

Interim Reporting Requirements

Summary of consultation responses



Contents

Details of the consultation	3
Summary of feedback	5
General comments.....	5
Objectives of the monitoring programme	6
Interim reporting proposals.....	7
Annual monitoring form	8
Next steps	111

Details of the consultation

On Monday 23 September 2013, the Commission opened a 12 week public consultation into the information we propose to collect through the interim reporting programme.

The consultation closed on Friday 13 December. We received feedback from more than 300 people who attended consultation events and responses from 47 individuals and organisations.

This paper provides a high level summary of feedback received during the consultation. For a full analysis of the consultation feedback refer to the [Analysis of consultation responses](#).

Background

Compulsory charity registration was launched in Northern Ireland in December 2013. Once registered with the Commission, all charities will be required to provide information on their activities, governance and finances through an annual monitoring return and to submit their accounts and reports to the Commission for inspection on an annual basis.

While the Commission is responsible for determining the information required in the annual monitoring return, the Department for Social Development (DSD) is responsible for developing the full accounting and reporting regulations, which will set out:

- the form and content for charity accounts
- levels of review or audit
- the content of the trustee annual report.

These regulations will be consulted on in 2014 and we anticipate they will come into force in early 2015. Until then, the interim arrangements set out in this programme will be in place and will enable effective regulation of registered charities in the interim.

Consultation objectives

The purpose of the consultation was to provide an opportunity for anyone with an interest in the work of charities to help shape the interim reporting requirements. In particular, the consultation sought views on the following:

- the objectives of the monitoring programme
- the interim reporting proposals, timescales and deadlines
- the content of the annual monitoring form.

Consultation methodology

A consultation document - *Interim reporting requirements consultation document* - was published and information was disseminated to stakeholders using email, postcards, local media, and our website and Twitter feed. Additionally, five consultation events took place.

There were 5 ways to respond to the consultation:

1. By participating in one of the consultation events.
2. By completing the online consultation survey.
3. By completing a consultation response form which could be downloaded from the website and returned by email or by post.
4. By contacting the Commission with comments.
5. By joining in with the discussion via the Twitter feed **@CharitycomNI** using **#NIcharities**

Responses

Comments were collated from more than 300 people who attended consultation events organised by the Commission.

47 individual responses were received from a mix of charities, charity employees or volunteers, professional bodies, umbrella organisations and members of the public. In addition, we met individually with a number of umbrella groups and organisations from various parts of the charity sector.

Feedback was positive and constructive. Respondents acknowledged the importance of an interim reporting programme, supported the proposed monitoring objectives and agreed that the interim programme should have submission of an annual monitoring return form and charity accounts and reports at its core. Most comments received related to specific elements of the draft annual monitoring return.

Thank you

The Charity Commission for Northern Ireland would like to thank everyone who took part in this consultation. We have considered all comments and submissions to ensure that the interim reporting programme, which will be launched in April 2014, meets the needs of all stakeholders.

During 2014, the Commission and the Department for Social Development will jointly consult on the full accounting and reporting regulations. Further information will be published on the Commission's website www.charitycommissionni.org.uk

Summary of feedback

General comments

Theme	Comments	Commission response
Consultation document	The colours used caused some confusion, as a number of respondents did not realise the declaration section of the annual monitoring return was compulsory as it was in the same colour as the voluntary section.	The use of colours has been reviewed and the online system will intuitively guide respondents to the questions they must answer.
Consultation events	72 feedback forms were received from attendees at consultation events corresponding to 46% of attendees. Feedback was very positive with 83% of attendees rating the content and delivery of the sessions as 'excellent' or 'good'.	Information gathered will be used to inform the ongoing review of our participation strategy which will be consulted on in May / June 2014.
Definitions and glossary of terms	Respondents pointed to the need for clear definitions and a glossary of terms to be included in any guidance.	Definitions and a glossary of terms will be included in the guidance which accompanies the launch of the programme. Additionally, charities will be able to click on 'i' buttons as they are completing the online form which provide further information.
Accessibility	Request to allow information and materials to be submitted in 'hard' copy rather than electronically.	Charities required to report annually will have gone through the registration process and been able to access and upload information to an online form. We will consider requests for hard copy forms on a case by case basis, for example, where an individual has accessibility requirements.

