

Consultation Draft: Charity Trustee Guidance

Charity Trustee Duties

September 2015
Scottish Charity Regulator

We have updated our guidance to reflect the practical experience of many Scottish charities. **The law and charity trustees duties have not changed.** What we are trying to do is set out in a more straightforward way what charity trustees must consider, so that they meet legal requirements, ensure that their charities are well-run, and avoid some of the common problems that can arise.

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Introduction

Running a **charity** in Scotland can be very rewarding. Charities focus only on achieving **charitable purposes** and **benefiting the public**. For you and your charity, it's very important that you know what your responsibilities are, and understand what you are expected to do.

Who is the guidance for?

This guidance is for:

- Anyone who is a trustee of a charity in Scotland.
- Anyone thinking of becoming a charity trustee.
- People working with or advising charity trustees.

Charity trustees are the people who control and manage a charity. They are responsible for complying with the law.

This guidance explains what the law says **charity trustees** must do or must not do. The charity trustee duties are set out in **The Charities and Trustee Investment (Scotland) Act 2005**, referred to in this Guidance as the **2005 Act**. We, the **Scottish Charity Regulator**, are responsible for regulating Scottish charities and their charity trustees.

How to use the guidance

In this guidance, we explore the **general duties** and **specific duties** of charity trustees in the 2005 Act. We give you examples of how these might work and share good practice from our experience as Regulator and from other organisations in the charity sector.

Legal requirements are highlighted by the 'Legal Duty' icon and examples of good practice are highlighted with the 'Good Practice' icon:



The **glossary** provides you with further information, definitions and descriptions of some key terms. We've highlighted these key terms in **bold purple type**. Clicking on these terms will take you straight to the **glossary** or the relevant section of the guidance. Words in **blue bold** do not link but are keywords or concepts within the section.

The guidance is split into different sections to help you find the information most relevant to you and your **charity**.

Who are the charity trustees?

The people in charge of a charity and responsible for controlling its management and administration are its 'charity trustees'. You may call yourselves a committee, a board, Directors or something less formal but the 2005 Act says you are the charity's trustees and have legal responsibilities.

There is no minimum age for charity trustees stated in the 2005 Act; however, we would expect trustees to be over the age of 16. If any trustees are under the age of 16, it would be best to get legal advice to determine if this is suitable and if there are any legal implications.

If the charity is also a limited company, then the requirements of Company law will apply. Company law states that a trustee must be aged 16 or over.

Who can't be a charity trustee?

Some people are not allowed to be a **charity trustee**. Every charity trustee must make sure that he or she is not breaking the law by being a charity trustee.

The **governing document** of a charity may say who is allowed to be elected or appointed as a charity trustee.

Certain people are disqualified from acting as charity trustees:

- Someone with an unspent conviction for an offence involving dishonesty or an offence under the 2005 Act.
- Someone who is an undischarged bankrupt or has a **Protected Trust Deed** or **Debt Arrangement Scheme (DAS)** to pay off debts with creditors.
- Someone who has been removed under either Scottish or English Law or the courts from being a charity trustee.
- Someone who is disqualified from being a company director.

It is the responsibility of individuals to make sure they are not disqualified from being a **charity trustee**. Anyone who acts as a charity trustee whilst disqualified is guilty of an offence punishable by a fine or imprisonment, or both.

It is also the responsibility of all the trustees to make sure that none of them is disqualified. If you know that one of your fellow trustees is disqualified and you don't do anything about it, you could be in breach of the trustee duties.

If you are not sure if you can be a charity trustee, you can [ask us](#).

Good practice is to:

- Get prospective charity trustees to sign a declaration before their election or appointment to confirm they are not disqualified from acting as a charity trustee.
- Consider whether any other checks need to be carried out. For example, you must have a [Disclosure Scotland](#) check for charity trustees working with vulnerable beneficiaries.

Waivers

A disqualified person can apply to us for a waiver to lift the disqualification. You can do this in relation to a specific charity, type of charity or for charities in general. We will take into account all the circumstances when deciding if we can grant a waiver of disqualification. If you want to apply for a waiver please [contact us](#).

What does being a charity trustee mean?

It doesn't necessarily mean running the charity on a day to day basis and making all the decisions. You might have volunteers or staff that do this. Being a charity trustee does mean you are fully responsible for how your charity is run and what it does.

All the charity trustees share responsibility

All of the group of charity trustees have charity trustee duties - no matter how small your charity is. The group shares the responsibility equally. No individual trustee, for example the Chair, has more responsibility than the other trustees do. We call this **collective responsibility**.

A duty is something that you must do. All of the charity's trustees should work together to make sure that these duties are met.

See the section on [charity trustee duties](#) for more details.

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How many charity trustees should you have?

Your charity's governing document may set a minimum number of trustees you need to have a **quorum**. A **SCIO** must have at least three charity trustees as stated in the **SCIO Regulations**. For other **legal forms** the law does not set a minimum number of charity trustees, but it is good practice to have at least three.

What happens if you fail in your duties?

If you fail to comply with these duties then this is **misconduct** and we do have powers to take action against charity trustees, where appropriate. Our response will be proportionate depending on the situation.

Find out more about what we can and can't do and what to expect if we have **a concern about your charity**.

Sources of help, advice and best practice:

- The **Scottish Council for Voluntary Organisations** (SCVO).
- Your local **Third Sector Interface** - these are organisations that offer support to voluntary organisations.
- You may also wish to consult a professional advisor. The **Law Society of Scotland** and the **Institute of Chartered Accountants in Scotland** may be able to help you to identify a professional firm with expertise in charity law and accounting.
- **HMRC** will be able to help you with any questions you may have about tax.

Your duties

Summary

All charity trustees have legal duties and responsibilities under the **2005 Act**. A duty is something that you must do, and all the duties must be met. These duties are separated out into **general duties**, that set out a broad framework that all charity trustees must work within, and **specific duties** detailed in law.

These duties apply equally to **all** charity trustees and to **all** charities registered in Scotland. All of the charity's trustees should work together to make sure that these duties are met.

We, the **Scottish Charity Regulator**, work with charity trustees to make sure these duties are understood and complied with. If you fail in these duties then we do have powers to take action against charity trustees, where appropriate. See our **Inquiry Policy** for more details.

In this section we explain what the duties are, what the law says you must do and ways that you can meet the duties.

More detail

General duties for all trustees

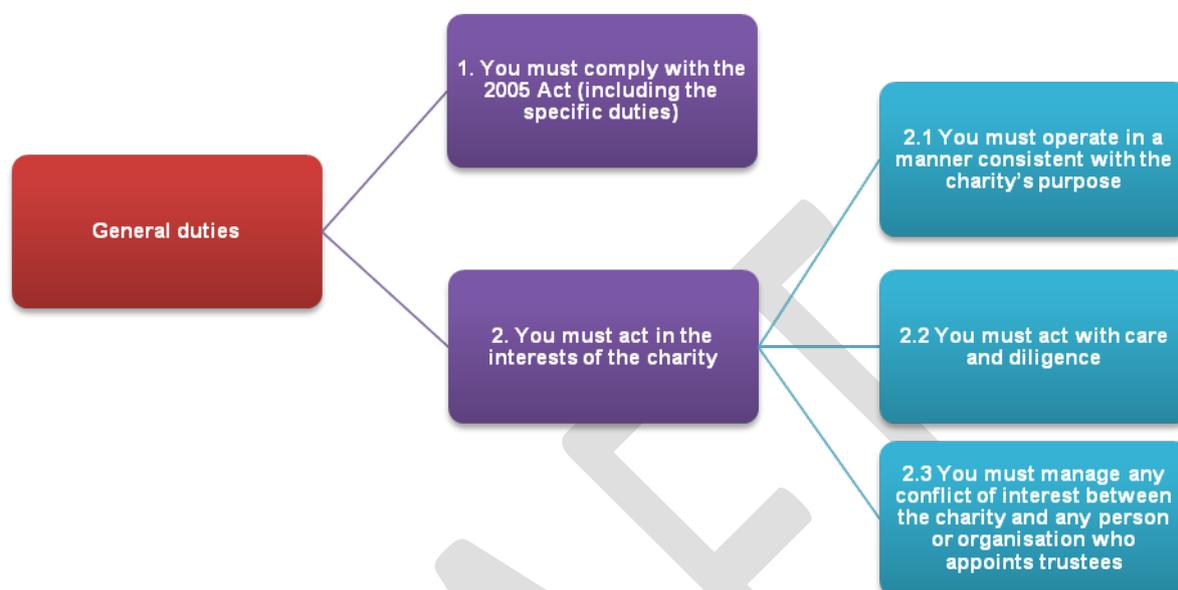
Specific duties for all trustees

What are a charity trustee's duties?

