



Annual report and accounts 2020-21

**The Charity Commission for Northern Ireland
annual report and accounts
for the year ended 31 March 2021**

*Laid before the Northern Ireland Assembly
under the Charities Act (NI) 2008
by the Department for Communities
on 9 July 2021*

The Charity Commission for Northern Ireland is the regulator of charities in Northern Ireland, a non-departmental public body sponsored by the Department for Communities.

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Performance report

1. Overview

Statement from the Chief Charity Commissioner and Chief Executive



As the 2020-21 financial year drew to a close on 31 March 2021, people were already reflecting on the impact of twelve months spent in the grip of the COVID-19 pandemic. We had all come to live in a “new normal”, having endured many changes, restrictions and, for some, many hardships. But, as the vaccine programme began to roll out and the cautious easing of restrictions was discussed, it was clear that the future was already a brighter place.

From the perspective of the charity regulator, we look back on the year with a sense of appreciation and admiration for the third sector. Charities, voluntary and community groups across Northern Ireland have played a crucial role in addressing the consequences of the pandemic, from bringing food and medicine to those in isolation, to making much needed equipment for the NHS, as well as providing many other vital services. Well-run charities have never been more needed and yet they too faced unavoidable pressures on their staff, their resources and their services.

As the regulator, we have worked to support the sector as best we could, responding to their queries and publishing guidance on issues such as holding online meetings and how they might adapt their own charitable objectives to assist those in need. Our COVID-19 guidance for charities

was published in early April 2020 and by the end of March 2021 had gained over 27,329 views.

Another major challenge for the Commission during the year has, of course, been the ongoing impact of the Court of Appeal judgment of February 2020. A vital legal clarification, the ruling relates to a point of law that all Commission orders, directions and decisions should be made by the Board of Commissioners or a committee of Commissioners with delegated authority, rather than Commission staff following manuals approved by the Commissioners. This judgment has had a major impact both on past decisions and on how the Commission will operate going forward. We also recognised the judgment would create a level of uncertainty and confusion for charities themselves. In the summer of 2020, and after much legal checking to ensure accuracy, we published a legal update on our website to explain the judgment, its impact and, in particular, the temporary solution the Commission has implemented to ensure our oversight work can continue where possible.

We can also assure you that things are moving forward and, in fact, we are looking to the future with a great deal of optimism. The commencement in January of the Independent Review of Charity Regulation in Northern Ireland was a welcome step forward. We look forward to engaging with the review panel in coming months and, when ready, on hearing its views on how charity regulation may develop in Northern Ireland over the years ahead.

And, despite the challenges of 2020-21, we are pleased to note a number of successes and key highlights from the year. During the year, we continued to carry out charity registrations and made 367 registration decisions. Following completion of our investigation, in December 2020 we published a statutory inquiry report into Karmel City Church, Karmel Trust and Make a Difference Worldwide, which included important lessons for other charities. In another example, and despite there being no legal requirement and the difficulties caused by the COVID-19 pandemic, a significant number (3,778) of charity accounts and reports were voluntarily submitted during 2020-21, further increasing the openness and transparency of the sector. In fact, between the beginning of annual reporting and the end of March 2021, a total of 19,056 annual monitoring returns had been submitted to the Commission, representing over £7.5 billion of charitable income accounted for through the register across the years.

Research which we commissioned during the year also revealed that public trust and confidence in charities is higher in Northern Ireland than in Great Britain and the Republic of Ireland. In fact, according to an independent survey carried out by nfpSynergy, 71 per cent of Northern Ireland respondents reported trusting charities – 12 per cent higher than reported levels of trust in Great Britain and 14 per cent higher than the Republic of Ireland. We believe this confirms the important place charities have in the hearts of the Northern Ireland public and we, as Northern Ireland's charity regulator, have an important role to play in that.

As we look to the year ahead, we aim to build on those achievements and create an environment which will continue building the public's trust and confidence in charities. We will work to grow as a proportionate and effective charity regulator, supporting charities in their own development, guiding them with best practice and intervening to improve governance where required. We also look forward to increasing the data on charities available on our website, providing a comprehensive and free resource on this vital sector.

Finally, we pay tribute to our hard working Board of Commissioners and our staff. The past year has been a trying time for all as we have adapted to new working practices and pressures during COVID-19. We appreciate and acknowledge their work, their commitment and that they have often gone above and beyond the expectations of their roles and we thank them for that.



Frances McCandless
Chief Executive



Nicole Lappin
Chief Charity Commissioner

Statement of the Commission's vision, objectives and activities

The Charity Commission for Northern Ireland ("the Commission") is the independent regulator of Northern Ireland charities, as created by the Charities Act (Northern Ireland) 2008 ("the Charities Act").

The Commission is a non-departmental public body (NDPB) and is sponsored by the Department for Communities (DfC). The working relationship between the sponsor department and the Commission is extremely important and the full implementation of the Charities Act requires close co-operation between both parties. The Commission does, however, exist as an independent organisation, working to further its aims and objectives.

Our vision

A dynamic and well governed charities sector in which the public has confidence, underpinned by the Charity Commission for Northern Ireland's effective delivery of its regulatory role.

Our objectives

The objectives of the Commission are set out in the Charities Act.

- **Public confidence** - To increase public trust and confidence in charities.
- **Public benefit** - To promote awareness of the need to demonstrate public benefit.
- **Accountability** - To enhance accountability to donors, beneficiaries and the public.
- **Charitable resources** - To promote the effective use of charitable resources.
- **Compliance** - To ensure proper management and administration of charities.

Our activities

The Charities Act introduced a regulatory framework for the charitable sector in Northern Ireland. The previous framework, dating back to the 1960s, was “light touch” in nature, with only limited provisions for enforcement and no form of charity registration. The main objective of the Charities Act was to introduce an integrated system of registration and regulation as well as support for, and supervision of, registered charities.

The Commission works to provide and implement the structures and processes through which charities can demonstrate their contribution to society and the public can be assured that charitable resources are being properly applied.

During the year our strategic themes were:

1. developing compliance regarding the use of charitable resources
2. progressing charity registration to enhance accountability
3. demonstrating the public benefit arising from charitable giving and activities.
4. developing as a properly governed, transparent and independent decision making body.

To achieve these, the Commission’s activities during 2020-21 have included the following.

- The ongoing maintenance and population of an accurate and up-to-date public register of all charities by progressing compulsory charity registration in Northern Ireland.
- Identifying and investigating apparent misconduct or mismanagement in the administration of charities and taking remedial or protective action in connection with any misconduct or mismanagement.
- While there was no legal obligation for charities to report annually to the Commission this year, the facility to file so remained open, allowing charities to make their accounts and reports available to the public.
- Supporting charities in implementing the proper governance procedures and policies and, where appropriate, providing legal consents for trustees to make changes to their charity.

- Publishing guidance on a wide range of matters relating to charity trustees' duties.

The Board and Senior Management Team

The Board



Chief Charity Commissioner, Nicole Lappin



Deputy Chief Charity Commissioner, Gerard McCurdy



Legal Commissioner (to June 2020), Steven Cockcroft



Charity Commissioner, Kieran Donaghy



Charity Commissioner, Carmel Mullan



Charity Commissioner, Seamus Magee



Charity Commissioner, Hugh McKeag

In June 2020, Steven Cockcroft stepped down from the role of Legal Commissioner. The Commission would like to thank Mr Cockcroft for his hard work, support and commitment during his time with the Commission and wishes him every success in his future endeavours.

The Department for Communities subsequently launched a competition to appoint a Legally Qualified Commissioner to the Board of the Commission, a Legally Qualified Commissioner was appointed on 1 June 2021.

The Board register of interests for the Board is available on the Commission's website at: www.charitycommissionni.org.uk/about-us/about-the-charity-commission/our-governance/register-of-interests/.

The Commission has a conflicts of interest policy which provides details on how to avoid conflicts of interest and how to act appropriately if a conflict of interest does develop when carrying out their duties and responsibilities. In accordance with the policy, registers of interest for staff and Commissioners are maintained, with declarations reviewed annually. Each Board and committee meeting includes a declaration for all attendees regarding conflicts of interest.

Senior Management Team



Chief Executive, Frances McCandless



Head of Charity Services, Punam McGookin



Head of Corporate Services, Aubrey McCrory



Head of Enquiries & Compliance, Sarah Finnegan

Highlights from the year

- ✓ To support the charity sector, the Commission published comprehensive [COVID-19 guidance](#) which aimed to answer as many queries from charities as possible, as well as offering guidance and signposting on important issues related to the ongoing pandemic. The guidance covered issues such as where a charity might access emergency funding, how charity trustees might change charitable purposes to provide assistance as well as queries around using reserves or restricted funds to see the charity through the crisis.
- ✓ In April 2020, the Commission published an open letter from Chief Charity Commissioner Nicole Lappin. In this public address, Mrs Lappin said: *"Speaking on behalf of the Charity Commission for Northern Ireland, I want to thank you all – from the trustees who are working collectively and tirelessly to ensure charity assets are looked after, to the staff and volunteers at the frontline, delivering vital services to those most in need and, of course, to those who are doing their bit by staying in, protecting all of us, our families and our community."*
- ✓ In December 2020, the Commission's registration team issued updates to over 1,000 organisations waiting to be contacted to apply for charity registration, as well as those which are known as "section 167 organisations". The updates were issued to organisations still on record to be contacted to apply for charity registration in due course or, in the case of section 167 organisations, when the relevant section of the Charities Act (Northern Ireland) 2008 is commenced. The aim of the updates was to provide reassurance that the organisations will be contacted by the Commission in the future to apply for registration as part of a managed process, and to provide an opportunity to update their details if necessary.
- ✓ Public trust and confidence in charities is higher in Northern Ireland than in Great Britain and the Republic of Ireland, according to research released in March 2021 by the Commission. An independent survey carried out by nfpSynergy revealed that 71 per cent of Northern Ireland respondents reported trusting charities – 12 per cent higher than reported levels of trust in Great Britain, and 14 per cent higher than the Republic of Ireland.