Objectives of the monitoring programme

Theme	Comments	Commission response
Reasonable objectives	94% of individual respondents said that the objectives of the programme are reasonable. This represents very strong support for the proposed objectives. Additionally, feedback at the consultation events was positive.	These objectives will be used to inform the full monitoring programme which will be developed during 2014.
Ordering of objectives	A number of respondents felt that the objectives should be reordered, with the encouragement of good practice coming before checking for compliance with charity law. It was suggested that the interim monitoring objectives should emphasise sharing information with and supporting trustees.	No objective is more important than another. Rather, the six objectives are interlinked. For example, objectives one and two – checking for compliance with charity law and discovering misconduct or mismanagement – will enable targeted guidance in support of objective three – encouraging good practice.
Explanation of objectives	Respondents sought further information on each of the objectives of the monitoring programme.	We will develop a full monitoring programme and publish guidance by Spring 2015. Information gathered through the monitoring programme will be used to inform guidance on good practice.

Interim reporting proposals

Theme	Comments	Commission response
Information required	83% of respondents felt that the information requirements in the proposed programme were very clear or clear. 88% of respondents agreed that the interim reporting proposals were reasonable.	This was welcomed by the Commission.
Timescale and deadlines	Respondents were satisfied with the timescale and deadlines for providing information, and found the information in the consultation document to be clear and helpful. A number of respondents pointed out that, in the interim period, it is possible that a relatively small proportion of charities in Northern Ireland will be subject to these proposals given that they apply only to registered charities.	While 1 January 2015 is the expected date when the full accounting and reporting regulations will be launched, if there is any delay the interim arrangements will continue. We will continue to emphasise in our guidance that the interim programme will only impact on registered charities.
Flagging deadlines	Attendees at events emphasised the importance of flagging deadlines to charities when they are registered, and subsequently when a deadline is approaching.	Information on annual reporting is issued to newly registered charities as part of the welcome pack, and email reminders will be sent. Charities will also be able to view their filing deadlines on the register of charities. We are currently working with helper groups as a source of support for charities putting together their application for registration, and it is possible that helper groups could be another route for alerting organisations of pending deadlines.

Annual monitoring form

Theme	Comments	Commission response
Thresholds for information to be requested	<p>Respondents agreed that the level of information required from charities should be streamlined by level of gross income. There was, however, some concern that even the proposed streamlining threshold resulted in too many questions being asked of smaller charities in particular. A range of respondents suggested that the number of questions was very onerous and should be reduced, while others called for an exemption for the smallest charities.</p>	<p>The Commission will introduce a basic annual return for smaller charities (income of £10,000 per year or less). The revised annual monitoring return will have three sections:</p> <ul style="list-style-type: none"> • one for all charities to complete – basic annual return (mandatory) • one that must only be completed by charities with an income over £10,000 (mandatory) • one that should only be completed by charities with an income over £100,000 (voluntary). <p>The basic annual return will update the information already held on the register and request some additional information on income and expenditure, activities during the year, and the inclusion of the charity's accounts and reports.</p>
Specific questions: public benefit reporting	<p>Two respondents queried the legal basis for including the public benefit reporting question in the annual monitoring return. Public benefit reporting will likely be part of the Trustee annual report once the Department for Social Development has introduced full accounting and reporting regulations in 2015. In the interim, it was argued that this information would be difficult for charities to provide, and detailed guidance would be required.</p>	<p>We will ask charities to report on how their activities during the year have advanced their charitable purposes. Charitable purposes must be for the public benefit. The inclusion of this question will allow the public and the Commission to see what activities the charity has carried out during the year to advance its charitable purposes. Where it appears that a charity's activities are not in line with its charitable purposes, we may contact the charity for further information and provide guidance and/or direction where necessary. This is an important aspect of our regulatory and monitoring work.</p>