As a charity trustee, you are trusted to look after the charity's **assets** and responsible for making sure that the charity fulfils its **charitable purpose(s)**.

The trustee duties under the **2005 Act** set out a broad framework that all charity trustees must work within.

General duties for all trustees



1. You must comply with the 2005 Act

- You must understand the legal requirements of being a charity.
- You must comply with the specific duties of the 2005 Act.



See the [specific duties section](#) for more information.

2. You must act in the interests of the charity

- You must do what is best for the charity and its **beneficiaries**, not what is best for you, your friends or family or your business interests.
- You must put the needs of the charity before the needs of any other organisation that you are involved with, either in a personal or professional capacity.

Where you are faced with a decision where one option would be in your interest and the other in the interest of the charity you must choose the option that is in the charity's interest. To do this properly, you must declare what your interests are, and know when it would be better that you did not take part in certain decisions.

Good practice

- The charity has an up to date list (**register of interests**) detailing where trustees work and any other organisations they are involved with.
- The charity has a conflict of interest policy that says what charity trustees should do if there is a conflict of interest and what happens if a charity trustee does something wrong.
See the **conflict of interest section** for more details.
- There is a policy that makes it clear when it is ok to pay charity trustees, their family or the organisation they work for, for services provided to the charity. See the **remuneration (payment) section** for more details.
- The charity has the power in its **governing document** to remove charity trustees if they are in serious or persistent breach of the trustee duties, or a breach of the requirements of that governing document.
- If you are at all unsure, you should declare a potential conflict and the Board can decide whether it poses as a conflict.

Good Practice



2.1 You must operate in a manner consistent with the charity's purpose

- Your charity's purposes are set out in your **governing document** (often called a constitution, trust deed or memorandum and articles of association).
- Everything you do should be directed at achieving your **charitable purposes** as set out in your governing document.
- You should understand what the governing document says.
- You must make sure that the other charity trustees and people working at the charity follow the rules in the governing document.
- You must make sure that the charity's assets are used to advance its charitable purposes. This can be done directly by using an asset to undertake activities or indirectly by investing assets to generate funds for the charity.
- When you plan what the charity will do, you make sure that any decisions or actions fit with what the governing document says.

Legal Duty



Good practice

- Every trustee has the most recent copy of the charity's **governing document**.
- Every trustee gets an induction into the charity and their role when they start.

See the [governing document and meetings section](#) for more details.

Legal Duty



2.2 You must act with care and diligence

When you are dealing with the charity's affairs, you should do so as carefully as you would if you were looking after someone else's affairs, for example a relative or a friend. You have a higher duty of care over the charity's affairs than you do over your own.

For example:

You might decide to invest some of your own money on a high risk investment with potentially large returns. You would not be able to do that with the charity's money.

- As charity trustees, you must all work together for the good of the charity. This means making sure the charity is run properly, responsibly and lawfully.
- You have to protect your charity including its beneficiaries, **assets** and reputation.
- You should have a clear, up-to-date picture of how the charity is doing financially, and have procedures in place to deal with any risks. All the trustees must know what **assets** the charity has. The charity must keep clear financial records and share them with all the trustees. See the **charity finances section** for more details.
- It is ok to use the charity's money to get independent advice if you need to.

For example:

If you were thinking about undertaking trading activities, it would be appropriate to seek external advice around setting up a subsidiary company to carry out that trading.

Or

If you employ staff, you might need to get professional advice on some HR matters.

- As charity trustees, you must make sure that the charity has enough money to pay staff and other costs.

- You must make sure that any staff and volunteers are treated properly and fairly.
- You must make sure that the charity's name and any logo are not used without the charity's permission.
- You're responsible for making sure your charity complies with any relevant laws. For example, health and safety, employment, data protection and equality laws.

Good practice

Good Practice



As charity trustees, you should:

- Review and update the charity's plans regularly.
- Agree financial budgets and monitor financial performance.
- Review the performance of the charity and, where necessary, agree steps to improve performance.
- Regularly compare what the charity has done with the **governing document** to see if anything needs to be changed or improved.
- Make sure there are rules in place that say what happens if the trustees cannot agree with each other. For example, set out in a code of conduct.
- Make sure there are rules in place to deal with any grievances raised by the charity's staff. For example, an internal complaints procedure.
- Provide trustee induction packs and review the training needs of the charity trustees every year.
- Agree expectations of charity trustees' attendance at meetings and what to do if these are not met.
- Keep up to date with changes in the law that might affect your charity, and make changes when necessary.

You don't need to be a legal expert yourself but you should know the basics and the laws that apply to your charity's activities, plus where to get help if you need it. See the [Sources of help, advice and best practice](#) for details of organisations that can help.

2.3 You must manage any conflict of interest between the charity and any person or organisation who appoints trustees

As a charity trustee, you have a duty to put the interests of the charity before the interests of any person or organisation who might be responsible for appointing trustees to the charity.

Legal Duty



For example:

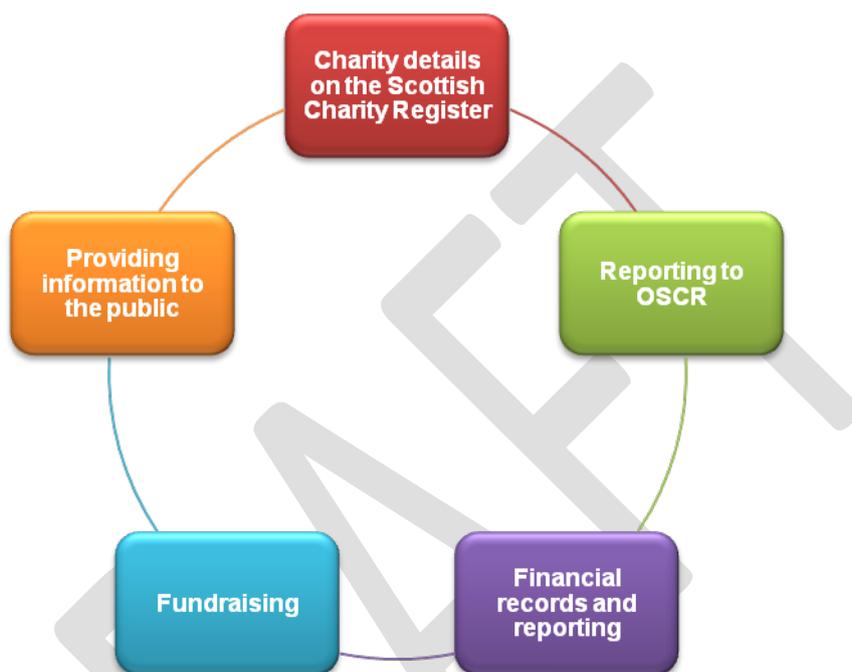
A trustee appointed to the charity by a Local Authority would need to put the interests of the charity first, above those of the Local Authority.