- ✓ The Commission participated for a fourth year in a row in the Board Apprentice Scheme, demonstrating again its commitment to increasing the diversity of candidates for public and charity appointments in Northern Ireland.
- ✓ In February and March 2020, the Commission began a series of online Inspire training sessions for staff who have been remote working since late March 2020, aimed at supporting their wellbeing during the pandemic.

Key issues and risks

A series of risks related to delivery of the Commission's objectives were managed during the year, including a small number in the highest category in the risk register. These related to the outworking of the February 2020 Court of Appeal decision and other processes potentially leading to damage to public confidence in the Commission and external factors such as coronavirus impacting on service in a way that was not anticipated, leading to challenges in managing resources, including people, premises and finances, potentially leading to reduced quality or levels of service and reputational damage.

Some elements of these risks, such as the pandemic and outcome of the February 2020 Court of Appeal decision materialised, creating fundamental challenges. For further details of these risks and information on the Commission's risk and control framework, please see the *Corporate Governance report* section of this annual report.

Performance summary

During the year, the Commission achieved 78% of its corporate key performance indicators (KPIs) and 82% of business plan actions and milestones. This included the following achievements:

External KPIs

- 367 registration application decisions made (target: 360).
- 84% of registration applications were processed within seven months of receiving a complete application (target: 60%).

- 100% of self-regulatory concerns about charities were processed to closure with six months of receiving a full risk assessment (target: 80%).
- 100% of initial compliance assessments done within 30 days (target: 50%).
- 405 pre-registration closures reviewed and action taken (target: 400).

Internal KPIs

- 64% of creditors' invoices paid within 10 working days (target: 90%).
- total budget managed within 97.2% (target: 99%).
- staff absence levels managed within 1.06% (target: 3%).

For further information on the Commission's performance during the year, including key indicators and actions progressed, see the *Detailed analysis* section of this annual report.

2. Performance analysis

The performance analysis below highlights some of our achievements.

Key indicators

Strategic Aim 1: Progressing charity registration and casework to enhance accountability

- 367 registration decisions were made by Commissioners.
- 360 charities registered.
- Seven charity registration refusals.
- 57 organisations with 'special circumstances' called forward to apply for registration during the 2020-21 year.
- HMRC was informed of 206 organisations which failed to apply for registration.
- As the Commission's decision review process has been temporarily removed for consideration, following the February 2020 legal ruling, no decision reviews were completed relating to decisions to refuse registration.
- 294 expressions of intent added to the Commission's published combined list. An expression of intent form is received from an organisation to notify the Commission of its existence and that it should be called forward to apply for registration in due course.
- 132 casework applications/notifications received.
- 166 casework processes completed, including 43 statutory decisions made by Commissioners (remainder are administrative functions carried out by staff). Please see the casework section for more information.
- The Commission's top five webpages were: *COVID-19 guidance for charities*, *Update your charity's details*, *Annual reporting*, *Contact us* and *Manage your charity*.

Strategic Aim 2: Developing compliance regarding the use of charitable resources

- 142 concerns about charities progressed to conclusion.
- No statutory inquiries were opened (a statutory inquiry is the highest level of investigation the Commission may open; only concerns that identify the most serious risks to a charity, its assets or beneficiaries will be dealt with through the opening of a statutory inquiry).

- No statutory inquiries needed to be opened for default cases (this refers to charities which have failed to submit accounts and reports, and are therefore in default of their annual reporting duty).
- One new statutory inquiry report published.
- 3,778 annual monitoring returns received.
- No concerns received from the public about public benefit provided by charities.
- One piece of regulatory guidance on improved public benefit reporting issued.
- No section 23 or section 65 orders issued in relation to charities in default (section 23 orders are where a charity has been ordered to supply accounts and reports to the Commission, section 65 is an order to a charity to undertake an audit).
- 13 concerns received regarding charity accounts.
- Regulatory guidance was offered in 16 cases, 15 related to enquiries and one related to monitoring and compliance issues.
- 15 matters of material significance were received during the year but none presented an adverse qualification (an adverse qualification is an opinion made by an auditor indicating that a company's financial statements are misrepresented, misstated or inaccurate).
- No directions were issued by the Commission (a direction is a legal document issued when the Commission requires a specific action to be undertaken, for example, to provide the Commission with particular information or documents, or to attend a meeting. Serious legal consequences arise if recipients do not comply with a Direction of the Commission).
- Seven orders issued (orders may be used in many circumstances, for example, to authorise trustees to do something that their trusts don't otherwise allow, or to do something which is in the interest of the charity. They can also be used to protect charities and their property. Serious legal consequences may arise if charity trustees do not comply with an order).
- 31 organisations notified the Commission they had closed prior to being registered.
- 49 charities notified the Commission they had closed since their registration.

Strategic Aim 3: Demonstrating the public benefit arising from charitable resources and activities

- 335,746 unique website visitors.
- 21,184 page views of the *Annual reporting* webpage.
- 6,535 page views of *Combined list and expression of intent form* webpage.
- 1,346 page views of the *Concerns about charities guidance* web page.
- 4,137 page views of the *Registration support* webpage.
- Two pieces of guidance published.

Strategic Aim 4: Developing as a properly governed, transparent and independent decision-making body

- 12 engagement events attended.
- 64% creditor invoices paid within ten working days (target 90%).
- One thematic report published, relating to charitable tax relief.
- 9,187 calls and emails dealt with.
- Five challenges made via Charity Tribunal or court.

Detailed analysis

Our vision is for a dynamic and well governed charities sector in which the public has confidence, underpinned by the Charity Commission for Northern Ireland's effective delivery of its regulatory role.

We work to achieve this aim through:

- **Registration:** the building of a comprehensive and accurate *register of charities*, which provides the public with detailed information on the thousands of charities in Northern Ireland.
- **Annual reporting:** supporting charities in being open and accountable to the public by publishing their annual accounts and reports online.
- **Enquiries:** taking proportionate and robust action to set things right where mismanagement or misconduct has occurred within a charity, giving the public confidence that a strong and decisive regulator is in place.

- **Casework:** providing the legal consents required for charities to ensure charities can be managed effectively.
- **Engagement and guidance:** educating and raising awareness amongst the charity sector of legislation and best practice.

The analysis on the following pages provides a deeper insight into our progress in each of these areas.

Registration

Charity registration has always been, and remains today, one of the Commission's key and perhaps most public functions. However, the High Court judgment in May 2019 and subsequent Court of Appeal ruling of February 2020 have impacted on the Commission's decision-making procedures, including those related to registration.

Up until the end of May 2019, decisions relating to whether or not an organisation should be registered as a charity were made by the Commission's registration team. This was in keeping with the processes agreed by the Board of Commissioners based on an interpretation of the law at that time. The Court of Appeal judgment has clarified the position and means those decisions are now considered to be void as they were not made at Commissioner level.

A permanent solution is being sought to allow registration to progress in an efficient manner again, with the Commission's processes being redesigned where required. In the meantime, the Commission has introduced interim procedures (see *Schedule 1 committee section* below) to ensure registration decisions can be taken in compliance with the judgment. This means that registrations can continue, albeit that some decisions may be delayed and the volume of decisions has been temporarily reduced.

Recognising the judgment and its impact may create confusion for charities and the public, the Commission also moved to provide assurances that charities which were unlawfully registered remain charities in law and need do nothing differently in the interim. The legal update on the Commission's website highlights that "*decisions made by staff were based on facts as provided within the registration application and were considered to meet the legislative criteria as regards the*

definition of a charity. It is the level at which the decision was made that was considered by the Court, not the substance of any decision."

A note has also been placed on the *register of charities* to highlight where an assessment on charity registration was previously carried out by Commission staff and has therefore been affected by the judgment. It reiterates that such organisations remain charities in law operating in Northern Ireland whose charitable purposes and details should remain on the Commission's website for the purposes of transparency and accountability.

The Commission also put a hold on large scale "call forwards" to apply for charity registration due to the impact of the COVID-19 pandemic, when many charities would have been coping with impacts and additional demands. During the year, 367 registration decisions were made against a performance target of 360 decisions. Another key performance indicator for the Commission during the year was the number of registrations processed within seven months of a completed application being received. The registration team surpassed the 60% target with 84% of applications processed within the timescale.

