

2026 **governance and risk update** for international NGOs

22 October 2026

Today's Agenda

01

Grant making

Applying new Charity
Commission guidance

Kunal Mistry,
Buzzacott

02

Fraud

Latest fraud guidance
and ECTA legislation

Peter Mackereth,
Buzzacott

03

Risk management

CC26 guidance from
Charity Commission

Hugh Swainson,
Buzzacott

04

View from the sector

Carrie Brownlee,
International Alert

05

Q&A



01 Grant making update

Kunal Mistry, Buzzacott

Overseas grants: The full trustee duty

Grant-making is a lifecycle, not a payment control, and must be embedded in the charity's culture

Purpose

Does the proposed activity fall within the UK charity's objects and public benefit?

Risk

What geography, delivery, integrity, safeguarding, sanctions and financial risks arise?

Control

What conditions, reporting, audit rights and escalation are proportionate?

Evidence

Can the file demonstrate checks, judgement, monitoring, exceptions and outcomes?

Overseas partner due diligence

Checks should be risk-based, current and decision-useful.

- Legal identity, governing document and authority to receive funds
- Leadership, beneficial ownership or controlling interests where relevant
- Track record, technical capacity and local legitimacy
- Financial systems, banking arrangements and independent assurance
- Safeguarding, fraud, whistleblowing and data controls
- Sanctions, terrorism-financing and adverse-information checks
- Use of further sub-partners, agents and use of cash
- Conflicts involving trustees, staff, group entities or local partners
- Document residual risk

Funding organisations that are not charities

Extra care is needed where the recipient is not itself a charity

Purpose restriction

Define precisely what charitable activity is funded and exclude unrelated purposes.

Private benefit

Assess whether any benefit to owners, members or connected parties is incidental and justified.

Control rights

Use ring-fencing, milestones, records access, audits, suspension and recovery provisions.

Practical difficulty: the partner's legal form may not align neatly with UK charity concepts.
Record the substance of the activity and the safeguards, not merely the entity label.

Grant conditions and sub-granting

Visibility must extend beyond the first recipient.

Permitted use

Activities, geography, budget, restrictions, procurement and exchange-rate treatment.

Information

Financial and narrative reports, underlying records, audit access and incident notification.

Sub-grants

Prior approval, equivalent conditions, due diligence and visibility of downstream recipients.

Remedies

Withhold, suspend, terminate, recover, investigate and report where necessary.

Monitoring overseas grants

Monitoring should test both spend and charitable outcome

Financial

Budget-to-actual, supporting evidence, procurement, payroll, cash and restricted-fund tracking.

Programme

Delivery evidence, beneficiary reach, quality, safeguarding and community feedback.

Independent

Site visits, internal audit, commissioned assurance, donor audit and data analytics.

Escalate anomalies: repeated late reports, implausible unit costs, unexplained cash use, supplier concentration, missing beneficiaries or resistance to access.

When an overseas grant goes wrong

Protect people, preserve evidence and make a documented decision.

- Pause or condition further payments where appropriate
- Protect beneficiaries, whistleblowers and evidence
- Establish facts and quantify possible exposure
- Consider contractual recovery and local legal advice
- Notify donors or insurers where terms require it
- Assess serious incident and other reporting obligations
- Record board or delegated decisions and lessons learned
- Update partner risk ratings and future control design

Responsible procurement: law or trend?

The legal position depends on form, size and activity.

Reporting rule

SORP 2026 sustainability reporting for Tier 3 charities applying the SORP.

Separate legislation

Modern slavery, SECR and public procurement requirements may apply in defined circumstances.

Sector expectation

Donor criteria, tenders, public trust and partner expectations can go beyond minimum law.

Responsible procurement in practice

Risk

Country, labour, corruption and environmental exposure.

Standards

Supplier code and minimum expectations.

Due diligence

Identity, ownership, capability and conduct.

Contract

Clauses, audit rights and reporting.

Monitor

Exceptions, incidents and performance.