See the [conflict of interest section](#) for more details.

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Specific duties for all trustees

There are **specific duties** in **the 2005 Act** that all charity trustees must meet. You might delegate the practical details of these duties to your staff, volunteers or professional advisers (if you have them), but you, as charity trustees, are responsible for making sure the specific duties are met.



Specific duty 1 – Charity details on the Scottish Charity Register

You must give us the information we need to keep the **Scottish Charity Register** accurate and up to date.



This means making sure that we hold the latest information about your charity:

- The name of the charity.
- The principal office or the name and address of one of the charity trustees.
- The charity's purposes.
- Certain other information (for example, whether it is a designated religious charity or national collector).

You must tell us as soon as possible about any changes to the **principal contact** for the charity.

Specific duty 2 – Making changes to your charity

If you want to make any changes to your charity, first check what the rules set out in your **governing document** say. If you don't follow your own rules then any decisions you make could be invalid and we may not give you our **consent** to make the changes, if it's required.



You must seek our consent before making any of the changes listed below. You need to ask for our **consent** at least 6 weeks (42 days) before you plan to make the proposed change.

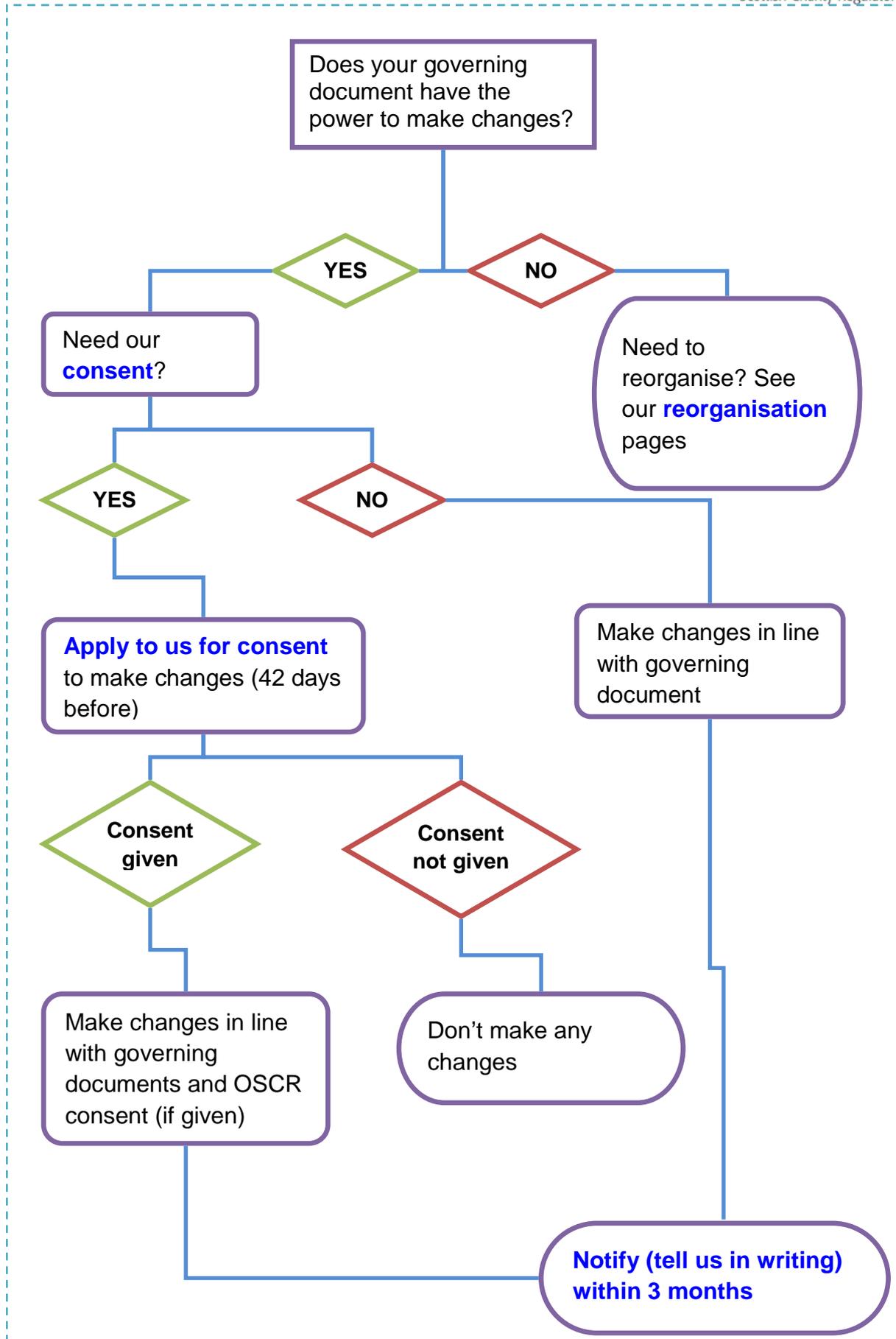
Changes that need our consent are:

- Changing the name of the charity.
- **Winding up or dissolving** the charity.
- Amending the objects or purposes of the charity.
- Amalgamating the charity with another body.
- Applying to the court to change purposes, amalgamate or wind-up.
- Changing your charity's **legal form**.

If we consent to the change you must notify us (tell us in writing) once you made the change. Where a change to the governing document has been made you must send us the updated version.

If you have the power to make other changes to your **governing document** (that don't need our **consent**) you must tell us what the changes are and send an updated version of your governing document **within 3 months** of the changes being made.

See the flow chart below to decide if you can make changes and if so how.



See our [Making Changes to Your Charity](#) page for more details.

Specific duty 3 – Financial records and reporting

Legal Duty



Every year, every charity must:

- Keep proper accounting records.
- Prepare a statement of account, including a report on its activities, at the end of each financial year.
- Have the statement of account independently examined or audited.
- Send a copy of the accounts, along with the **annual return**, to us, the Scottish Charity Regulator.

You must keep a copy of the accounting records for at least six years. Other laws or funding arrangements might require you to keep records for longer.

See our [charity finance section](#) and [Charity Accounting page](#) for more details.

Specific duty 4 – Fundraising

Legal Duty



You are responsible for taking control of how your charity fundraises.

You must make sure that anyone who professionally raises funds for the charity has an agreement that says how much they will get paid to do it.

See our [Fundraising page](#) for more details.

The self-regulation system of fundraising across the UK is currently under review. As such, we have not updated this section of the guidance yet. Once the outcome and actions of those reviews is clear, we will prepare the fundraising section of the guidance.

Specific duty 5 – Providing information to the public

There is information that you must to give to the public:

1. You must state your charity's name and Scottish charity number (SC0xxxxx) on your charity's website and all external documents, like letters, emails, adverts and official publications.

See the [publicising that you are a charity section](#) for more details.

2. You must give a copy of your **governing document** and/or the latest examined or audited **accounts** to anyone that asks for them. The reason a person asks for a copy of these documents does not matter; provided it is a reasonable request, you must give them a copy.

What is an unreasonable request?

What's reasonable or unreasonable will depend on the circumstances of each case. It is important to understand that it is the request that can be unreasonable not the reasons for the request or the identity of the requester.

The examples below are when a request might be unreasonable:

- A request for copies of accounts and/or governing document that are already publicly available, in which case you should tell the person where to get the information.
- A request for documents that the person already has.
- A request for the documents within an unreasonable timescale, for example within 24 hours.
- A request for the documents in an unreasonable format, for example a copy on CD.