The public *Combined list*, which operates alongside the register to provide transparency to the public on those organisations that are known to the Commission but not on the register, continues to be updated. This includes 294 expressions of intent (organisations notifying the Commission of their existence and intention to apply for registration when called forward to do so by the Commission) received during the year.

Annual reporting

Under the annual reporting programme, each registered charity must submit their annual accounts for the financial year alongside their trustees' annual report and an independent examination or audit, as applicable. Information submitted under the annual reporting programme continues to be displayed on the Commission's website. However, as a result of the February 2020 Court of Appeal judgment, there is no legal requirement for charities registered prior to the end of May 2019 to file annual reporting information with the Commission.

As a result, some interim steps have been taken to address how annual reporting information is displayed. The Commission's website no longer displays a status of 'in default', 'due documents received late' or 'up to date' for individual charity entries. The Commission has also stopped automatic email notifications to affected organisations advising they have a legal requirement to file their accounts and reports or they will be in default of their annual reporting requirements.

As highlighted above, a permanent solution is being sought in order to resolve the issues, including the impact on annual reporting. In the meantime, charities are encouraged to file their annual monitoring return with the Commission where possible, as submitting accounts and reports in accordance with the regulations is a matter of good practice. This is particularly important for charities that currently prepare accruals accounts or fall within the audit threshold, as any subsequent accounts will require prior year comparatives and an audit of opening balances.

Despite there being no legal requirement and the difficulties caused by the COVID-19 pandemic, a significant number (3,778) of charity accounts and reports were voluntarily submitted to the Commission during 2020-21. The overall percentage of charities that voluntarily filed their returns during the year was 63%. In fact, of the 3,778 charities, 50% (2995) filed their information with the Commission within ten months of their financial year end.

These charities also filed their accounts and reports without receiving second and final reminder notifications from the Commission, which is considered by the monitoring and compliance team to be a very positive indicator for compliance rates when the lawful annual reporting regime resumes. In total, 2,211 charities did not voluntarily file their annual reporting information with the Commission. This is likely due to a combination of factors, such as not receiving reminders, choosing not to as a result of the judgment, or due to the impact of the COVID-19 health pandemic.

At the end of March 2021, the number of charity accounts and reports for multiple years submitted to the Commission under annual reporting was 19,056. This represents a major step forward for the openness and transparency of the charity sector, with over £7.5 billion (£7,859,273,963) of charitable income accounted for through the register.

Commissioners also made the *Annual monitoring return regulations 2020* during the year, which enabled the development of the online specification for the annual monitoring return 2021. The form will go live in 2021-22.

In focus: Schedule 1 committee

The judgement by the High Court in May 2019 (upheld by the Court of Appeal in February 2020) relates to a point of law that all Commission orders, directions and decisions should be made by the Board of Commissioners or a committee of Commissioners with delegated authority, rather than Commission staff following manuals approved by the Commissioners.

The judgement is welcomed as a vital clarification of the law, which is imperative to enable the Commission to undertake its statutory duties and give charities confidence in the regulator and its powers.

While the Commission awaits a permanent solution following the judgments, the Commission's work and oversight is continuing, with a temporary resolution in place to ensure compliance with the Courts. That resolution has been the establishment of what is known as a Schedule 1 decision-making committee, which works to support the Commission in the discharge of its statutory functions under the Charities Act (Northern Ireland) 2008.

The role of the Committee means that certain functions, such as charity registrations and casework decisions, can be made through a Committee rather than through the full Board acting in a Board meeting. For example, during the year 367 registrations and 43 casework statutory decisions were made by the Committee. The Committee's decisions do not require ratification by the full Board of Commissioners, and a minimum of two Commissioners will be in attendance for the Committee meeting to be deemed quorate.

As membership depends on availability of Commissioners to attend a meeting, the Committee is chaired by one of the Commissioners present with the role of Chair rotated.

Enquiries

The Commission's enquiries team is tasked with assessing and, as appropriate, investigating the concerns about charities received by the regulator. The concerns received range from serious cases requiring the opening of a statutory inquiry by Commissioners, to minor complaints where self-regulatory guidance can provide the right support. The enquiries team is also responsible for assessing serious incident reporting (SIR) and reviewing the reporting of matters of material significance.

Matters of material significance (MOMs) are issues which independent examiners and auditors must report to the Commission should they encounter them while handling the accounts of a charity. The Commission regards a serious incident as an adverse event, whether actual or alleged, which results in, or risks, a significant:

- loss of charity money or assets
- damage to charity property
- harm to the work of the charity, its beneficiaries or reputation.

During 2020-21, the enquiries team received a total of 181 cases, which can be broken down into:

- Concerns received: 95 (133 cases were concluded during the year)
- SIRs received: 71 (78 closed)
- MOMs received: 15 (16 closed)

As a result of the investigatory work carried out by the team the Commission closed one of its most serious and high level investigations – the statutory inquiry into Karmel City Church (NIC102774), Karmel Trust (NIC100584) and Make a Difference Worldwide. The inquiry related to concerns regarding the governance and administration of the charities, with a focus on the proper application of charity property. In December 2020, the results of the inquiry were made available on the Commission's website via the statutory inquiry report. Such reports provide the charity sector with important examples of where they may learn from the experiences of others, so as not to make the same mistakes.

The following high level investigations also continued during the year:

- statutory inquiry into the Minnowburn Trust relating to the administration and governance of the charity.
- statutory inquiry was opened into Woodvale & Shankill Community Housing Association Ltd relating to concerns regarding the administration and financial controls of the charity.

Under its concerns work during the past year the Commission's enquiries team also issued one order for the protection of charities, which was to appoint an interim manager; and two orders relating to the appointment of an auditor and obtaining documents and information.

Casework

The Commission's casework team processes applications whereby charity trustees require approval from the Commission to make a change or undertake an action or transaction. These legal processes support the charity in ensuring it is well managed, is aware of and complies with the requirements of the law and is keeping its procedures and policies up to date.

However, as with registration, the method of making casework decisions has been affected by the court judgment referred to above, with an interim process introduced (see *Schedule 1 committee section* above) to ensure work can continue in line with the law.

During the 2020-21 year, 132 casework applications/notifications were received and 166 statutory casework processes completed. This included 43 statutory decisions taken by a committee of Commissioners with the remainder (123) being administrative functions carried out by staff.

Engagement and guidance

The COVID-19 pandemic had, of course, a major impact on the Commission's engagement work, with meetings, workshops and events moving to remote engagement in line with government advice.

During the 2020-21 year the Commission participated in 12 engagement events, including presenting online at the CADA NI Trustees Safeguarding Workshop, the Co3 conference, the Governance of Charities and Not for Profits webinar for accountants (Chartered Accountants Ireland) and

undertaking a guest lecture on Public Trust and Confidence for the Accounting: Not-for-Profits centre at Queens University Belfast. As the year drew to a close, the Commission's policy and research team was also looking at how it could increase the support offered to charities with work progressing on developing an online registration workshop.

The Commission's website continued to act as a hub for information and guidance on charity regulation. During 2020-21 the website had 335,746 unique website visitors and the Commission's Twitter channel ended the year with 3,766 followers. The Commission dealt with 9,187 calls and email enquiries during the year, and responded to 60 information requests (made under access to information legislation such as the Freedom of Information Act 2000). Of that number, information was disclosed fully or partially in 55 cases.

Supporting this engagement work, the Commission's guidance provides charity trustees with an online library of information and advice on their legal duties. During the year we published a major piece of guidance in the form of the Covid-19 page of the website. This provided a range of guidance for charities and the public, to support them with queries on issues such as holding meetings online, giving safely to charity and emergency funding. We also published updated *How to raise a concern about a charity* guidance.

A thematic report was also published in September 2020, focussing on charitable rates relief. The report, available on the Commission's website, provides anonymous, real life illustrations of some of the regulatory work the Commission's enquiries team deals with on a regular basis.

The Commission also published its Research strategy 2020-2023, and completed a major survey of the public's trust and confidence in the charity sector and the Commission as regulator. A launch of the research report is planned for early in 2021-22.

Review of charity regulation

As highlighted throughout this report, up until the end of May 2019, the majority of the Commission's decisions (excluding complex decisions, such as the institution of a statutory inquiry, which is authorised by

members of the Board) were made at staff level, as authorised by the Board of Commissioners via procedural manuals.

The Commission has a Board of seven Commissioners, who work on a part time basis, and whose primary role is setting strategic direction and overseeing governance of the organisation. To have a Board or committee of Commissioners making every decision of the Commission would involve a radical change to the Commission's structure, processes and budget. Following the judgments, the Commission has adjusted its procedures to comply with the court judgment. These arrangements will stay in place until a permanent resolution has been agreed.

Through the Communities Minister's engagement with sectoral representatives it was established that in addition to addressing the immediate issues negatively affecting charities as a direct result of the Court judgments, a wider review of charity regulation would be welcome. The Minister subsequently commissioned an Independent Review of Charity Regulation in Northern Ireland, which commenced on 25 January 2021.

The review will consider the Charities Act (Northern Ireland) 2008 and the roles of the Charity Commission and the Department thereunder. In particular, it will examine whether the Commission's performance within the existing legal framework strikes the right balance, in light of best practice, between supporting charities to do the right thing and deterring, or dealing with, misconduct. It will make recommendations on changes that can be made to improve the delivery of services and the operation of the regulatory framework going forward.

