reduce the regulatory burden by targeting detailed theme questions at charities for which the information is relevant, we expressed reservations about whether this would work in practice. Our feedback from CFG's SORP FRS 102 research exercise response (conducted in the autumn of 2016 and involved CFG speaking to over 200 charities and charity finance experts) found that charities did not often use the option of customising the SORP that was available on www.charitiessorp.org due to fears of reprisals. We also found that charity accountants rarely recommended this method for fear that an account that customised and submitted to the Commission might inadvertently breach regulatory requirements by accidently leaving information out. We would, therefore, be concerned that charities would still answer all questions out of a fear of disciplinary action.

> *"Any changes to the annual return must be proportionate to the needs of the charity sector*

Why is the Charity Commission consulting again?

In September 2017 the Charity Commission announced another consultation on the proposed changes to the annual return. This time the consultation is focused on the annual return 2018. For the Commission, the annual return is the primary method for charities to use to communicate their activity to them and to the public. The Charity Commission is conducting a two year project to review the information they collect from charities and the proposed changes in the Annual return 2018 consultation are considered by the Commission to be the most significant since 2013.

What does this new consultation hope to achieve?

As part of the Commission's two year strategy to update the annual return, both the AR17 and AR18 questions will be positioned around the Commission's risk priorities framework:

- Fraud and financial abuse
- Public trust and confidence
- Safeguarding
- Terrorism and extremism

Under these four risk priorities will be additional questions, though the Commission proposes that they will only be answered by charities where relevant to them and their operating.

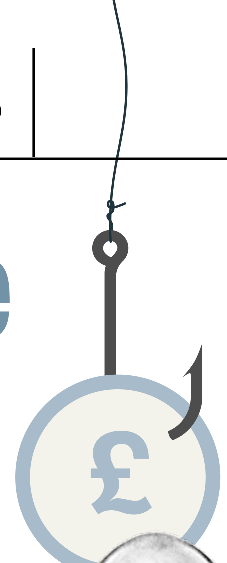
The consultation also hopes to strengthen the sector's accountability and to allow the Commission to be more nimble in its response to regulatory risks as they emerge.

What will CFG be doing?

CFG will be working on responding to the Annual return 2018 consultation over the coming months. It is important that CFG and our members engage fully with this consultation as the annual return is a key opportunity for charities to showcase their work, activities and impact; as well as being an essential regulatory tool. Any changes to the annual return must be proportionate to the needs of the charity sector, rather than a temporary response to media and public pressure.

While CFG believes that it is important that the Commission has the information needed to meet its statutory duties, it is important that any changes to the annual return do not place an undue administrative burden on charities. It is essential that any changes are accompanied with appropriate guidance and support to help charities.

Beware the pension scammers



David Davidson,
Director and Head of Charity Pensions Practice, Spence & Partners

Beware of scammers dipping into your pension says Spence and Partners' David Davidson. Know what to look out for and remember, if it seems too good to be true it probably is.

Charities rightly have a reputation for adopting a more paternalistic attitude towards staff and I'm sure they would be concerned if it was felt that their actions were exposing staff to unnecessary risk. However the approach taken to retirement benefits could in many cases could be doing exactly that.

Charity employers make a commitment to help staff fund for their retirement provision throughout their working life. They closely monitor contributions; look to ensure that the scheme they provide offers staff the best choice and benefits possible and that they have access to information and advice when they need it. However, coming up to, and at retirement, just when members have accumulated their largest benefit (and have the most difficult decisions to make about their retirements), is when they are at their most vulnerable to scammers and unscrupulous individuals. Sadly, this is also the point at which little if any support is available.

I was struck by a recent case highlighted by the Pensions Regulator (TPR) where £16m was invested, and remember this was made up of transfers from other, reputable schemes, the value was reduced to approximately £991k. This is all before any tax penalties are considered in respect of liberation payments. Any return to members is likely to be a tiny fraction of the transfer value they paid in. Assets had disappeared in a myriad of suspect investments and those affected have been consigned to a retirement considerably less comfortable than the one they might have expected.

The statistics are frightening. According to research carried out by Citizen's Advice:-

- 10.9m pensions consumers received unsolicited contact since April 2015;
- 8.4m consumers were offered unsolicited pension advice/reviews in the last year;
- Action Fraud – in first six months of Pension freedoms the average pensioner affected by pension fraud lost £163,000;
- The average consumer has difficulty in spotting scam offers.

Nobody knows exactly how much has been lost to pensions fraud but some estimate it could be as high at £3bn.

Recent research published by Retirement Advantage has shown that 35% of savers over 55 years old have been targeted by scammers offering free pension reviews or investment opportunities. This is an increase from figures released in June 2015, showing that one in five people over 50 had been approached by would-be scammers. As the people being approached here are over 55 this is not about pension so-called liberation, it's about separating individuals from their retirement pots.