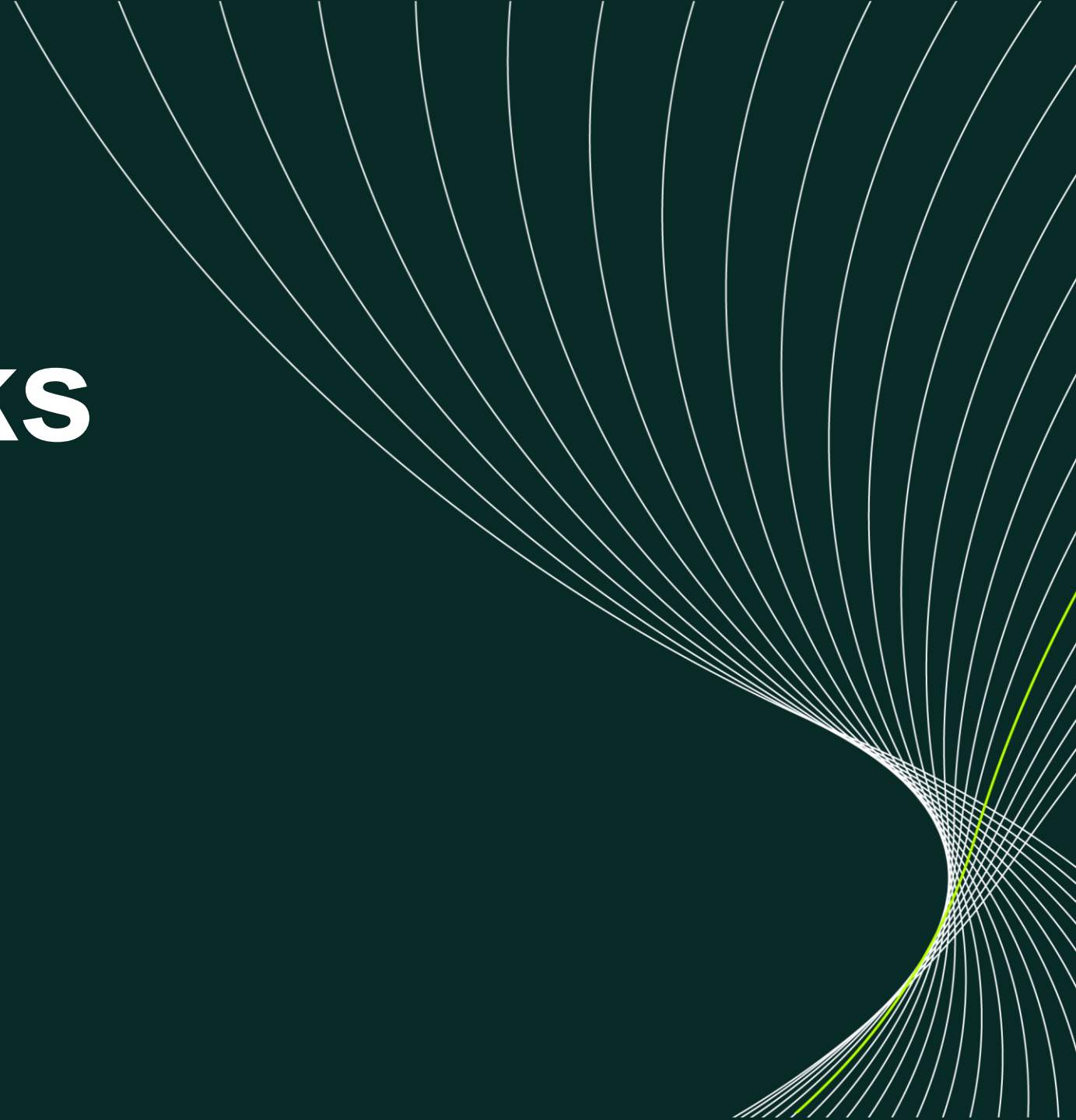
Report

Material issue, action, progress and next step.