Separately the Board of the Commission has commissioned a review by Independent Counsel into the actions taken by the Commission in relation to two specific statutory inquiries, Lough Neagh Rescue Ltd and the Disabled Police Officers' Association of Northern Ireland (DPOANI). The outcome of this review will provide assurances in relation to the actions of the Commission at the time of the relevant statutory inquiries and what lessons have been learned.

Financial Performance

Budget

The Commission has a key performance indicator of achieving a budget spend within 99% of overall budget, which for 2020-21 was set at £2,175,000. The resource budget was £2,092,000 and the capital budget was £83,000.

During 2020-21, the Commission reported a 97.2% total spend, broken down as 97.6% of resource budget and 87.6% of capital budget.

Statement of Comprehensive Net Expenditure

Total expenditure for the year excluding asset revaluations has decreased by £214k from £2.343m to £2.129m. This is mainly due to the reduction in legal and professional costs throughout the year compared to the previous year.

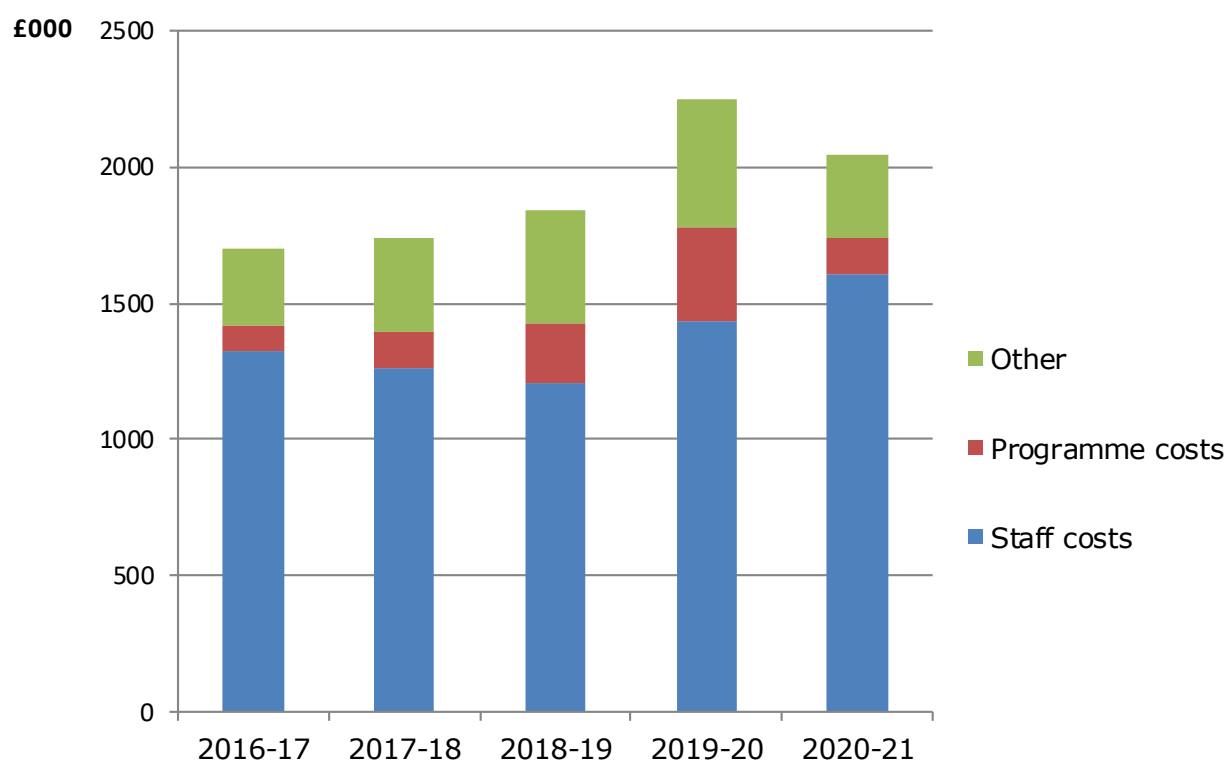
Statement of Financial Position

Non-current assets at the year-end were £617k, a decrease of £26k on 2019-20. This is due to projects that were due to take place during the year we delayed as a result of Covid-19.

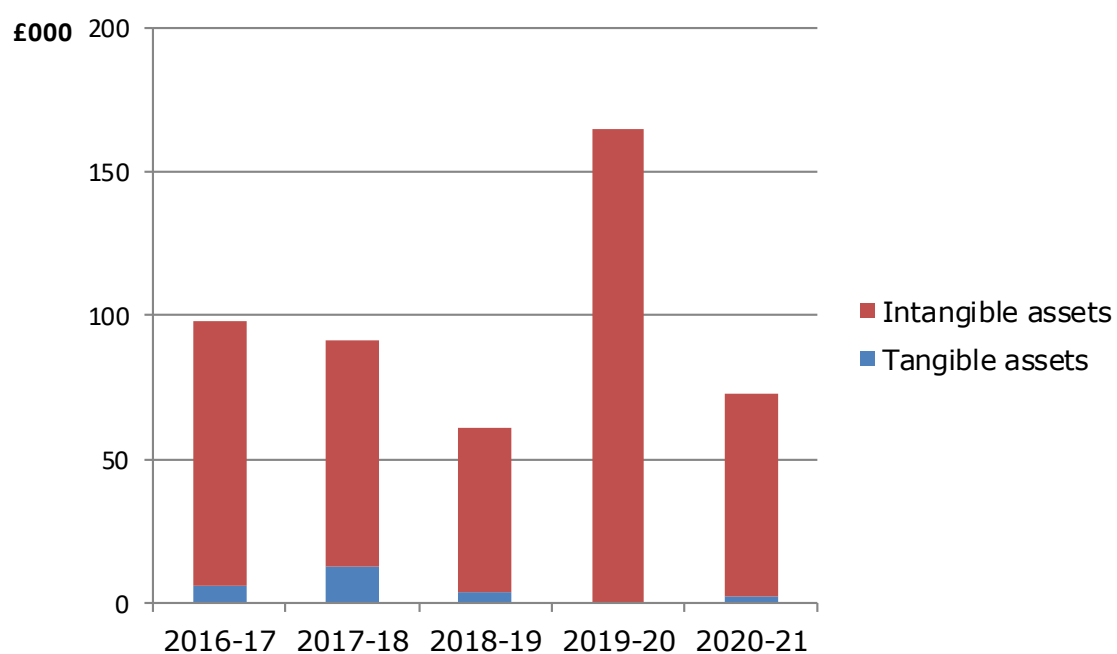
Financial results and position are set out in detail in the financial statements at page 74 and page 75 respectively.

Long-term expenditure trends

Resource expenditure over the last five years was as follows:



Capital expenditure over the last five years was as follows:



Complaints about our services

The Commission has published information on its complaints policy, including how to submit a complaint, and its approach for dealing with complaints received about service standards, in the *About us* section of the Commission's website www.charitycommissionni.org.uk.

During 2020-21, the Commission received 16 complaints. The Chief Commissioner dealt with six of the complaints informally by offering to meet with the complainants. Of the remainder, three complaints were not upheld; four complaints were partially upheld. One complaint was ineligible and an explanation was provided under the normal course of business to provide clarity on the issue raised. One complaint was, in accordance with the Commission's Standing Orders, referred to the Department for Communities for the Department to determine the approach in handling the complaint. This complaint was, accordingly, handled by the Department. Consideration of the remaining complaint was ongoing at year end. The Commission did not receive any complaints in relation to the information available about charities on its website.

The monitoring of complaints received by the Commission forms an important part of our quality assurance process, providing a means by which trends and common issues about service delivery may be identified and resolved. It also allows the Commission to determine how successfully it has dealt with the complaints. We monitor complaints and these are reported regularly to the Board.

The Commission is also committed to a process of continuous learning and development, with complaints providing an important means by which stakeholders may share their views and feedback with us and, where appropriate, lessons may be learned for the future.

Sustainability

The Commission is aware of its environmental responsibilities and follows Northern Ireland Civil Service practices regarding recycling.

Open Data

The Commission is committed to sharing as much of the data it holds as possible. The Commission publishes the *register of charities* using the Open Government Data License on data.nicva.org and www.opendatani.gov.uk, in line with the Department of Finance's Open Data strategy for the Northern Ireland public sector.

Equality and diversity

The Commission's published *Equality scheme and action plan* demonstrates our commitment to promoting equality, diversity and accessibility across our work.

In keeping with this commitment, the Commission undertakes a range of activities during the year aimed at ensuring equality and good relations are integrated into all our activities. During 2020-21, these activities included:

- ongoing implementation of internal systems to monitor the Commission's integrated *Equality scheme and action plan* and how the Commission works with charities and the public.
- publication of quarterly screening decisions on the *Equality* page of the Commission's website.
- annual equality awareness training for all staff on 5 March 2021, supporting understanding of equality, diversity and good relations.

The Commission's *Equality scheme and action plan* is available to view on www.charitycommissionni.org.uk.