Theme	Comments	Commission response
Specific questions: capital expenditure	<p>The majority of respondents agreed that the Commission should focus on this area however additional comments and feedback from events indicated that the draft question posed was not suitable. It was argued that the question posed was impractical for certain types of charity, for example housing associations, and extremely onerous for smaller charities. Generally, respondents were not in favour of introducing a percentage based or other minimum threshold as these could still create a burden for some charities, and potentially exclude other charities with significant capital expenditure. Additionally, it was identified that the question did not capture information on asset disposal or leasing.</p>	<p>In asking a question on capital expenditure, we are seeking to identify any real or potential risk that charitable assets are not being used for exclusively charitable purposes. However, we recognise the need to structure the question so that it provides the relevant information without proving too onerous for charities. We are no longer asking for details of fixed assets held or added during the year, but instead will ask whether the charity owns or leases capital assets, land or buildings and, if so, to confirm whether all assets have been used for charitable purposes.</p>
Specific questions: fundraising	<p>A range of respondents challenged the need for a question relating to membership of the Fundraising Standards Board (FRSB), and for this information to be displayed publicly in case non-membership could reflect badly on charities. Some respondents made the point that, if we do publish this information, we must make it clear that not all charities need to be members of the FRSB as not all charities fundraise from the public. Some respondents did feel that displaying this information on the register of charities would be a positive step to help increase awareness of self-regulation and improve public knowledge.</p>	<p>We have taken comments on board and the questions relating to fundraising have now been revised. The revised annual monitoring return will only ask for membership of the FRSB if the charity answers yes to the question 'Did the charity raise funds from the public during the year.' This information will remain available to the public on the Register of charities. Charities with an annual income of less than £10,000 must now only complete a basic annual return and this question will not be part of it. We also ask if the charity is a member of the ICTR scheme, a self regulatory fundraising scheme which also operates in Northern Ireland.</p>

Theme	Comments	Commission response
Specific questions: gift aid	<p>The Gift Aid question was challenged in six of the individual responses and at all of the consultation events. There was a general concern that the public may not be aware of the legitimate reasons a charity may not claim Gift Aid, for example, not receiving any donations from UK taxpayers. In this context, publicising that a charity did not claim Gift Aid could be damaging to that charity. A number of respondents suggested that, if the Commission retains this question, it should not make the results publicly available.</p>	<p>This question has been re-phrased to ask charities whether, if entitled, Gift Aid has been claimed on any eligible funds. Charities with income of £10,000 per year or less will not be asked to complete this question and must only complete a basic annual return.</p>
Dual regulation	<p>A number of respondents raised concerns around dual regulation and sought assurances that the Commission would liaise with the other regulators to minimise the burden where possible. These respondents recognised the value of having a well-regulated charities sector, and were keen to work with the Commission on achieving a solution.</p>	<p>We will look at providing guidance for organisations that prepare their accounts using a Statement of Recommended Practice (SORP) other than the Charities SORP enabling them to map information into the financial section of the annual monitoring return if it applies. We have also consulted with other relevant regulators and are confident that the information required will not be too onerous to provide.</p>

Next steps

Feedback received during the consultation has been used to amend and update the interim reporting policy, produce non-statutory regulations for the annual monitoring return and refine the programme guidance.

The interim reporting programme will be launched on 1 April 2014.

The Department for Social Development is responsible for developing the charities Accounts and Reports regulations for Northern Ireland. These are anticipated to come into operation from 1 January 2015, at which stage the Commission can implement a full reporting regime for registered charities.

We anticipate that the Commission and the Department for Social Development will jointly consult on the full accounting and reporting regulations later in 2014. Further information will be published on the Commission's website www.charitycommissionni.org.uk