If you decide a request is unreasonable you should be able to justify your decision, bearing in mind that a concern could be raised with us about it. Where appropriate you should work with the requester to fulfill their request.

Can you charge a fee for the request?

Yes, you can, but only for any administrative costs in producing and sending a copy of the document, for example, the cost of photocopying and postage. You cannot charge for the costs associated with preparing the accounts or staff time taken to copy and post the documents.

Many charities publish their governing document and annual accounts on their own websites. You can put a link to your accounts on your entry in the [Scottish Charity Register](#) by emailing us the link and your charity's details.

What happens if you fail in your duties?

If you fail to comply with these duties then this is **misconduct** and we do have powers to take action against charity trustees, where appropriate. Our response will be proportionate depending on the situation.

Find out more about what we can and can't do and what to expect if we have [a concern about your charity](#).

Sources of help, advice and best practice

These organisations can help with some or all of the duties.

- The [Scottish Council for Voluntary Organisations](#) (SCVO).
- Your local [Third Sector Interface](#) - these are organisations that offer support to voluntary organisations.
- You may also wish to consult a professional advisor. The [Law Society of Scotland](#) and the [Institute of Chartered Accountants in Scotland](#) may be able to help you to identify a professional firm with expertise in charity law and accounting.
- [HMRC](#) will be able to help you with any questions you may have about tax.

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Governing documents and meetings

Summary

Knowing what your **governing document** says and understanding what it means, having well run charity meetings and keeping good records of the meetings are all important factors in making sure that you are carrying out your **general charity trustee duties** set out in the **2005 Act**.

More detail

Governing documents

What is a governing document?

A **governing document** is the document that sets up an organisation and says what its purposes are. It will usually deal with other matters such as:

- Who manages and controls the organisation.
- What their powers are.
- What they can do with the organisation's money and other **assets**.
- How decisions are made.
- Any rules about membership of the organisation.

An organisation's governing document will usually depend on its **legal form**. The most common legal forms for charities are:

Legal form	Type of constitution or governing document
Company	Memorandum and articles of association
Unincorporated association	Constitution
Trust	Trust deed
Scottish Charitable Incorporated Organisation (SCIO)	SCIO constitution

Legal Duty



Charity trustees must make sure that:

- The activities of the charity advance the **charitable purposes** set out in the governing document.
- The charity follows the rules of its governing document.
- The charity's **assets** are only used for the charitable purposes set out in the governing document.

Good practice

Good Practice



- Every charity trustee has an up to date copy of the governing document. You should know what it says and understand what it means.
- All new charity trustees get an induction pack which includes the governing document and up to date information about the activities of the charity.
- When planning what the charity will do, you make sure the plans fit with what the governing document says you can do.
- You read and review the governing document regularly to make sure it is still fit for purpose. You should do this at least once a year.

Can you change your governing document?

If you do want to make changes to your **governing document**, you need to follow any rules about changes set out in your document. This flows from the general principle that charities have to follow the specific terms of their governing document.

If you want to make any changes to your **governing document** see our **Making Changes to Your Charity** page. You must tell us of any changes that you make and in some cases get our consent first.

Legal Duty



For example:

If you want to change the wording of **charitable purposes** in your governing document, you will need to get our **consent** first. This is because any changes to the charitable purposes could affect your ability to meet the **charity test** and to continue to be a charity.

Some charities, usually older charities, don't have the power in their governing document to make changes. If this is the case you can apply to us to reorganise your charity. See our [Charity reorganisation](#) page for more details.

Meetings

Charity trustees have shared responsibility for running the charity. Meetings are often the best way to make **decisions** and make sure that you keep all the trustees informed.

How meetings will be held and when will usually be set out in your **governing document**. You must follow the rules set out in your governing document about meetings. If you don't, any **decisions** you make could be invalid and you will not be acting in accordance with your trustee duties.

What should a governing document say about meetings?

If your governing document doesn't mention meetings or isn't clear about how meetings should be run, then you may want to add some rules about:

Good Practice



- When you have meetings and how often you have them.
 - Plan your board meetings so you can meet at the right time to look at the **charity's accounts**.
- What type of meetings you have.
 - For example trustee board meetings, annual general meetings (AGMs), extraordinary general meetings (EGMs), membership meetings.
- Who is entitled to vote at meetings and how **proxies** can be appointed.
- Who should attend the meetings (just the trustees or members too?) and how many people have to be there to form a **quorum**.
 - Consider telephone and video conferencing options if you're having trouble getting enough people to form a quorum.
- What you do if trustees have a **conflict of interest**.
- How you minute meetings and how long you keep records of the meetings.
 - It is a good idea to decide how long you will keep records of meetings and decisions, bearing in mind any other legal requirements you have to follow.
- What to do if a trustee misses too many meetings and/or doesn't follow the rules.
- What your **governing document** says about removing trustees.

What else do you need to think about for meetings?

- Make sure everyone knows about the meeting – when and where it is.
- Make sure everyone has the agenda and relevant papers – know what you're going to be talking about!
- Don't be afraid to ask questions if you don't understand or something is not clear – you all have responsibility, not just the chair or the treasurer.
- Follow the voting rules in your **governing document** – if you don't, any decisions you make could be invalid.
- Assign someone to prepare minutes of the meeting - note the decisions taken.
- Have clear action points – know who is responsible.

See [Sources of help, advice and best practice](#) for agenda and minutes templates.

Quorum

This is the minimum number or proportion of people (members, charity trustees or their **proxies**) that can vote and must be present or represented at a meeting to make the proceedings and any decisions taken, valid.

For example:

Your **governing document** says that 50% of trustees must be present at a meeting. If you have 10 trustees in total but only four are present at the meeting, then you will not have a quorum.

Any decisions taken at that meeting will not be valid.

If you are having trouble always getting enough trustees to form a **quorum** then you may need to recruit more trustees or look at options for telephone or video conferencing.

NOTE: if you are a **SCIO** or a company and want to use telephone or video conferencing you must state this in your governing document.

A SCIO's governing document is a constitution.

A company's governing document is a Memorandum and Articles of Association. For more information on the rules about meetings in company law, see the [Companies House website](#).

What happens if you fail in your duties?

If you fail to comply with these duties then this is **misconduct** and we do have powers to take action against charity trustees, where appropriate. Our response will be proportionate depending on the situation.

Find out more about what we can and can't do and what to expect if we have **a concern about your charity**.

Sources of help, advice and best practice

Conflict of interest

Meeting agenda and minutes templates:

SCVO model governing documents

SCVO guide to Board meetings

The Charity Commission for England and Wales:

Charity trustee meetings: 15 questions you should ask

Charities and meetings (CC48)

Who's in charge

Conflict of interest

Summary

As a charity trustee, you must put the interests of the charity before your own interests or those of any other person or organisation. Where you cannot do that, there may be a conflict of interest.

A conflict of interest is when you might not be able to do what is best for the charity because you have a duty to another organisation or person. A conflict of interest can arise when your duty to act in the interest of the charity conflicts with:

- The interest of the person or organisation that appointed you as a trustee, or
- Conflicts with your own personal or business interest in relation to that matter.

In this section we explain how you can prepare for potential conflict of interest, what you could do if a conflict arises, and highlight common examples of conflict of interests.

More detail

Dealing with conflicts of interest is part of the **general charity trustee duties** set out in **the 2005 Act**.

There are two main types of conflict of interest:

1. Where you owe a duty to another person or organisation who appointed you as a trustee.

Legal Duty



For example:

A charity trustee appointed by a local church, has a duty to put the interests of the charity before those of the church.