3. Future focus

Like so many others, the Commission began 2020-21 unaware what lay ahead as the unprecedented health emergency brought about by COVID-19 unfolded. It is a year in which the focus has largely remained on supporting the charity sector, providing guidance and support during a time of great difficulty and uncertainty. Looking to the future, the regulator will continue to support and guide charities as we all continue adapting to life in the wake of a global pandemic.

As the charity regulator, we also look forward to both the Commission's development and the outcome of the review of charity regulation. We hope this will be an important step forward in providing the Commission with a clear direction for the future, bringing with it a renewed confidence and stability in charity regulation. We are also hopeful the review will lead to a speedy and permanent resolution to the issues raised following the Court of Appeal judgment. This will support us in redesigning and updating our processes, where required, allowing vital areas such as registration, casework and annual reporting to get back up to speed effectively and efficiently.

The Commission will continue to develop its systems and approach to being a risk-focused regulator. This will include taking forward work to transform process improvements scaled back during the initial response to the pandemic, and addressing the highest risks to charities. Improvements to on-line systems will be tested with stakeholder input and information on the Commission's website will be a focus of updates. The development of digital services will continue to be a focus of supporting the Commission in building knowledge of the sector and targeting resources more effectively.

There is a great deal of work ahead for both the Commission and the sector as we move into the next phase – both life after COVID-19 and into an updated regulatory regime. We hope this will be a less uncertain future, where we can all work together to continue reaffirming public trust and confidence in Northern Ireland's charities.

This Performance report was signed by the Accounting Officer of the Charity Commission for Northern Ireland on 28 June 2021.

A handwritten signature in black ink, appearing to read 'Frances McCandless', is positioned above the printed name.

Frances McCandless
Chief Executive,
Charity Commission for Northern Ireland

Accountability report

4. Corporate governance report

Directors' report

The Charity Commission for Northern Ireland is the regulator of charities in Northern Ireland, a non-departmental public body sponsored by the Department for Communities.

The Chief Charity Commissioner is Nicole Lappin and the Chief Executive is Frances McCandless.

The Board of the Charity Commission comprises a Chief Charity Commissioner, a Deputy Chief Charity Commissioner and five Charity Commissioners. Legislation determines that at least one Commissioner must be a barrister or solicitor of at least seven years standing.

The *Register of interests* for the Commission Board can be viewed at: <http://www.charitycommissionni.org.uk/about-us/about-the-charity-commission/our-governance/register-of-interests/>

During 2020-21, the Commission did not formally report any personal data related breaches to the Information Commissioner's Office (ICO). The Commission takes its data processing responsibilities extremely seriously and as a statutory body maintains appropriate data management procedures in accordance with the law, including vetting and security.

Statement of Accounting Officer's responsibilities

Under Schedule 1, Section 8(2), of the Charities Act (Northern Ireland) 2008, the Department for Communities, with the approval of the Department of Finance, has directed the Charity Commission for Northern Ireland to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission and of its income and expenditure, Statement of Financial Position, and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Department for Communities, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements.
- Prepare the financial statements on a going concern basis.

The Accounting Officer of the Department for Communities has designated the Chief Executive of the Charity Commission for Northern Ireland as Accounting Officer of the Commission.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper accounting records, and for safeguarding the Commission's assets, are set out in Managing Public Money Northern Ireland published by the Department of Finance.

As the Accounting Officer of the Commission, the Chief Executive confirms that:

- As far as she is aware, there is no relevant audit information of which the entity's auditors are unaware.
- She has taken all steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.
- The annual reports as a whole are fair, balanced and understandable.
- She takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance statement 2020-21

Introduction

As a regulator, the Charity Commission for Northern Ireland is dedicated to operating to the highest standards of corporate governance. The Commission's Board is accountable to its sponsor department, the Department for Communities, and the Northern Ireland Assembly.

The Commission's arrangements to meet that commitment are detailed in a formal corporate governance framework which brings together a variety of related policies and procedures. The Commission's assessment of its governance is informed by various internal and external opinions including those of auditors, other stakeholders, such as service users, staff, fellow regulatory bodies, the Charity Tribunal and the courts.

In this statement, the Board and Accounting Officer outline how they have discharged their responsibilities to manage and control the Charity Commission for Northern Ireland's resources throughout the financial year ended 31 March 2021. It is for the Accounting Officer, with Board support and input, to decide the format and content of this governance statement. In developing this statement the Accounting Officer has considered guidance set out in *DAO (DFP) 10/12, Managing Public Money NI Annex 3.1*, the relevant NI Audit Office fact sheet and feedback from governance experts so as to tailor the disclosure to the organisation and its features during 2020-21.

Scope of responsibility

The Charity Commission for Northern Ireland is the independent regulator of charities in Northern Ireland. The Commission is a non-departmental public body (NDPB), established by Royal Assent to deliver the legislative requirements of the Charities Act (Northern Ireland) 2008 as amended. It is sponsored by the Department for Communities. The Commission's strategic aims are:

- to increase public trust and confidence in charities
- to promote awareness and understanding of the operation of the public benefit requirement
- to promote compliance by charity trustees with their legal obligations in exercising control and management of the administration of their charities
- to promote the effective use of charitable resources
- to enhance the accountability of charities to donors, beneficiaries and the public
- to manage the Commission as an effective and efficient non-departmental public body.

The purpose of the governance framework

The Commission's governance framework is designed to allow the organisation to operate as an accountable, efficient and effective public body and to manage risk to a reasonable level. It is impossible to eliminate all risk of failure to achieve policies, aims and objectives and it can therefore only provide reasonable and not absolute assurance of effectiveness. The framework is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Commission's policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised and to manage them efficiently, effectively and economically.

A governance framework has been implemented within the Commission since establishment and is published on the Commission's website. During 2020-21 the Board reviewed its own Standing Orders and all operating policies were externally reviewed as part of an external Board Effectiveness exercise.

The Charity Commission for Northern Ireland's governance framework

Board

The Board provides strategic leadership and directs the Commission's strategic planning, financial and operational management, governance and risk assessment to ensure that statutory obligations are met. The Board provides strategic direction, challenge and oversight to the Senior Management Team which is responsible for operational management and performance. The Board comprises a Chief Commissioner, a Deputy Chief Commissioner and up to five Charity Commissioners, all on a part-time basis. At least one Charity Commissioner must be a barrister or solicitor of at least seven years' standing. Appointments of Charity Commissioners, who constitute the Board, are required to be made by the Minister for Communities in accordance with the Northern Ireland Code of Practice for Ministerial Appointments to public bodies issued by the Commissioner for Public Appointments. The Commissioner with legal expertise stepped down in June 2020. The Department agreed an interim arrangement with the Chief Commissioner who has the appropriate legal experience, until a replacement could be recruited. Recruitment was ongoing at year end, and a new legal commissioner has been appointed and will take up post on 1 June 2021.

The Board acts independently of senior management in line with a formal governance agreement known as the Management Statement and Financial Memorandum (MSFM). This was last reviewed with DfC and a new version agreed and signed during August 2016. During the previous year work was begun to develop a new Partnership Agreement which will replace the MSFM. This has not yet been formally agreed. It is the responsibility of the Board members to ensure the Commission continues to act within the law and fulfils the aims and objectives set by its sponsor department and approved by the Minister, and promotes the efficient, economic and effective use of staff and other resources.

The role of the Board changed following a High Court ruling in May 2019 and a Court of Appeal ruling upholding the High Court position in February 2020 when the Court delivered its judgment in the case of [*McKee & Others v Charity Commission for Northern Ireland*](#). This upheld a legal challenge to the delegation of decision-making powers by the Commission to members of staff. The case addressed a technical point of law, namely that all Commission orders and decisions must be made by the Board of Commissioners or a committee to include Commissioners with delegated authority, rather than Commission staff following manuals approved by Commissioners.

The judgment was welcomed as a vital clarification of the law, which is imperative to enable the Commission to undertake its statutory duties and give charities confidence in the regulator and its powers. While the judgment does not relate to the reasoning behind any decisions made, it does have significant implications for past decisions and on how the Commission operates going forward. During the year the Commission withdrew from defending a number of decisions in the Charity Tribunal which were affected by the judgment. Following the judgment the Minister for Communities appointed an Independent Panel to carry out a review of the legal and regulatory framework within which the Commission operates and of the Commission's relationships with stakeholders. The review is intended to examine whether the existing charity legislation is fit for purpose and whether the Commission's efforts within that legal framework strike the right balance, in light of best practice, between supporting charities to do the right thing and deterring or dealing with misconduct. The panel aim to provide a report to the Minister during 2021.

During 2020-21 the Commission worked with its sponsor department on a potential legislative amendment to give retrospective effect to a range of past decisions. While a permanent solution to how the Commission operates going forward is being identified by sponsor department, the Commission's work and oversight of the charity sector is continuing. During the year the Commission adjusted its procedures to comply with the court judgment. A schedule 1 committee operated to make a range of regulatory decisions as well as additional decision making on a range of operational matters at Board level. Further details on the Schedule 1 committee are included on page 23. This meant that some Commission decisions were delayed and the volume of decisions made temporarily reduced, although work on applications, requests and queries continued to be ongoing. Further information is available in the legal update on the Commission's website: www.charitycommissionni.org.uk/news/legal-update/

As a result of the ruling, the Board has extended the range of its decision making to include all statutory decisions under the Charities Act (Northern Ireland) 2008, in addition to its normal governance role. Subsequently the Executive agreed, at its meeting on 3 June 2021, to the introduction of a Bill to address the impacts of the McBride judgment. The Bill is intended to:

- Amend the Charities Act (Northern Ireland) 2008 with retrospective effect to render lawful previous decisions taken by Commission staff in reliance on unlawful delegation in cases where doing so is consistent with rights under the European Convention on Human Rights (ECHR) and the decision is not unlawful on other grounds.
- Provide a power of delegation to Commission staff going forward provided the functions to be delegated are set out in a Scheme of Delegation approved by the Department, but will stipulate that certain functions can never be delegated to staff.

