



Operational Compliance Report

Futureversity (1048822)

About the charity

Registered under the name Tower Hamlets Summer Education Limited, it provides and promotes educational opportunities for young people in London, aimed at raising aspirations, reducing youth crime, breaking down racial tensions and getting unemployed young people into work.

Why we got involved

In September 2012 one of the charity's trustees contacted us to raise concerns about two issues: first, that money was being stolen from the charity's petty cash system and second, that there were problems with the charity's trading subsidiary. The trustee said the trading subsidiary owed the charity money, that the charity was not properly monitoring the activities of the trading subsidiary and that there was a lack of clarity about the authorisation of payments made by the charity to the trading subsidiary. We needed to investigate these concerns, which represent potentially serious governance failures and serious financial mismanagement.

The action we took

We instructed the trustees to provide detailed information about the issues raised, analysed the reports and other evidence provided and ensured that the trustees took appropriate steps to address our concerns.

What we found

Regarding the theft, we found that a total of £650 was stolen from the charity's petty cash systems due to wholly inadequate financial controls. The theft was reported to the police, but the culprit was not identified.

We also found that the trustees had failed to properly oversee the charity's relationship with the trading subsidiary, which was managed by the charity's CEO. We found the performance of the subsidiary was unsatisfactory. The trustees established that the trading subsidiary owed the charity £70,000 and undertook to devise a business plan to ensure that the debt was paid off over 2-3 years.

The outcome

Shortly before we became involved, new trustees were appointed. We worked with the trustees, including the individual who raised concerns, to ensure they introduced new systems of control and governance aimed at stopping the problems and preventing them from reoccurring. For example, the charity reviewed its system of financial delegation and petty cash management, putting in place tighter controls and safeguards. The charity's staff members were warned that, if the culprit was found to be a staff member he or she would be immediately dismissed.

We made sure the trustees regularised the charity's relationship with the trading subsidiary, including by taking action to improve the transparency and accountability of the trading subsidiary. The CEO who was in post while the failings occurred resigned and a successor was appointed. We closed our case on the basis that the trustees were implementing the improvements and would monitor the charity's management to avoid similar problems recurring. We made clear to the trustees that we would consider intervening again should further problems come to light.