Summary messages for charities

- 1 Review the guidance and assess what you currently do against it
- 2 Form a plan for any gaps identified
- 3 Self-assessment checklist may help In this exercise
- 4 Don't forget the financial reporting impact in the trustees' annual report!





02 **Fraud risks update**

Peter Mackereth, Buzzacott

Fraud risks

Increased instances and complexity to frauds.

Fraud

Prevention and detection

Board oversight

Risk assessment
Escalation and assurance

Serious incidents

Reporting and response

Conflicts of interest

Identifying and managing

Fraud in international aid: Five principles

Finding fraud can demonstrate an active control environment.

1

There is always going to be fraud

2

Finding fraud is a good thing

3

There is no one solution

4

Fraud and corruption keep changing

5

Prevention is the most effective response

International information must reach the UK board quickly enough.

Serious incidents

Escalation from partners and country offices; significance assessment; board oversight; regulator and donor reporting.

ECCTA 2023: Failure to prevent fraud

- Corporate offence came into force 1 September 2025
- Direct legal exposure for large incorporated charities and groups

Exposure

Employees, agents, subsidiary undertakings and other associated persons may create liability.

Top-level commitment required

- Risk assessment
- Proportionate procedures
- Due diligence
- Communication and training
- Monitoring and review

Benefit

The fraud must be intended to benefit the organisation or, in defined circumstances, a client.

Defence

Reasonable fraud prevention procedures, or evidence that having none was reasonable.

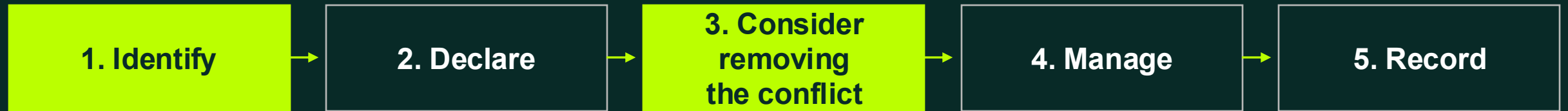
Conflicts of interest CC29

- Recurring theme in Charity Commission compliance cases
- Most unmanaged conflicts occurred due to lack of awareness rather than deliberate wrongdoing

3-step approach



5-step approach



Conflicts of loyalty: Broader scope

Obligations to another person or organisation could influence a trustee's judgement about the charity's best interests.

Includes friendships, wider relatives, and connected people and organisations.

International groups: Managing conflicts

Why conflicts can multiply

Multiple offices held

Increased number of individuals in a position of authority or fiduciary responsibility, so more interests.

Opportunity

Increased transaction volume, partners, supply chains and distance from head office.

Competing duties

UK charity and overseas entity interests may diverge on a decision.

Group-wide management

1

Group framework

Common definitions, annual declarations, connected-party data, training and escalation triggers.

2

Entity-level decision

Declare at the agenda, manage conflicts, record keeping.

3

Central oversight

Periodic reports to the UK management, board or audit committee on managed, recurring or unmanageable conflicts.



03

Risk

management update

Hugh Swainson, Buzzacott

Risk management: Updated Charity Commission guidance

CC26

16 September 2026

- First major change since 2010
- “**Must**” and “**should**”
- “Must” points are Charity Commission requirements

Key changes

High impact risk focus

Greater emphasis on high-impact risks, even when likelihood is lower.

Non-financial

Greater discussion of non-financial risks.

Risk scoring

A changed example risk-scoring mechanism.

Decisions

Risk management as a governance tool to drive decision making.

Related guidance

Charity Governance Code

Buzzacott and Bond Governance: A Guide for International NGOs

From risk process to mission impact

The value is not the register. It is the decisions and actions it changes.

Process trap

When risk management becomes a periodic compliance exercise

- 1 Risk register produced periodically
- 2 Placed late on the board agenda
- 3 Debate centres on scores and technicalities
- 4 Little changes after the discussion



Shift from
recording
risk to
using it

Dynamic practice

Risk insight should drive what the organisation does

1. Decide

Make better choices under uncertainty.