The Board and its Committees operated remotely during the year, as did all staff. Meetings continued to be held to schedule, despite the pandemic, and the Board fulfilled its role as normal.

During the year the Board undertook its responsibilities by:

- submitting a new annual business plan for departmental approval with a series of targets and outputs within the policy and resources framework determined by the sponsor department and the Charities Act (Northern Ireland) 2008. Although a draft was submitted within the

timeframe specified by the MSFM, a number of developments, including a Review of Charity Regulation announced by the Minister for Communities, meant that priorities for 2021-22 had to be re-examined and a further draft plan was submitted in March 2021. The Board also reviewed and amended its Strategic Plan in light of developments.

- ensuring the sponsor department was kept informed of developments, changes in assumptions and policy which were likely to impact on the strategic direction of the Commission or on the attainability of its targets, and determining the steps needed to deal with such changes through sharing of Board information including business plan progress reports and the corporate risk register. This was done particularly in relation to the outcome of litigation involving the delegation powers in the Charities Act (Northern Ireland) 2008, to which the Department was joined as a party. Meetings between the Chair and the Minister took place twice during the year. Two accountability meetings took place involving Senior Management Team and senior officials from the sponsor branch, along with three formal liaison meetings and frequent informal meetings with departmental officials during the year.
- ensuring any statutory or administrative requirements for the use of public funds were complied with and that the Board operated within the limits of its statutory authority and any delegated authority agreed with the sponsor department through a review of the terms of the MSFM. This found full compliance, as no breaches had been identified.
- receiving and regularly reviewing financial and performance management information in terms of budget updates and forecast spend at each Audit and Risk Assurance Committee and Board meeting, and quarterly business plan progress reports, which provided positive assurance to the sponsor department that performance was being assessed and appropriate action was being taken to meet performance commitments, or take appropriate alternative action in an open and timely manner.
- demonstrating high standards of corporate governance at all times, including using an independent Audit and Risk Assurance Committee member to help the Board address the key financial and other risks facing the Commission.
- undertaking an annual Board effectiveness review to inform the strategic governance agenda and reviewing the Board's *Standing Orders*. In this year the Board commissioned an external effectiveness review.
- operating a live *Register of interest* on the Commission's website, with conflicts a standing agenda item at Board.

- having in place a Chief Executive and annually setting performance objectives for the Chief Executive which give due weight to the proper management and use of public monies.
- receiving reports at meetings from its Audit and Risk Assurance and Human Resources sub-committees, and ensuring that the recommendations from these sub-committees receive properly proposed and recorded approvals by the Board itself.
- taking account of fraud awareness reports from the Department of Finance as appropriate.
- undertaking ongoing work on fraud, including reviewing the policy and updating the organisational bribery assessment.
- ensuring an effective risk management process is in place, annually updating the policy and setting a risk appetite, and reviewing the corporate risk register at each Board meeting following its prior assessment by the Audit and Risk Assurance Committee.
- ensuring that effective implementation of GDPR continued throughout the year.
- continuing to undertake a transformation project, streamlining decision-making processes and developing a risk assessment framework project to help the Commission to focus its resources on regulatory interventions where risks are highest. Due to the change in decision-making processes following the February 2020 Court of Appeal judgment, elements of this project related to streamlining decision-making processes have been placed on hold while a permanent solution is being sought to clarify the levels at which decisions can be made.
- agreeing and receiving updates on business continuity arrangements put in place in response to the Covid-19 emergency. In December 2020 the Board agreed to stand down the Business Continuity Plan and maintain the remote working arrangements in place as business as usual until Executive health advice changed.
- Putting in place a review by independent counsel of two early statutory inquiries to attempt to resolve a number of complaints and to underpin assurances requested by the sponsor department in relation to how the Commission has conducted inquiries, dealt with complainants and learned any relevant lessons.

Attendance at Board meetings during the year:

Board member	Number of meetings attended
Nicole Lappin, Chief Commissioner	8 out of 8
Gerard McCurdy, Deputy Chief Commissioner	8 out of 8
Steven Cockcroft, Legal Commissioner (Resigned June 2020)	1 out of 1
Séamus Magee, Commissioner	8 out of 8
Kieran Donaghy, Commissioner	8 out of 8
Carmel Mullan, Commissioner	8 out of 8
Hugh McKeag, Commissioner	8 out of 8

Board performance and assessment of its own effectiveness

In 2020-21 the Board met eight times, rather than the usual seven. This included one extraordinary meeting to consider issues regarding the opening of the Lough Neagh Rescue Section 22 inquiry and whether to continue defending the related Tribunal case in light of the unique factual circumstances of the case. The Board also met outside of formal board meetings on a number of occasions for information and discussion sessions related to the ongoing legal issues and the pandemic, resulting in a lot more time being given by Commissioners to the work of the Commission in 2020-21. The Audit and Risk Assurance Committee met four times, and the Human Resources Committee met once. Board and committee minutes are published regularly on the Commission's website. Following the High Court ruling on the interpretation of the Charities Act (Northern Ireland) 2008, a committee continued to operate to make statutory decisions under Schedule 1 of the Act.

The Board continued its own development in this year by holding two Board development sessions, in July and August and comprehensive training in Human Rights. These used an external governance expert to focus on benchmarking the role of the Board in its key governance functions to strengthen Board performance, good decision making and developing a meaningful partnership approach to working with the sponsor department. Board members also undertook refresher training related to their statutory decision-making role.

Commissioners were subject to annual appraisal and the results were reported to the sponsor department. During the year the Board commissioned an external effectiveness review which was carried out by Business Consultancy Services within the Department of Finance. This found that the Board was operating effectively and had relevant policies and procedures in place. An action plan was being developed at year end to progress further opportunities for improvement identified by the review.

Key decisions of the Board in 2020-21

The Board's main focus in the year under review was maintaining services and responding to charities during the COVID-19 pandemic, continuing to build the Register of Charities, using the new Schedule 1 decision-making mechanisms in place following the High Court and Court of Appeal decisions, addressing the outcome of the Court of Appeal decision and planning a mechanism to deal with ongoing complaints relating to two early inquiries. Normal work on checking charity accounts and annual returns had to be suspended following the Court of Appeal judgement and the Board considered extensive legal advice on how the Commission could maintain elements of its work while a permanent solution to the legislative problem could be considered by its sponsor department. In addition to standing item discussions of budget and finance, business plan performance and risk management, other issues considered and agreed during the year included the following:

- Annual Report (including governance statement) and Accounts to the Assembly.
- A refreshed risk appetite linked to the business plan.
- A review of Schedule 1 committee, its terms of reference and operating procedure.
- Legal advice relating to the Court of Appeal ruling and its consequences.
- Consideration of other legal issues, ongoing litigation and related risks.
- Review and amendment of the draft business plan following the announcement of a review of charity regulation.
- Review of finance, risk, fraud and complaints policies, review and amendment of the *Customer Charter* and agreement of a new *Raising a Concern about the Commission* policy.
- Approval of the two Assurance Statements submitted to the Department for Communities during the year.

- Approval of a number of procedures and policies relating to compliance, casework, enquiries and registration.
- Approval of a new ICT strategy.
- Approval of the Commission's annual equality report.
- Approval of a research Strategy and procurement of extensive research into Public Trust and Confidence in charities in Northern Ireland.
- Agreement of a new communications annual plan and extensive consideration of communications messages relating to the register of charities, annual reporting obligations and other consequences of the Court of Appeal.
- Consideration and monitoring of staff wellbeing, including regular surveys relating to the pandemic and new working arrangements, and a recovery plan for when the return to office working becomes possible.
- Approval of changes to a number of HR policies to bring them in line with central NICS policies.

Board members were updated throughout the year on progress on the transformation project, aimed to streamline and improve Commission services and use of risk information.

During this year the Board participated for a fourth time in the Board Apprentice Scheme, to demonstrate its commitment to increasing the diversity of candidates for public and charity appointments in Northern Ireland.

Audit and Risk Assurance Committee

The Audit and Risk Assurance (A&RA) Committee was established in June 2009. The Committee supports the Board and the Accounting Officer in their responsibilities regarding issues of risk, control and governance, and associated assurances. During the period under review its oversight role included, but was not limited to, internal and external audit, the budgetary control system, the Commission's financial statements, and risk management. At each meeting the Commission's Chief Executive and Head of Corporate Services report risks to the Committee, which reviews and challenges assessments and planned actions, and identifies its own view on emerging issues and the organisational risk agenda. The

Committee, in turn, reports to the Board on governance matters and informs the Board of any emerging issues which are then discussed.

