

18 July 2007

Our ref: ICAEW Rep 60/07

Your ref:

Charities and Terrorist Finance Consultation  
Home Office  
CRCSG  
2 Marsham Street  
London, SW1P 4DF

By email: [CharitiesReview2007@homeoffice.gsi.gov.uk](mailto:CharitiesReview2007@homeoffice.gsi.gov.uk)

Dear Sir

**REVIEW OF SAFEGUARDS TO PROTECT THE CHARITABLE SECTOR  
(ENGLAND AND WALES) FROM TERRORIST ABUSE**

The Institute of Chartered Accountants in England and Wales (the 'Institute') welcomes the opportunity to comment on the consultation paper *Review of Safeguards to protect the Charitable Sector (England and Wales) from Terrorist Abuse* published by The Home Office in May 2007.

The Institute operates under a Royal Charter, working in the public interest. Its regulation of its members, in particular its responsibilities in respect of auditors, is overseen by the Financial Reporting Council. As a world leading professional accountancy body, the Institute provides leadership and practical support to over 128,000 members in more than 140 countries, working with governments, regulators and industry in order to ensure the highest standards are maintained. The Institute is a founding member of the Global Accounting Alliance with over 700,000 members worldwide.

The Institute's Charity Committee is responsible for co-ordinating the technical considerations of the charity sector with respect to Chartered Accountants working within or for charities. Its membership represents practitioners, their clients and Chartered Accountants employed in financial roles within charities.

**Consultation Questions**

The Charity Committee supports the proposition that all those involved in the charitable sector should commit themselves to ensuring that charities do not provide a transmission belt for funds to terrorist networks. However, as accepted by the report the incidences of such terrorist abuse in the sector are rare.

Good governance and appropriate practices to frustrate and prevent the attempts of those who seek to abuse the sector in furthering terrorist aims should not undermine

the credibility of the sector or place undue and disproportionate burdens on the genuine and hard working majority.

Measures to 'know your beneficiary' should be proportionate to the risk of terrorist exploitation the specific charity is exposed to and should not be unduly onerous. Practical, informative and supportive advice should be provided to charities to address any knowledge gaps which may exist. Therefore we welcome the recommendation that the Charity Commission should produce practical guidance to assist charities in evaluating risk and introducing best practices to minimise abuse and ensure that funding is used for proper means.

We urge Government to ensure that means of testing the effectiveness of measures for controlling terrorist abuse do not result in increased costs or burdens on auditors/independent examiners or their clients in verifying matters which are beyond their knowledge and remit.

The Charity Committee would be happy to offer assistance and support in considering any draft guidance produced as appropriate.

Please contact Caron Bradshaw, Secretary to the Charity Committee, in the first instance should you wish to discuss any of the points raised in this response.

Yours sincerely



Caron Bradshaw  
Secretary, Charity Committee  
T +44 (0)20 7920 8579  
F +44 (0)20 7638 6009  
E [caron.bradshaw@icaew.com](mailto:caron.bradshaw@icaew.com)