2. Act

Change priorities, controls or resources.

3. Learn

Adapt using indicators, incidents and evidence.

Strategy

+

Mission



Delivered more
effectively

Risk management becomes a management tool, not a governance ritual.

The test: What decision, action or resource allocation changed because the risk was discussed?

High impact and low likelihood risks

Rare or unprecedented events can have major consequences.

Examples:



**Cyber
incident**



**Significant change
in local security**



**Natural
disaster**



**Sudden
reputational crisis**



**Governance
crisis**

Why these risks deserve attention

Rules may be unknown or rapidly changing. External factors may sit beyond the organisation's control.

CC26 recommends that organisations give very high-impact, very low-likelihood risks greater importance than very frequent events with insignificant impact.

High impact and low likelihood risks (continued)

Risk scoring suggestion.
Change from:

- Impact x likelihood; to
- (Impact x likelihood) + Impact.

Impact

Extreme/ Catastrophic	5	10	15	20	25	30
Major	4	8	12	16	20	24
Moderate	3	6	9	12	15	18
Minor	2	4	6	8	10	12
Insignificant	1	2	3	4	5	6
		1	2	3	4	5
		Remote	Unlikely	Possible	Probable	Highly Probable

Likelihood

Cumulative impact of smaller risks

“Many studies have shown that most business failures are the result of a series of small, linked events having too great a cumulative impact to deal with rather than a single large event.”

Example: how the consequences build



Technology related risk

Interconnected risks

Cyber risk reaches across the charity

Finances, operations, data security, safeguarding, funders, regulation and reputation.

01

Cyber, data and AI

A broad range of risks to navigate.

02

AI and complaints

AI is driving complaints-related risk.

03

Rapid change

Technology risks and opportunities are evolving rapidly.

04

External exposure

Partners and suppliers bring additional risks.

Technology related risk (continued)

Trustee oversight: Technology is a specialist area, which can make oversight challenging.

Alongside bringing in technology skills, here are four areas to focus on:

**Focus on
what matters**

**Seek
assurance**

**Horizon
scanning**

**More regular
review**

Principal sources

Detailed references are also included in the speaker notes

GRANT: <https://www.gov.uk/guidance/making-grants-to-charities-and-other-organisations>

FRAUD: <https://www.gov.uk/government/publications/internal-financial-controls-for-charities-cc8/protect-your-charity-from-fraud>

ECCTA: <https://www.gov.uk/government/publications/offence-of-failure-to-prevent-fraud-introduced-by-eccta/economic-crime-and-corporate-transparency-act-2023-guidance-to-organisations-on-the-offence-of-failure-to-prevent-fraud-accessible-version>

AID: <https://www.gov.uk/government/publications/international-public-sector-fraud-forum-guidance/fraud-in-international-aid-principles-for-effective-fraud-control-html>

CONF: <https://www.gov.uk/government/publications/identifying-and-managing-conflicts-of-interest-in-a-charity-cc29/conflicts-of-interest-a-guide-for-charity-trustees>

INCIDENT: <https://www.gov.uk/guidance/how-to-report-a-serious-incident-in-your-charity>

SORP: <https://www.charitycorp.org/documents/d/guest/charities-sorp-2026-1>

MSA: <https://www.gov.uk/government/publications/transparency-in-supply-chains-a-practical-guide>

CC26: <https://www.gov.uk/government/publications/charities-and-risk-management-cc26>

RISK2026: <https://www.gov.uk/government/publications/charity-sector-risk-assessment-2026/charity-sector-risk-assessment-2026>

How to report a serious incident in your charity - GOV.UK: [How to report a serious incident in your charity - GOV.UK](#)

Fraud in International Aid Principles for Effective Fraud Control (HTML) - GOV.UK: [Fraud in International Aid Principles for Effective Fraud Control \(HTML\) - GOV.UK](#)



Governance and Risk

Carrie Brownlee

COO at International Alert and Trustee at Bond



Trustees do not need to become
regulatory experts.