The committee undertook an annual self-assessment in October 2020 using the National Audit Office Checklist. In broad terms the committee were content with their approach. They noted that the new independent member had added important strategic IT skills and that the Committee refresh in the previous year had ensured expertise in accountancy and finance was in place. The committee also undertook an annual review of its *Terms of Reference*.

The committee undertook reviews of a number of key policies as part of its annual schedule. This work covered the fraud policy (including Bribery risk assessment), finance procedures and a new *Raising a Concern about the Commission* policy, to replace the Whistleblowing Policy. The committee also considered the assurance mapping framework and received an update on cyber security.

Also during this period the committee received independent assurance from Internal Audit which was provided by the Internal Audit function of the Department for Communities. Representatives of Internal Audit attended all four Audit and Risk Assurance Committee meetings during 2020-21.

The committee had agreed a new four year internal audit strategy in the previous year which was supported in this year by an audit plan for 2020-21 that included two phases of audit work during the year. This co-ordinated with the work of external audit. The areas audited during the year in line with the agreed audit plan for 2020-21 were as follows.

Phase 1 – implementation of changes to the interpretation of legislation, application of sanctions, human resources (appointment and recruitment) and business continuity plan & recovery arrangements.

Phase 2 – payroll, workforce planning health and safety, budget approval, planning and control, preparation of annual accounts and management of IT contracts.

The internal audit report on their 2020-21 audit work gave a 'satisfactory assurance' rating, reflecting the view that management had established a satisfactory system of internal control to mitigate risks relating to the activities examined. There were no category one recommendations.

During the year under review the Northern Ireland Audit Office (NIAO) attended all four committee meetings. The committee considered the *2019-20 NIAO Report to Those Charged with Governance* which indicated an unqualified audit opinion, without modification, on the 2019-20 financial statements. Having reviewed the accounting policies, the NIAO were content at their appropriateness. No significant issues were identified regarding regularity, and the audit did not identify any significant internal control weaknesses. The report made no recommendations. The Commission's annual report and accounts was laid before the Assembly on 26 August 2020.

As usual, the committee met during the year with both sets of auditors without staff present.

The membership of the committee was unchanged during 2020-21.

Attendance at Audit and Risk Assurance Committee meetings during the year was as follows:

Séamus Magee, Chair	4 out of 4
Carmel Mullan	4 out of 4
Gerard McCurdy	4 out of 4
Caron Alexander Independent Member of committee	4 out of 4

Human Resources Committee

The Human Resources Committee supports the Board in its responsibilities regarding issues of staff resource and staff performance including, but not limited to, recruitment, staff structure, remuneration and resource, human resource policies and practice and legislative compliance.

Ordinarily the committee would meet three times per year. Due to reprioritisation of work during the pandemic, strategic HR issues were largely reported directly to the Board and the other work of the committee was postponed until the final quarter of the year. At its meeting the committee considered amendments to a number of HR policies to bring them into line with centrally-agreed NICS policies, the outcome of a staff survey, evaluation of training provided and an update on HR-related audit recommendations.

Attendance at Human Resources Committee meetings during the year was as follows.

Committee member	Number of meetings attended
Gerry McCurdy, Chair	1 out of 1
Hugh McKeag	1 out of 1
Kieran Donaghy	1 out of 1

Schedule 1 Committee

The Charity Commission for Northern Ireland has established a Schedule 1 decision-making committee (the Committee) to support it in the discharge of its statutory functions under the Charities Act (Northern Ireland) 2008. Members of the Committee are a minimum of two Commissioners available to attend scheduled meetings. The role of the Committee is to discharge certain functions of the Commission through a Committee rather than through the full Board acting in a Board meeting. The Committee's decisions do not require ratification by the full Board of Commissioners.

There were twenty Schedule 1 decision-making meetings during the year, attendance was as follows:

Board member	Number of meetings attended
Nicole Lappin, Chief Commissioner	8
Gerard McCurdy, Deputy Chief Commissioner	11
Steven Cockcroft, Legal Commissioner (Resigned June 2020)	2
Séamus Magee, Commissioner	11
Kieran Donaghy, Commissioner	10
Carmel Mullan, Commissioner	9
Hugh McKeag, Commissioner	9

Risk and control framework

The Commission's approach to risk management and internal control is proactive and reflects reviews and assurances at various levels within the

organisation. During 2020-21, the Commission continued to enhance the identification and consideration of risk within the organisation.

During the year a series of risks related to the delivery of the 2020-21 business plan were managed. These included a small number in the highest category in the risk register. Details on these issues are set out in the following section on significant control/governance issues. Staff time and effort was given to addressing audit recommendations and updating the Audit and Risk Assurance and Human Resources Committee members on progress.

At the end of 2020-21 the Commission reviewed its approach to risk management for the coming year and drafted a new risk register.

The systems in place included:

- a risk policy that specifically required identification of risks, an assessment of their impact and an action plan that accorded ownership, was time bounded and monitored regularly.
- monthly review of the corporate risk register by Senior Management Team and sign off by the Chief Executive.
- signed monthly/quarterly assurance reports and statements by management along with monthly review of risks by middle management relating to various project and programme team risk registers.
- twice-yearly assurance statements to the sponsor department which were informed by business level assurance statements and agreed by the Board, Chief Commissioner and the Audit & Risk Assurance Committee.
- regular review of the corporate risk register with sponsor branch at liaison meetings.
- consideration and updating of the risk register as a standing item at Audit and Risk Assurance Committee and at subsequent Board meetings.
- annual fundamental review of the risk policy and organisational appetite linked to business plan objectives.
- assurance framework covering all policies and procedures subject to various monthly, quarterly and annual checks, which inform the overall stewardship statement by the Accounting Officer.
- annual internal and external audit programmes, which are informed by a review of strategic business risks.

As part of the Commission's business planning processes, the Commission identified the inherent risk appetite for each objective. In addition, it assessed each policy and procedure for impact and likelihood using a risk matrix to provide an overview of key areas of risk, and levels of assurance checking were assigned for progression and monitoring.

Although the Corporate Governance in Central Government Departments Code of Good Practice (NI) 2013 is for central government departments, the Commission's own governance policies comply with the principles of this central government code. The *Commission's Board Operating Framework, Code of Conduct and Standing Orders*, in conjunction with its MSFM, set out the roles, duties, procedures and values of the organisation's governance function.

Significant control/governance issues

The Commission's assessment of the risk environment was reconfigured at the start of the year, in line with the 2020-21 business plan. The inherent and residual risk assessments, and mitigating actions to reduce all risks, were regularly discussed by the Audit and Risk Assurance Committee and put into practice by the Senior Management Team.

A series of risks related to delivery of the business plan were managed during the year, including a small number in the highest category in the risk register. These related to:

- The outworking of the February 2020 Court of Appeal decision and other processes potentially leading to damage to public confidence in the Commission, additional litigation and requiring a restructuring of the Commission and its decision-making processes and systems.
- Challenges in managing resources, including people, premises and finances, potentially leading to reduced quality or levels of service and reputational damage.
- External factors such as coronavirus impacting on service in a way that was not anticipated, leading to reduced service capacity and increased stress on staff.

Some elements of these risks, such as the pandemic and outcome of the February 2020 Court of Appeal decision materialised, creating fundamental challenges. For example, the Commission adjusted its procedures to comply with the judgment. This meant that while the

Commission's work was ongoing, some decisions were delayed and the volume of decisions made was temporarily reduced. The COVID-19 pandemic has also required a transformational change to entirely electronic processes and a shift to secure remote working for all staff.

During the year the Commission considered the implications of the Court of Appeal ruling in depth, in conjunction with the Department for Communities, including taking extensive legal advice. New decision-making procedures had already been implemented as a precautionary measure following the High Court ruling in 2019, to ensure the Commission was compliant with the law. Further changes were made in 2020-21, including the suspension of annual monitoring work related to registered charities, communication of the change in the status of the public register and reprioritisation of work that could be taken forward in the absence of a large body of registered charities.

The risk relating to the outcomes of this litigation and its impacts on the Commission's operations and targets remained high throughout the year. The fact that statutory decisions could only be made by Commissioners meant that business targets relating to the registration of charities remained low, in comparison to previous years, as systems and processes had been designed to be operated by staff.

While awaiting a decision from the Minister for Communities about legislative amendment, the Commission did not proceed with fundamental transformation of its existing IT systems, as this could have led to nugatory work and expense to construct systems that would only be in use temporarily. To reduce risks to resourcing, DfC continued to provide additional funds to ensure the legislative ruling could be fully complied with. This included additional remuneration for Commissioners for the additional time taken to make statutory decisions via Schedule 1 committees. There were 20 Schedule 1 committee decision making meetings during the year.

The Commission experienced issues in implementing planned Information & Communication Technology (ICT) developments and bringing forward orders which impacted on having the necessary on-line systems as anticipated, largely due to the pandemic.

Although other elements in the corporate risk register did not materialise the Board and A&RA committee ensured relevant staff were continuously assessing and seeking to mitigate other risks.

Additional resourcing was secured through in year bids. Year end results show the organisation allocated resources effectively to achieve business plan targets where possible in light of legal issues; planning and budget processes were managed well and pressures escalated to sponsor department.

