

Case Study - Dominant trustee

We received concerns from former trustees and current members of a charity regarding the behaviour of the Chair, who was not acting collectively and was making financial decisions without the knowledge or agreement of the other trustees.

What happened?

The Chair was acting alone and making decisions for and about the charity without discussing it with the other trustees. There were also concerns about mismanagement of the charity, which had resulted from the Chair's actions, and claims that he had diverted charity funds to a different bank account. The dispute within the charity quickly escalated and a number of trustees resigned, causing the charity temporarily to cease its activities. The dispute had a direct effect on the charity's governance and put its assets and reputation at risk.

It became apparent that the charity did not have the necessary policies and procedures in place. In addition, the Chair held the financial records of the charity and refused to pass them to the other trustees. He then resigned. This left the remaining trustees with very little information about how the charity had been run and its financial position.

Outcome

The remaining trustees had a lengthy legal battle following the Chair's resignation. However, they were determined to restore the charity's viability. They sought the support of the local Third Sector Interface on improving the charity's financial records, controls and procedures, and implemented a programme of formal training for trustees.

What can you do to protect your charity?

The management and control of a charity is the collective responsibility of all of the trustees. While certain functions can be delegated – for example, financial matters to the Treasurer – every trustee should be involved in decision making, setting the charity's strategic direction and ensuring that legal requirements are met. No one trustee should have more authority than the other trustees.

- Clear communication between charity trustees is essential. You should examine your communication channels and develop procedures to make sure that information is shared and important matters properly discussed.
- Charity trustees should consider, collectively, whether there is a need for training and, where identified, make sure that this is provided.

- Consult your local Third Sector Interface – they can provide support and help in improving communication and ensuring that charity trustees work together in an open and transparent manner.
- You can seek mediation from a number of sources such as [ACAS](#).

Guidance and support

- You can read our guidance on charity trustee duties at <http://www.oscr.org.uk>
- You can read our guidance on [Who's in Charge](#)
- You can [find your local Third Sector Interface here](#).