2. When you might not be able to do what is best for the charity because it conflicts with your own personal or business interest in relation to that matter.

For example:

When a charity is considering a contract with a business and one of the trustees is a director of that business.

In both cases, in terms of the **charity trustee duties** you must act in the interests of the charity.

What is a conflict of interest?

A conflict of interest is any situation where there is a potential for a trustee's personal or business interests (or the interests of someone they are connected with) to clash with the interests of the charity. In this situation, it is difficult or impossible for the trustee to make an impartial decision.

It is important that even where there appears to be a conflict of interest, whether it materialises or not, you take appropriate steps to manage.

A conflict of interest may also be called a 'conflict of roles' or 'conflict of duty'.

The term 'conflict of interest' can cover a range of situations.

For example:

- a charity trustee could get direct financial benefit from a decision the charity has to make
- a charity trustee is discussing a contract or business arrangement with an organisation their family have links to
- a charity trustee is also an employee of a company that the charity is doing business with
- an employee, or potential employee, of the charity is a person connected to a trustee.

What should you do if there is a conflict of interest?

Having a conflict of interest doesn't necessarily mean that anyone has acted improperly. **Conflicts of interest can and do come up it is how you manage them that is important.**

As charity trustees you all have a **collective responsibility** to manage conflicts of interest and to act clearly in the charity's interests.

There are four key steps to dealing with conflict of interest.

Good Practice



1. Identify:

- Have a conflict of interest policy to make sure all the trustees (and potential trustees) understand what could be a conflict of interest.
- See what your **governing document** says about conflicts of interest.
- Set up a **register of interests** for all trustees and make sure you keep it up to date.
- Have conflict of interest as a regular agenda item at the beginning of your meetings.
- Declare any potential conflict of interest as soon as you become aware of it.

2. Manage:

- Have clear procedures in place that state what should happen if there is a conflict of interest and how you will deal with it. For example, the conflicted trustee withdraws from the meeting or part of the meeting.
- If you have a conflict of interest policy make sure you apply it in all situations where there is a conflict or potential conflict.
- Decide if the person(s) with a conflict of interest should be involved in any discussions or decisions about the situation – if you think they should be involved you need to be prepared to justify your decision.
- Where there is a conflict, make sure that decisions are taken in the charity's interests.
- Make sure there are enough trustees available to make the conflict procedure work in practice.
- Make sure that your charity can still carry on its business and make quorate decisions even if a number of trustees have to withdraw.

3. Record:

- Keep a written record in the meeting's minutes of the situation and what you did about it, including:
 - Recording who the conflict affected.
 - Recording when the conflict was identified and declared.
 - Recording what was discussed and decided.
 - Recording who withdrew from the decisions and how the other trustees made a decision in the best interests of your charity.

- Maintaining your **register of interests**.

4. Learn:

- Learn from your experience of dealing with conflicts and make improvements to your policy and procedures and where necessary seek independent advice.
- Where conflicts of interest arise frequently and a number of charity trustees must withdraw from discussion, you should consider whether the make up of the Board is preventing the effective management of the charity.
- Make sure your **governing document** has the power to remove charity trustees who are in serious or persistent breach of **the 2005 Act**.

If members from a linked organisation dominate the make-up of your Board of trustees this can lead to a risk of recurrent conflict of interest. How you manage this risk is very important.

What should a conflict of interest policy say?

Good Practice



A **conflict of interest policy** should set out:

- What a conflict of interest is and the conflicts that are likely to be relevant to your charity.
- When and how you should declare a potential conflict of interest.
- What your **governing document** says about conflict of interests.
- How the charity deals with conflicts of interest.
- When a conflicted charity trustee should withdraw from decision making and the procedures for making decisions in those circumstances.

See the **sources of help, advice and best practice** section for links to example conflict of interest policies.

When should a charity trustee withdraw from a meeting?

When a charity trustee is aware of a conflict of interest, that means they are unable to put the interests of the charity first. They must withdraw from the discussion or decision concerned.

It may also be appropriate for charity trustees to withdraw from discussions in other circumstances of conflict of interest. Where they do not, they should be able to demonstrate that they have acted in the interests of the charity.

For example:

A board made up mainly of service users are asked to vote on an increase to the fees that service users pay. It's not practical for all the service user trustees to withdraw as there wouldn't be enough trustees to make a valid decision.

The trustees need to put their own interests to one side and choose what is best for the charity. A clear record should be taken of the decision and why it was made.

You should make sure you record who took part in the discussions and decisions. Where there is a conflict and the trustee still takes part, you should be able to clearly describe and justify how this was in the best interests of the charity.

What should you do if another charity trustee has a conflict of interest?

All trustees must act in line with the duty to **protect the interests of the charity**. This means that the other charity trustees must take **collective responsibility** to make sure that a breach of trustee duties is corrected and not repeated.

Legal Duty



If you know another trustee is conflicted it is your duty to speak up.

If there is serious or persistent breach of duty, the other trustees should look at whether the **governing document** has the power to remove the trustees who is in serious or persistent breach of **the 2005 Act**.

What happens if a conflict of interest is not managed properly?

You must try to make sure that any breach of duty regarding conflict of interest is corrected and not repeated. Where there is a serious or persistent breach the trustee should be removed. If the other trustees fail to do so, this could be considered **mismanagement or misconduct** in the administration of the charity.

As regulator, we are required to identify and investigate any apparent misconduct and, where appropriate can take protective action. See our **Inquiry Policy** for more details.

What happens if you fail in your duties?

If you fail to comply with these duties then this is **misconduct** and we do have powers to take action against charity trustees, where appropriate. Our response will be proportionate depending on the situation.

Find out more about what we can and can't do and what to expect if we have **a concern about your charity**.

Sources of help, advice and best practice

[Who's in charge?](#)

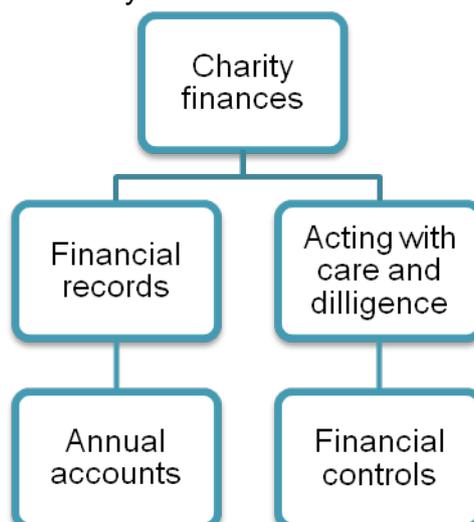
[SCVO: how to avoid conflicts of interest](#)

Charity finances

Summary

In this section, we explain the legal requirements and good practice for protecting your charity's finances. The section splits into two areas of charity finance:

- 1. Financial Records:** Charities have specific duties under the **2005 Act** to maintain financial records, prepare annual **accounts** and submit these accounts to us. It is the responsibility of all the charity trustees to make sure that these requirements are met.
- 2. Financial Controls:** The **2005 Act** requires you, as charity trustees, to act with **care and diligence** when managing the affairs of the charity. This means that you must make sure you have suitable controls over financial procedures to protect the **assets** of the charity.



More detail

Financial records and accounts

The **2005 Act** requires that as charity trustees, you must:

- Keep proper accounting records.
- Prepare a statement of accounts, including a report on its activities, each financial year.
- Have the accounts independently examined or audited.
- Send a copy of the accounts to us.

Legal Duty



- Keep the accounting records for six years.

Anyone who has given time or money to a charity will have an interest in seeing its resources used properly. A well prepared and informative set of accounts will give members, funders, donors and anyone else with an interest in your charity a good picture of the activities and how well you are using the resources.