The Pension Regulator press release outlined classic elements of scam behaviour including:

- Potential scheme members were cold called and text messaged by introducers, who were paid on commission for the introduction.
- Without their knowledge, members' funds were invested in exotic sounding, unregulated investments overseas, such as tree plantations in Fiji, Brazilian teak plantation land and fund shares based in the Cayman Islands.
- The scheme appeared to have been a vehicle for pension liberation and that the trustees were aware of this. TPR found that some scheme members (below the age of 55) received cash advances or loans via introducers with, in at least one case, a scheme member receiving a loan directly from the scheme assets.

Never has the old adage 'if it seems too good to be true it probably is' been more apt.

So what should employers be looking to do to protect staff from these unscrupulous individuals?

People need to be made aware of the risks and what to look out for. Snake oil salesmen promising guaranteed returns and buy now while stocks last investments are unlikely to be genuine. The illusion of high growth with the promise of low risk in a time of low inflation and interest rates is unachievable.

A good start as a minimum would be to supply all staff with a copy of the Pension Regulator's Guides* on what individuals should be on the look out for. Charities could supply this to staff via e-mail or letter or it could be included as part of an annual update. Additionally employers could ensure that any staff presentations from your pension provider/independent financial adviser on pensions include some warnings about scams. It is also certainly well worth considering having access to an independent financial adviser available for staff as they reach retirement age.

In addition we need to stop the scammers getting hold of the money and, if you can't stop people giving it away, you need to save people from themselves. All hail the Nanny State!

In August DWP / HM Treasury published *Pension Scams: consultation response.*

The response suggests:-

- a ban on cold calling in relation to pensions, to help stop fraudsters contacting individuals;
- limiting the statutory right to transfer to some occupational pension schemes;
- making it harder for fraudsters to open pension schemes

While this is excellent news, it is nothing more than a statement of intent at this stage and will remain so until legislation in enacted.

Hopefully the simple steps I've suggested here will keep more people out of the clutches of the scammers and have their pension savings protected to provide for the safe and comfortable retirement they were always intended for.

*Download the Pensions Regulator guides at **bit.ly/pensionguides**

CFG Conference: Cardiff 2017

Wednesday 22 November, *Mecure Cardiff*

More speakers announced!

CFG's flagship event in the South West and Wales returns to Cardiff, and this year we're on a mission to encourage charities to look to the future, whilst keeping up to date with the latest regulatory changes.

This year's two stream conference covers topics such as VAT, fundraising, GDPR and good governance, and provides a chance to learn from pioneering sector leaders whose innovative approaches have improved performance and efficiency.

Anna Nicholl, Director of Strategy and Sector Development, WCVA will present key findings from WCVA's *Shape Your Future* report and look at how you can confidently plan for your organisation's future.

Think about how you can evolve your HR function as **Ann Kiceluk**, People Director, RSPB discusses how their organisation developed a new and successful performance strategy, including a remuneration strategy based on an employee's contribution to the organisation.

CFG's **Andrew O'Brien** will focus on Brexit in the closing plenary and drill down into what charities need to be wary of and what you can do to ensure your organisation is in the best position possible as we move into a post-Brexit Britain.

Delegates will also get an update on the current regulatory landscape from sector experts, sessions including:

- **Stuart Wilson & Tracey Marsh**, Techniquest – *Diversifying income streams*
- **Steve Hodgetts**, VAT Partner, RSM – *VAT & business rates*
- **Amanda Pearson**, National Trust – *Fundraising update*
- **HMRC Charities Outreach Team** – *Gift Aid Donor Benefits*
- **Guy Biggin**, Audit Partner, Crowe Clark Whitehill – *GDPR*

An exhibition will run throughout the day and give delegates an opportunity to meet exhibitors working in a range of service areas and to discuss your charity's needs.

View the full programme online.

Kindly sponsored by Crowe Clark Whitehill.

Don't miss the opportunity to take the lead for your charity, secure your early bird place at **cfg.org.uk/risk17**

Save the date

CFG Annual Conference 2018

CFG is delighted to announce our Annual Conference will be held in London on Friday 23 May 2018.

The Annual Conference is the must-attend charity finance event of the year. Bringing together leaders of the UK charity sector, five streams of technical, practical and inspirational sessions, the Conference is the perfect opportunity to network with peers and sector experts.

Mark your diary on Friday 23 May and don't miss CFG's Annual Conference 2018. More details and bookings available soon.

Risk & Sustainability Conference 2017

Tuesday 28 November, *London*

CFG is pleased to announce our Risk & Sustainability Conference 2017, bringing together leading sector experts who will show you how to map and manage risk, and push the boundaries in a risk-averse sector.

Innovation and lean and agile working aren't just for the corporate digital world – these business principles have proven to be key to adding value, using scant resources more effectively, and, moreover, to being sustainable.

In theory therefore, ideal for charities! But what about risk? In a traditionally risk-averse sector where governance, regulation and reputation create a fear of failure that can stifle innovation, is there anything we can do?

This year's Risk & Sustainability Conference brings together leading sector experts Kate Sayer and **Naziar Hashemi**, and **Rosie Chapman**, who oversaw the development of the new Charity Governance Code.