They do need confidence that the
organisation has a systematic way of
spotting regulatory change, assessing
its implications, and bringing the right
issues to the board at the right time.

Know what matters most

Focus on the regulators and frameworks that matter most for your charity:

- Charity Commission
- Companies House (if incorporated)
- Fundraising Regulator
- ICO and data protection requirements
- HMRC
- Safeguarding requirements
- Employment law developments
- Financial reporting and audit requirements
- Sector-specific regulations, depending on the charity's activities

Create a regulatory horizon-scanning process

Boards should consider including a standing “regulatory and governance update” item within Board papers.

This could be across departments in your standard updates or as a standalone dashboard in your papers (example below).

Development	Impact	Action Required	Board Decision Needed?
New Charity Commission guidance	Medium	Policy update	No
Employment law changes	High	HR review	Yes
Data protection developments	Low	Monitoring	No

Ask management the right questions

On compliance

- What significant regulatory developments have occurred since our last meeting?
- Which of these are relevant to us?
- Are we fully compliant?
- Are there any areas where compliance is uncertain?

On risk

- Has our regulatory risk profile changed?
- Is there anything that could result in serious incidents, regulatory scrutiny, or reputational damage?

On assurance

- When were key policies last reviewed?
- What evidence gives us confidence we are meeting our obligations?
- What independent assurance have we received?

On future issues

- What developments are coming in the next 6-12 months?
- What preparations should we be making now?

Focus on the areas where regulators most often intervene and pay attention to how this evolves over time

Governance

- conflicts of interest
- decision-making
- trustee recruitment, onboarding and succession planning
- delegations of authority

Safeguarding

- culture
- reporting
- oversight
- learning from incidents

Financial management

- reserves
- liquidity
- fraud controls
- financial sustainability

People and culture

- whistleblowing
- grievances
- workplace culture
- executive remuneration

Data

- cyber security
- data breaches
- information governance



Develop a
culture of
constructive
challenge

Regulators rarely criticise boards because they did not predict every regulatory development.



They more often criticise boards where:

Warning signs were
ignored

Challenge was
absent

Oversight was
weak

Risks were known
but not acted upon



A Chair can make a huge difference by creating an environment where trustees feel able to ask:

How do we know?

What evidence supports
that?

What would the regulator
say if they reviewed this
tomorrow?

A framework for compliance at International Alert

Our approach to managing compliance risk

Alert's Compliance Framework

The Compliance Framework establishes a structured approach for identifying, managing, monitoring, and reporting compliance risks across the organisation.

It is designed to strengthen accountability, ensure adherence to internal policies and external legal requirements, and support Alert's strategic commitment to high standards of governance, safeguarding, controls, and programme delivery.

Alert's Compliance Framework

The framework focuses on two key areas of compliance:

1. Compliance with Alert's **internal** policies, procedures, guidelines, and governing documents.
2. Compliance with **external** laws and regulations applicable to Alert's operations.

Alert's Compliance Framework

The framework provides Alert with a consistent, risk-based method for:

- Monitoring compliance across multiple jurisdictions.
- Improving staff awareness and application of policies.
- Identifying gaps in governance and controls.
- Responding proactively to changing regulatory requirements.
- Providing assurance to trustees, regulators, partners, and donors that compliance risks are actively managed.

Alert's Compliance Framework

Components of the Compliance Framework include:

- **The Framework** document, including the full purpose and description of the framework and of how management will report to the Board
- **The Compliance Register:** an excel document capturing all policies and associated details including a compliance rating and action plan to address those with a low rating
- **A Compliance Tool** for each office which assesses the office against key external compliance requirements and includes a Governance Task Matrix setting out key obligations, dates and responsibilities

Trustees don't
need to be
regulatory
experts, they do
need to ensure:





Thank you so much!