What are proper accounting records?

Proper accounting records must detail day by day the money received and spent by the charity, the assets and liabilities of the charity and show the financial position of the charity at any time.

How you keep the records will depend on the size and complexity of your charity. For small charities, a manual record or simple spreadsheet may be enough. Larger charities may need specialist accounting software.

However you keep the records they should be easy to follow and kept up to date so that the financial position of the charity is clear at all times.

What do I need to include in the accounts?

What you need to put in the accounts is set out in the [Charities Accounts \(Scotland\) Regulations 2006 \(as amended\)](#). These Regulations detail the different types of accounts that can be prepared and what you must include in them.

The Regulations also include specific rules for reporting on the activities of the charity, as well as the financial information. This activities report is called the [Trustees' Annual Report](#).

For more details, please see our [guide to the accounts Regulations](#).

Legal Duty



External scrutiny of the accounts

All sets of charity accounts must be scrutinised by someone outside of the charity. This means that an independent person checks that the information in the accounts is a fair reflection of the charity's financial position.

The type of scrutiny required is dependent on the charity's turnover, [governing document](#) and the requirements of any funders.

Legal Duty



For more details, please see our [Independent Examination: Guidance for Charities and Independent Examiners](#).

Legal Duty



What financial information do you need to submit?

Every year you need to send us:

1. the **Annual Return**

We use the annual return to gather information about your charity. Depending on the income of your charity, we may ask more questions about the charity's finances and how it operates.

Together with:

2. Statement of accounts.
3. **Trustees' annual report** and,
4. An **external scrutiny report**.

Note: Charitable Companies, Charities registered in England and Wales and Registered Social Landlords.

You will also need to follow the accounting requirements of the other regulators. See our [accounts guidance](#) for more information.

Financial controls

As a charity trustee, you have a duty under the **2005 Act** to act with the care and diligence that it is reasonable to expect of a person who is managing the affairs of another person.

This means that you must act with a higher level of care than you do with your own finances and affairs. You must make sure that you protect the charity's resources and that you do not put the assets of the charity at risk. One way of doing this is to make sure that there are proper **financial controls** in place.

What do we mean by financial controls?

Financial controls are the systems you have in place to make sure that you protect the **assets** of the charity. The controls aim to identify and manage the risks of theft or fraud, loss and **conflicts of interest**.

Good financial controls are tools for making sure that you manage the charity effectively and meet your legal duty to act with care and diligence.

- **Controls offer protection**

It is important to remember that being a charity trustee is a significant responsibility. Financial controls will protect you in this role. Where controls are correctly set up and used they will protect the **assets** of the charity and you as a trustee.

What areas do you need to consider?

Good Practice



- **Collective responsibility**

All of the trustees have responsibility for the financial records, not just the treasurer. As charity trustees, it's important that you all have a basic understanding of the finances of your charity and can quickly identify if there are any problems.

You should share the financial information at meetings to make sure that everyone knows the charity's financial situation. For example, you might want to make finance a recurring item on the agenda of every board meeting. It is good practice that someone other than the treasurer has an understanding of how the charity's financial records are kept.

- **Separation of duties**

Where possible you should separate out the trustee duties so that no one individual has sole responsibility for the financial transactions of your charity. We call this 'separation of duties'.

For example, when your charity makes a purchase the same individual should not be responsible for arranging the purchase, authorising the payment and making the payment. Where trustees administer the charity personally, you should make sure that there is sufficient separation of duties amongst all trustees.

In very small charities, it can be difficult to have full separation of duties. You should make sure that checks are regularly carried out on financial records and transactions to compensate for this.

- **Written procedures**

Good Practice



Your financial procedures should be documented. This will help where trustees change regularly and also if something unexpected happens such as a treasurer being taken ill.

You should review your procedures annually to make sure they are fit for purpose, being followed correctly and understood.

- **Controls over cash**

Where possible it is best to avoid the use of cash, as it is harder to maintain a trail of cash and much easier for theft or fraud to happen. You should encourage donations to be made by bank transfers or cheques, and you should make payments in this way.

If you do receive cash donations two people should count these and then make sure the money is banked as soon as possible. You should issue receipts for the donations and not make any payments with the cash before taking it to the bank.

You should keep any petty cash to a minimum. Receipts should be required for all items of petty cash, access to the petty cash box should be restricted and you should hold it in a secure place.

- **Cheque payments**

Good Practice



Cheques should have a minimum of two signatories to make sure that it is not just one person who can make payments. You should have systems in place to check invoices and authorise payments before they are paid.

You should not sign blank cheques as this may result in lost or stolen money.

- **Internet banking and BACS transactions (Bankers' Automated Clearing Services)**

Internet banking and the use of BACS transfers are common now. It can be more difficult to develop financial controls for this type of transaction as generally access will be restricted to a single log in.

Because of this you should make regular checks of transactions and review bank statements and transactions at trustee meetings. You should consider making a rule that two people have to be present when large transactions are being processed.

Some banks are allowing charities to provide more than one person to authorise payments (dual authority). You should ask your charity's bank for details of their dual authority options.

- **Banking**

Banking is an important part of the financial controls. When considering your charity's banking arrangements, you should think about the full range of services that you need and look for a bank that can provide them.

Banks will ask for details of all signatories and usually all the trustees, so be prepared to have this information available. You should be aware of the terms and

conditions of your banking arrangements and advise the bank immediately of any changes that may affect these for example, a change of signatories.

What happens if you fail in your duties?

If you fail to comply with these duties then this is **misconduct** and we do have powers to take action against charity trustees, where appropriate. Our response will be proportionate depending on the situation.

Find out more about what we can and can't do and what to expect if we have **a concern about your charity**.

Sources of help, advice and best practice:

[Independent Examination: Guidance for Charities and Independent Examiners](#)

[Guidance on the Charities Accounts \(Scotland\) Regulations](#)

The Charity Commission for England and Wales have produced detailed **[guidance on internal financial controls](#)** that are applicable to Scottish charities.

Remuneration (Paying charity trustees and connected persons)

Summary

The **2005 Act** sets out when charity trustees (and people who are connected to them) can receive payment from the charity for services provided to it. Charity trustees must always put the needs of the charity first. This means that the charity must not pay charity trustees, and people who are connected to them, unless the charity can satisfy the conditions set out in the 2005 Act.

This section explains what those conditions are and gives examples of when it is and is not appropriate to pay **charity trustees** and **people connected** with them.

The rules on paying charity trustees do not apply to reclaiming expenses, like train fares to get to a trustee meeting.

More detail

What is remuneration?

Remuneration in the **2005 Act** means any payment received for services provided to the charity either as a charity trustee or under a contract of employment with the charity, and includes **people connected** with trustees. Payment may be received in the form of a salary, payment for services or in the form of other benefits such as a company car, medical plan or pension plan.

In this guidance, we refer to **remuneration** as ‘payment’ or ‘paying trustees’.

For example:

Out of pocket expenses paid to charity trustees, for instance travel expenses to attend meetings, are not considered remuneration, although receipts for expenses are still required.

Who is a connected person?

The term **connected person** includes:

- immediate family, civil partners and cohabitees
- immediate family of a spouse

- a company in which the charity trustee or a person connected with them has a substantial interest, or
- a Scottish partnership (business) in which the charity trustee or, a person connected with them, is a partner.

What are the rules on paying charity trustees?

The **2005 Act** states that **you must not pay** a charity trustee for services provided to the charity, either as a charity trustee or under contract, **unless** you meet **all** of these conditions:

- the payment is reasonable
- there is a written agreement between the charity and the trustee
- the agreement sets out the maximum amount to be paid
- the trustees are satisfied it is in the interest of the charity for the services to be provided by the charity trustee for that maximum amount
- less than half the total number of charity trustees are getting paid (directly or **indirectly**) from the charity
- there is no restriction to the payment in the charity's **governing document**.