Together they will show you how to map and manage risk, tackle the GDPR, assess your sustainability, diversify your income streams to become more resilient, manage your reserves to invest in innovations, and create a culture among your staff and board that is more open to risk – all of which can improve the resilience and sustainability of your charity.

Full programme of sessions includes:

- **Naziar Hashemi**, Non Profits Audit & Risk Partner, Crowe Clark Whitehill – *Assessing your risk appetite*
- **Kate Sayer**, Consultant, Sayer Vincent – *Using reserves wisely*
- **Ian Singer**, IT Partner, PKF Littlejohn – *Data protection & GDPR*
- **Rosie Chapman**, Chair, Charity Governance Code Steering Group – *Code of governance*
- **Jim Beirne**, Chief Executive, Live Theatre – *Building resilience through diversifying your income*

Get started on creating a culture among your staff and board that is more open to risk – all of which can improve the resilience and sustainability of your charity.

Kindly sponsored by IRM.

Secure your early bird place before Tuesday 17 October. Book now at **cfg.org.uk/risk17**

Counter Fraud Conference

Thursday 26 October, *London*

Friday 27 October, *Bristol*

Don't miss out, book now at cfg.org.uk/fraud17

Let's keep talking about the 'F' word! CFG has already started the conversation and we're inviting you to join us this Charity Fraud Awareness Week (23 – 27 Oct) to talk about fraud!

Fraud is a constantly-evolving criminal threat that is estimated to cost the sector £1.9bn every single year. While some charities lead the way with robust counter fraud policies, many struggle to stay ahead of the tactics used by fraudsters.

The Counter Fraud Conference puts fraud, in all its forms, under the microscope and delves into how charities can fully embed a culture that will develop a proactive approach to fraud, and help safeguard them from fraud in the future.

Key topics covered for the day include:

- Cultivating a fraud culture
- Internal fraud
- External fraud
- Fundraising and fraud

The conference will end with a troubleshooting session where you can quiz the expert speakers and have your questions answered.

Secure your place at **cfg.org.uk/fraudconf**

Social Investment Conference 2017

Tuesday 12 December, *London*

In times of economic turbulence, it's difficult to balance financial interests along with your charitable objects. Social investment could provide the solution, giving charities an opportunity to achieve both essential financial stability and lasting community impact.

During Social Investment 2017, our expert speakers will explore whether social investment could be a way forward for your charity, show you how you might go about it, and – if it's a process you've already started – how to get the most out of it.

The Conference will be highly relevant for any charity which is considering getting started in social investment, or which is a social investor and is looking to maximise its impact and results.

Kindly hosted by Cazenove Captial.

See the full programme and secure your place at **cfg.org.uk/socialinvestment**

More training dates announced

CFG's programme of training enables finance professionals in the charity sector to develop leadership and financial management skills, develop their understanding of topical finance issues, and network and share knowledge with peers.

See more training at cfg.org.uk/events

Preventing Fraud

31 October 2017, Birmingham

Every pound lost to fraud is a pound that does not reach your charity's beneficiaries. This training course will help understand fraud risk and give you practical tips on how to develop a fraud awareness culture and strong counter-fraud controls in your charity.

Run in association with Sayer Vincent.

Audit Committee training

8 November 2017, London

All charities need to monitor their governance and risk. Some do this through their trustee body, and some through committees like 'finance and general purposes'.

Increasingly, charities are also establishing separate audit committees to help in their governance processes, but there is no established framework for them in the charity sector. This course introduces the main functions of audit committees and discusses their role in charities.

Run in association with BDO.

See more training and secure your place at cfg.org.uk/training

Events at a glance

For further information on all CFG events or to book, please visit **www.cfg.org.uk/events** or email **events@cfg.org.uk**

Conferences

Gift Aid Conference
4 October
Manchester

Counter Fraud Conference
26 October
London
27 October
Bristol

VAT Conference – SOLD OUT
14 November
Birmingham
SOLD OUT

CFG Conference: Cardiff 2017
22 November
Cardiff

Risk & Sustainability Conference 2017
28 November
London

Members' meetings

LONDON & THE SOUTH EAST
17 October
London
16 November
London

THE NORTH
12 October
Manchester

MIDLANDS
7 December 2017
Birmingham

SOUTH WEST & WALES
8 February 2018
Bristol

Training

Foundation Charity Finance
18 October
London

Cloud Computing and Cyber Security
10 October
London

Procurement Training
11 October
London

Transforming Your Finance Function
12 October
London

Foundation Investment Training
17 October 2017
London

Preventing Fraud
31 October
Birmingham

Advanced Charity Finance
1 November
Birmingham
21 November
London
28 November
Manchester
5 December
Bristol

Advanced Investment Training
8 November
London

Finance for Non-Finance Managers
8 November
Birmingham

Audit Committee Training
8 November
London

For more information or updates on events, follow CFG on twitter @CFGtweets