Regulation 12 – Matters of Serious Concern

Charities Regulations 2014

1. Purpose

Regulation 12(1) of the Charities Regulations 2014 requires every registered charity to report to the Registrar matters of serious concern regarding the finances or good governance of the charity. Regulation 12(2) requires the Registrar to issue guidance on the types of matter that are to be taken as giving rise to a serious concern. This note provides that guidance in general terms. It is not exhaustive, and a matter need not appear below to qualify as a matter of serious concern – the guiding question is always whether the matter could materially affect the charity's finances, governance, beneficiaries, or its standing as a registered charity.

2. What Makes a Matter "Serious"

A matter of serious concern is generally one that:

- involves a significant risk to the charity's assets, beneficiaries, or ability to carry out its charitable purposes;
- suggests a serious failure of governance, financial control, or oversight by the charity's trustees;
- could expose the charity, its trustees, or the wider charitable sector to legal, regulatory, or reputational harm; or
- indicates that the charity, or a person connected with it, may have been involved in dishonesty, abuse, or financial crime.

A single incident that is minor in isolation may still be serious where it forms part of a pattern, or where it has not been properly addressed by the charity's own governance processes.

3. Illustrative Scenarios

Financial concerns

- Suspected fraud, theft, or misappropriation of the charity's funds or property by a trustee, employee, or volunteer.
- Significant, unexplained discrepancies in the charity's accounts, or the loss or destruction of financial records.
- The charity becoming insolvent, or unable to pay its debts as they fall due.
- Donations or grants being used for a purpose materially inconsistent with the charity's stated objects.
- Indicators of money laundering or terrorist financing risk in the charity's transactions or relationships (see also regulations 14A–14E of the Charities Regulations 2014).

Governance concerns

- A breakdown in the charity's board – for example, mass trustee resignations or a persistent inability to reach quorum.
- Trustees acting, or proposing to act, outside the powers given to them by the charity's trusts.

- Repeated failure to hold required meetings, or to keep adequate minutes and records of decisions.
- A conflict of interest that has not been properly disclosed or managed.
- A trustee becoming disqualified from acting (for example, through bankruptcy or a relevant conviction) and continuing to act regardless.

Safeguarding concerns

- An allegation, or evidence, of abuse or exploitation of a vulnerable beneficiary.
- Failure to follow the charity's own Vulnerable Persons Policy where one is required.
- An employee or volunteer being investigated for, charged with, or convicted of, an offence involving a vulnerable person.

Regulatory, legal, and reputational concerns

- The charity, or one of its trustees, becoming subject to a police investigation, civil proceedings, or regulatory action, in Bermuda or overseas.
- A trustee being charged with, or convicted of, an offence involving dishonesty, fraud, or violence.
- Loss of the charity's registration or equivalent status in another jurisdiction in which it operates.
- A data breach involving sensitive donor or beneficiary information or a violation of the Personal Information Protection Act 2016.
- Credible media allegations of wrongdoing likely to affect public confidence in the charity or in the charitable sector generally.
- The charity, knowingly or unknowingly, being used as a vehicle for criminal activity, or having dealings with a person or entity connected to international sanctions.

4. Why Relevant Officers Should Advise the Registrar

Early and proactive reporting matters for several reasons:

- It allows the Registrar to exercise the oversight role given to it under the Charities Act 2014, and to offer support or guidance before a matter escalates into a more serious failure.
- It protects public trust and confidence in Bermuda's charitable sector as a whole – the actions of one charity can affect how donors and the public view all registered charities.
- It is generally in the charity's own interest: matters raised early, and in good faith, are more likely to be resolved constructively than matters the Registrar discovers independently or after the fact.
- It is a legal obligation in its own right. Failure to report a matter of serious concern is itself capable of amounting to an offence, and may also be treated as evidence of a wider governance failure.
- Trustees and relevant officers who can show that they identified a matter and raised it promptly are in a materially stronger position – including under the "reasonable steps and due diligence" defence available under the Regulations – than those who did not.
- It complements the systems and controls that charities are already required to maintain under regulations 14A to 14E, which include a duty to detect, monitor, and report risk. Regulation 12 reporting is the mechanism by which that internal monitoring reaches the Registrar.

5. Who Within the Charity May Be Required to Provide This Information

Responsibility for reporting a matter of serious concern is not limited to a single office holder:

- **Trustees –** Charity trustees, collectively, are ultimately responsible for the charity's governance and for ensuring the charity meets its obligations under regulation 12.
- **Relevant officers –** Any officer, employee, or volunteer who has access to information relevant to a matter of serious concern, or who plays a role in monitoring the charity's systems and controls, has a responsibility to escalate what they know internally without delay, and should not assume that someone else will do so.
- **Treasurer / financial officer –** The treasurer, or whoever is responsible for the charity's financial records, is typically best placed to identify financial irregularities and should be closely involved in reporting concerns of that kind.
- **Principal contact –** The charity's primary contact with the Registrar (its nominated representative) will often be the person who formally communicates the matter to the Registrar, but the underlying duty to raise the concern rests with whoever becomes aware of it.

As a matter of good practice, any officer, employee, or volunteer who becomes aware of a matter that may amount to a serious concern should raise it internally with the charity's trustees as soon as reasonably practicable, so that the trustees can determine whether, and how, to notify the Registrar. Waiting for confirmation or certainty before raising a concern internally is not advisable – the Registrar's guidance is intended to support early identification, not to set a high bar for reporting.

This note is general guidance issued under regulation 12(2) of the Charities Regulations 2014 and does not replace the Act or Regulations. Charities with questions about a specific matter should contact the Registrar General's office directly.

14 September 2026