If your governing document says that the trustees can't be paid, then even if the other rules from the **2005 Act** are met, you will not be able to pay any of the trustees.

Examples of when it might be ok to pay a charity trustee include:

- When a local tradesman is a charity trustee and provides services to the charity at a competitive rate.
- When employees of the charity are also trustees because of their position. For example, as chief executive or because they are elected as a staff representative.

In any case, you can only make a payment where less than half the total number of charity trustees are receiving payment and the payment is reasonable.

An **indirect** payment to a charity trustee is where two or more trustees are **connected** and one of them is being paid.

For example:

There are three charity trustees in total. Two of them are immediate family. The related trustees could not be paid for services provided to the charity, as this would mean more than half of the total number of trustees were being paid, directly or indirectly.

Legal Duty



Exemptions

These conditions do not apply if:

- there is a provision authorising payment of the charity trustees (and/or connected persons) in the charity's **governing document** and this was in force on or before the 15 November 2004.
- there is legislation or an order made by the Court of Session that allows charity trustees (or connected persons) to receive payment.

What are the conditions for paying a connected person?

- the payment is reasonable
- there is a written agreement between the charity and the connected person
- the agreement sets out the maximum amount to be paid
- the trustees are satisfied it is in the interest of the charity for the services to be provided by the connected person for that amount
- there is no restriction on the payment within the charity's **governing document**.

Legal Duty



These conditions do not apply if the **exemptions detailed above are satisfied.**

What happens if you want to pay trustees and/or connected persons for services provided to the charity?

When reaching this decision, you must consider if:

- the payment is reasonable
- it is in the interests of the charity for the charity trustee or connected person to provide the services for an agreed maximum amount.

If you agree, you should keep a record of your considerations and must enter into a written agreement with the charity trustee or connected person setting out the maximum amount to be paid.

What is a reasonable amount?

What's reasonable will depend on the circumstances. The important thing is that whatever the decision is, the interests of the charity come first and you can demonstrate that.

The process for deciding the level of payment must be open and transparent and **must not** involve the charity trustee who is to receive payment or is connected to the person who will.

You could compare payment amounts with similar roles at other charities or the wider market place.

If the payment appears to be excessive, there may be a breach of trustee duties, which would be **misconduct**.

Good Practice



Good practice

- have a payment policy that make sure any payments to charity trustees and/ or connected people complies with the conditions set out in the 2005 Act
- establish a register of trustees' interests
- obtain at least two separate quotes for services
- clearly minute the decision that paying a particular charity trustee or a person connected to them for services is in the charity's interest.

If you're not sure if a trustee, or **connected person**, can be paid for services you should get professional advice.

What else do you need to consider about payments?

If you are thinking about employing a charity trustee or **connected person**, you must make sure that:

- there is a genuine need for a paid position or for the services to be provided
- as charity trustees, you assess any potential risks, manage any conflicts of interest and are open and transparent about the decision
- any charity trustee who has a **conflict of interest** is not involved in the decision
- no one individual takes a decision about employment on their own
- any payments to trustees are declared in the **annual accounts**.

We have particular concerns where the charity trustees of a charity are the people benefiting from it as private individuals, or where those benefiting most are people connected with the charity trustees such as family members or companies in which the trustees have an interest.

Where there is such **private benefit** we may need to consider whether it causes the charity to fail the **charity test**. This is the legal test that says whether or not your organisation can be a charity.

What is an honorarium?

An **honorarium** is generally a small amount of money paid to someone for a service for which no official charge is made.

Honorarium payments are usually one off and unexpected and we would not expect honoraria payments to be paid on a regular basis as a matter of course. As charity trustees, you should review the situation every year and only award a payment if there are exceptional reasons for doing so. We would expect you to clearly explain and record your decision.

Where there are paid staff in an organisation whose role includes keeping financial records and dealing with correspondence for the board, it would not be expected that they should receive any honoraria for doing work for which they are already paid.

In order to make payment of honoraria to a **charity trustee** or a **connected person** the remuneration conditions detailed above would have to be met.

Trustee indemnity insurance

You are allowed to use your charity's funds to provide all of your charity trustees with indemnity insurance.

Charities registered in England and Wales and Registered Social Landlords

If you are also registered with the Charity Commission for England and Wales you will also need to follow **their rules on payments to charity trustees**.

If you are a cross-border charity and you are paying charity trustees in line with the law of England and Wales you will need to take into account the rules under the 2005 Act and whether those rules allow the payment in question.

Registered Social Landlords must follow the rules set out by the **Scottish Housing Regulator** about payments to charity trustees.

If you fail to comply with these duties then this is **misconduct** and we do have powers to take action against charity trustees, where appropriate. Our response will be proportionate depending on the situation.

Find out more about what we can and can't do and what to expect if we have **a concern about your charity**.

Sources of help, advice and best practice

Meeting the Charity Test – Private Benefit section

Publicising that you are a charity

Summary

Making sure that people know you are a charity is one of the **specific charity trustee duties** set out in the **2005 Act**. You must provide certain **charity details** in certain **external documents** (hard copy and electronic). What you need to tell people and how you need to do this are set out in specific **Regulations**. This page sums up what you need to do, and gives suggestions about how best to do it.

More detail

All charities registered in Scotland must publicise the fact that they are a charity. **Charity trustees** must make sure that certain **charity details** are on all of the charity's **external documents** listed below.

These rules also apply to any third parties who publish documents on behalf of your charity, for example legal advisors, accountants, or organisations working on your behalf.

Legal Duty



What do you need to tell people?

You need display your **charity's details**. This means:

- your charity's name, as entered in the **Scottish Charity Register**
- any other name your charity is known as (the 'known as' name)
- your **Scottish Charity Number** (SC0xxxxx)
- the fact that you are a charity, if this isn't already clear from your name.

For example:

'Monkstown After School Club (known as Monkey Club) is a Scottish Charity, SC098765'.

If you are a **Scottish Charitable Incorporated Organisation (SCIO)**, you need to tell people:

- the SCIO's name as entered in the **Scottish Charity Register**
- if the name does not include the terms 'Scottish Charitable Incorporated Organisation' or 'SCIO', the fact that it is a SCIO.

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As a SCIO, you do not have to include your **Scottish Charity Number** but we strongly recommend that you do.

For example:

'Monkstown After School Club (known as Monkey Club) is a Scottish Charitable Incorporated Organisation, SC098765'.

Which external documents need to have these details?

You must put the charity's details on:

1. all your external letters and emails
2. your website's home page
3. all your adverts, notices and official publications
4. documents that ask for donations for your charity
5. bills your charity issues
6. direct debit and standing order mandates
7. all invoices and receipts
8. annual accounts
9. educational, promotional or campaign materials
10. legal conveyance documents about land rights (buying, selling or transferring land)
11. contracts.

Legal Duty



In addition to above requirements, it is good practice to put charity details on:

- all your website pages
- your charity's social media accounts
- campaigns or adverts that are online, on the radio or television
- business cards
- signs and displays.

Good Practice



Why do you need to tell people that you are a charity?

It is important that the people you come into contact with, the public, funders, contractors and other organisations, know and can check that you are a genuine **charity**.

It also gives people confidence in supporting your charity and knowing that we regulate you.

When do you have to put your charity's details on documents?

If you are a **SCIO**, you must have the details on your **external documents** as soon as possible after your charity is registered. For all other charities, you must put the charity details on your external documents within **six months** of becoming a charity.

Legal Duty



What happens if you don't put the charity details on documents?

The rules about having these details on the documents are set out in **regulations**. A breach of the regulations is a breach of your **general duties** and may amount to **misconduct**.

If you are a SCIO it is an offence to issue or sign any of the **external documents** which do not include the charity's details, or to authorise such actions.

Charitable companies

Charities whose **legal form** is a company must comply with both company law and charity law. Charitable companies must include **charity details** set out above and the information required by company law, for example the company number.

Find out more about company law requirements at the **Companies House website**.

What happens if you fail in your duties?

If you fail to comply with these duties then this is **misconduct** and we do have powers to take action against charity trustees, where appropriate. Our response will be proportionate depending on the situation.

Find out more about what we can and can't do and what to expect if we have **a concern about your charity**.

Sources of help, advice and best practice:

[References to Charitable Status: A Guide to the Charities References in Documents \(Scotland\) Regulations 2007](#)

[SCIO's: A Guide](#)

[The Charities References in Documents \(Scotland\) Regulations 2007](#)

[Companies House](#)

Glossary

Terms	Explanation
2005 Act	This means the Charities and Trustee Investment (Scotland) Act 2005 : the primary piece of charity law in Scotland.
Accounts	<p>Accounts represent the organisations finances for a particular period (usually a year). They show how much money was received and how much was spent, broken down into different categories. Charities must prepare accounts each year and must send a copy of to us (the Scottish Charity Regulator) each year.</p> <p>For more information see Charity Accounting.</p>
Annual return	The online form charities complete each year to provide us with information about the charity (in particular for the Scottish Charity Register, and including information about the charity's finances).
Assets	This means everything a charity owns; property, money, equipment, including heritable property (such as land and buildings and rights attached to it).
Beneficiaries	These are the people your charity is set up to help, those who benefit from what you do.
Care and diligence	This means a very high level of care and thoroughness.
Charitable Purposes	<p>These are the 16 charitable purposes set out in section 7(2) of the 2005 Act.</p> <p>The purposes set out in your governing document say what your organisation has been set up to achieve, and should reflect its broad aims. They should not be a description of the day-to-day activities that your organisation will do. To meet the first part of the charity test we should be able to easily see</p>

	which of the 16 charitable purposes in the 2005 Act your organisation is trying to achieve.
Charity	An organisation is not a charity in Scotland unless it is entered on the Scottish Charity Register .
Charity Test	<p>This is the test set out under the Charities and Trustee Investment (Scotland) Act 2005, which determines whether an organisation can be a charity.</p> <p>The charity test has two main elements:</p> <ol style="list-style-type: none"> 1. an organisation has to show that it has only charitable purposes and 2. that it provides public benefit in achieving those purposes. <p>This is set out in sections 7 and 8 of the 2005 Act.</p>
Charity Trustee	‘Charity trustees’ are defined in section 106 of the 2005 Act as people having the general control and management of the administration of a charity. Charity trustees can also sometimes be known as committee members, directors or board members.
Collective responsibility	This means that charity trustees are not only responsible for their own actions, they are also responsible for the actions and decisions taken by the charity trustees when acting together.
Conflict of interest (policy)	A conflict of interest may arise in a situation where a charity trustee may obtain personal benefit from a particular decision in relation to the charity. A policy setting out what a conflict of interest is and how you will manage situations where a conflict arises is strongly recommended. See the Conflict of interest sources of help, advice and best practice section for links to example policies.
Consent	Section 16 of the 2005 Act says that you must seek consent before making any of the changes listed below. You need to ask for our consent at least 6 weeks (42 days) before you plan to implement the proposed change.

	<p>Changes that need our consent are:</p> <ul style="list-style-type: none"> • changing the name of the charity • winding up the charity • amending the objects or purposes of the charity • amalgamating the charity with another body • changing the charity's legal form • applying to the court to change purposes, amalgamate or wind-up. <p>For more information, see Making Changes to Your Charity.</p>
Disbenefit	<p>This is the opposite of benefit and is equivalent to detriment or harm. This is set out in section 8 (2) (ii) of the 2005 Act.</p>
External scrutiny report	<p>Your charity's accounts must be externally scrutinised. That is, someone who is independent of your charity must review the accounts and produce a report, attached to the accounts, that highlights any issues to the reader.</p>
Governing Document	<p>A governing document (or constitution) is the document (or set of documents) that sets up an organisation and says what its purposes are. It will usually deal with other matters, including who will manage and control the organisation, what its powers are, what it can do with the organisation's money and other assets, and membership of the organisation. For more information, see our FAQs.</p> <p>This is defined in section 106 of the 2005 Act.</p>
Legal Form	<p>Charities can take a number of legal forms. The legal form is the structure or entity, which then becomes a charity. The most common legal forms for charities are:</p> <ul style="list-style-type: none"> • Unincorporated associations

	<ul style="list-style-type: none"> • Companies • Scottish Charitable Incorporated Organisations (SCIO), and • Trusts.
Ministerial Control	This is where a governing document gives Scottish or UK Ministers the power to direct or otherwise control an organisation's activities. This is set out in section 7 (4) (b) of the 2005 Act .
Mismanagement or misconduct	Misconduct means any action by trustees which may result in a significant loss or harm to the charity (and this includes failing to act).
Principal contact	The person who will act as the main point of contact for the charity.
Private Benefit	This is where benefit is provided to members of the organisation or other individuals not as a member of the public. This is set out in Section 8 (2) (a) (i) of the 2005 Act .
Property	By 'property' we mean all property and assets (money and other assets) belonging to a charity, including heritable property (such as land and buildings and rights attached to it).
Protect the interests of the charity	Trustees should put the interests of their charity before their own interests, or those of any other person or organisation. They must actively work towards the achievement of the charity's purposes.
Proxy	Someone who is authorised to act as a substitute for another.
Public Benefit	This is the way a charity makes a positive difference to the public through the activities it carries out when advancing its charitable purposes. This is set out in Section 8 of the 2005 Act .
Quorum	The minimum number of people (charity trustees) necessary to make and decision and conduct the charity's business. This number is often (and should be) set out in the charity's governing document.
Register of interests	A list completed for all the trustees which sets out any connections they have with other organisations

	that could lead to a conflict of interest.
Remuneration	<p>Remuneration in the 2005 Act means any payment or benefit in kind. Sections 67 and 68 of the 2005 Act state that a charity trustee must not be remunerated for services provided to the charity (including services provided in the capacity as a charity trustee or under a contract of employment) from a charity's funds unless certain conditions are met.</p> <p>For more information, see Trustee Remuneration guide.</p>
SCIO	The Scottish Charitable Incorporated Organisation is a legal form unique to Scottish charities and is able to enter into contracts, employ staff, incur debts, own property, sue and be sued. For more information see SCIO guidance .
Scottish Charity number	This is the unique number given to all Scottish charities, beginning with SC0 followed by five numbers.
Scottish Charity Register	This means the register of all Scottish charities kept by OSCR. For more information, see the Scottish Charity Register .
Scottish Charity Regulator	We are the independent regulator and registrar for over 23,500 Scottish charities, established by the 2005 Act. For more information, see About OSCR .
Trustees Annual Report	The Trustees Annual Report is a part of the annual Accounts and contains information about the charity and its activities and achievements in that year.
Undue Restriction	This is a restriction on who can access the benefit provided by a charity: it will be undue if excessive or unnecessary. It includes fees and charges. This is set out in Section 8 (2) (b) of the 2005 Act .
Wind up	To wind up or dissolve a charity means that the charity ceases to exist. Before winding up a charity must get OSCR's consent. This is set out in Section 16 of the 2005 Act .

	For more information, see Making Changes to Your Charity .
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