The Board monitored plans for a change in premises which have yet to be implemented by our sponsor department at year end. Relocation is now anticipated during 2021-22.

Review of effectiveness of internal control

As Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, those within the organisation who have responsibility for the development and maintenance of the organisation's internal control framework and comments made by external auditors in their *Report to Those Charged with Governance*.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit and Risk Assurance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In respect of 2020-21 I have been informed by internal audit on the adequacy and effectiveness of internal controls operating within the Charity Commission for Northern Ireland. In the internal auditors' report they have stated that, in their opinion, the Commission's internal control systems were adequate and operated effectively thereby providing satisfactory assurance regarding the effective and efficient achievement of the Commission's objectives.



Frances McCandless
Chief Executive
Date: 28 June 2021

5. Remuneration and staff report

Remuneration policy

The Commissioners of the Charity Commission for Northern Ireland are appointed by the Minister for Communities in line with the Code of Practice issued by the Commissioner for Public Appointments.

The Board has corporate responsibility to appoint, subject to the Minister's and sponsor department's approval, a Chief Executive to the Commission. In consultation with the sponsor department, the Board sets performance objectives and remuneration terms linked to these objectives for the Chief Executive, which give due weight to the proper management and use of public monies.

The pay remit for Northern Ireland (NI) public sector, including senior civil servants (SCS), is approved by the Minister of Finance. The Minister has set the 2020-21 NI public sector pay policy (September 2020) in line with the overarching HMT parameters. Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS, for 2020-21 has been finalised. The pay of SCS is based on a system of pay scales for each SCS grade containing a number of pay points from minima to maxima, allowing progression towards the maxima based on performance.

Service contracts

The Civil Service Commissioners (NI) Order 1999 requires appointments to be made on merit on the basis of fair and open competition. The Recruitment Code published by the Civil Service Commissioners for Northern Ireland specifies the circumstances when appointments may be made otherwise.

The Chief Charity Commissioner and Deputy Chief Charity Commissioner are appointed for a five year term of office. Five Commissioners are normally appointed for a three to five year term. In 2020-21 two Commissioners were granted an extension of appointment until 31st August 2024. The Chief Executive of the Commission, who is also the Accounting Officer, was appointed in April 2010 and this appointment is open-ended.

Further information about the work of the Civil Service Commissioners for Northern Ireland can be found at www.nicscommissioners.org

Remuneration and pension entitlements

Emoluments of Commissioners, Chief Executive and senior management

The following sections provide details of the remuneration and pension interests of the most senior members of the Commission.

Remuneration and pension entitlements (Audited information)

Single total figure of remuneration				
Commissioners	2020-21		2019-20 (restated)	
	Salary* £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Nicole Lappin, Chief Charity Commissioner (term began 01 August 2019)	20-25	n/a	5-10 <i>(5-10 full-year equivalent)</i>	n/a
Tom McGrath, Chief Charity Commissioner (term ended 31 July 2019)	n/a	n/a	0-5 <i>(5-10 full-year equivalent)</i>	n/a
Gerard McCurdy, Deputy Chief Commissioner (term began 01 March 2019)	10-15	n/a	5-10	n/a
Geraldine Donaghy, Commissioner (term ended 30 June 2019)	n/a	n/a	0-5 <i>(0-5 full-year equivalent)</i>	n/a
Séamus Magee, Commissioner	10-15	n/a	5-10	n/a
Steven Cockcroft, Legal Commissioner (term ended 05 June 2020)	0-5 <i>(0-5 full-year equivalent)</i>	n/a	5-10	n/a
Kieran Donaghy (term began 01 March 2019)	10-15	n/a	5-10	n/a
Hugh McKeag (term began 01 September 2019)	10-15	n/a	0-5 <i>(0-5 full-year equivalent)</i>	n/a
Carmel Mullan (term began 01 September 2019)	10-15	n/a	0-5 <i>(0-5 full-year equivalent)</i>	n/a

**The salary figure above includes payments made to Commissioner for Schedule 1 duties carried out in the year. The 2019-20 figures have been restated to include these totals.*

The table below shows the Salary bands in relation to Schedule 1 duties only, and is presented for information purposes only.

Schedule 1	2020-21	2019-20
Nicole Lappin, Chief Commissioner	5-10	0-5
Gerard McCurdy, Deputy Chief Commissioner	5-10	0-5
Steven Cockcroft, Legal Commissioner	0-5	0-5
Seamus Magee, Commissioner	5-10	0-5
Kieran Donaghy, Commissioner	5-10	0-5
Hugh McKeag, Commissioner	5-10	0-5
Carmel Mullan, Commissioner	5-10	0-5

Remuneration and pension entitlements (Audited information)

Single total figure of remuneration								
Senior Management	2020-21				2019-20			
	Salary	Benefits in kind	Pension Benefits*	Total	Salary	Benefits in kind	Pension benefits*	Total
	£'000	Nearest £100	£'000	£'000	£'000	Nearest £100	£'000	£'000
Chief Executive Frances McCandless	75-80	-	31	105-110	70-75	-	29	100-105
Head of Charity Services Punam McGookin	50-55	-	25	75-80	50-55	-	8	60-65
Head of Compliance and Enquiries Myles McKeown (left 17/04/2020)	0-5 (50-55 full-year equivalent)	-	1	0-5 (50-55 full-year equivalent)	50-55	-	28	80-85
Head of Compliance and Enquiries Sarah Finnegan (started 20/04/2020)	45-50 (45-50 full-year equivalent)	-	-1	45-50 (45-50 full-year equivalent)	-	-	-	-
Head of Corporate Services Aubrey McCrory	50-55	-	25	75-80	50-55	-	20	70-75

**The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.*

Fair pay review disclosure (Audited information)

	2020-21	2019-20
Band of highest paid director's total remuneration* (£000)	75-80	70-75
Median total remuneration* (£)	28,730	25,004
Ratio	2.7	2.9

**Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.*

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the Commission in the financial year 2020-21 was £75,000-£80,000 (2019-20: £70,000-£75,000). This was 2.7 times (2019-20: 2.9) the median remuneration of the workforce, which was £28,730 (2019-20: £25,004).

Remuneration ranged from £21,370 to £77,949 (2019-20, £21,642 to £74,946).

Salary

'Salary' includes gross salary, performance pay or bonuses, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation and any severance or ex gratia payments.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Bonuses

The Charity Commission for Northern Ireland does not operate any form of performance pay, bonus scheme, overtime or private office allowances.

Pension benefits (Audited information)

No Commissioners received pension benefits. In the 2012-13 year, Department of Finance approval was given to provide pension benefits through membership of the Principal Civil Service Pension Scheme to the Chief Executive and staff. Details of the Commission's pension benefits and entitlements are detailed as follows.

Pension Entitlements (Audited information)

<u>Officials</u>	Accrued pension at pension age as at 31/3/21 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/21	CETV at 31/3/20	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Frances McCandless Chief Executive (<i>alpha scheme</i>)	25-30 plus lump sum of Nil	0-2.5 plus lump sum of Nil	398	358	16	-
Punam McGookin Head of Charity Services (<i>premium scheme</i>)	10-15 plus lump sum of Nil	0-2.5 plus lump sum of Nil	267	234	24	-
Myles McKeown Head of Compliance and Enquiries (<i>alpha scheme</i>)	15-20 plus lump sum of 40-45	0-2.5 plus lump sum of Nil	314	313	0	-
Aubrey McCrory Head of Corporate Services (<i>alpha scheme</i>)	10-15 plus lump sum of Nil	0-2.5 plus lump sum of Nil	152	130	14	-
Sarah Finnegan Head of Compliance and Enquiries (<i>alpha scheme</i>)	5-10 plus lump sum of Nil	0-2.5 plus lump sum of Nil	54	51	-2	-

Northern Ireland Civil Service (NICS) Pension Schemes

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP). The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of existing members of the classic, premium, classic plus and nuvos pension arrangements also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate is 2.32%.

Discrimination identified by the courts in the way that the 2015 pension reforms were introduced must be removed by the Department of Finance. It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relates to the different schemes eg classic, alpha etc and is not the monetary benefits received. This is known as the 'McCloud Remedy' and will impact many aspects of the Civil Service Pensions schemes including the scheme valuation outcomes. Further information on this will be included in the NICS pension scheme accounts which are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>

Currently new entrants joining can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

New entrants joining on or after 30 July 2007 were eligible for membership of the nuvos arrangement or they could have opted for a partnership pension account. Nuvos is also a CARE arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%.

Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium and classic

plus). From April 2011, pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining the partnership pension account.

Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Scheme Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. The normal pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension schemes can be found at the website: www.finance-ni.gov.uk/civilservicepensions-ni

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2020 was 0.5% and HM Treasury has announced that public service pensions will be increased accordingly from April 2021.

Employee contribution rates for all members for the period covering 1 April 2021 – 31 March 2022 are as follows:

Scheme Year 1 April 2021 to 31 March 2022

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates for All members
From	To	From 01 April 2021 to 31 March 2022
£0	£24,199.99	4.6%
£24,200.00	£55,799.99	5.45%
£55,800.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015 and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Staff report

The Chief Executive has remuneration at senior civil servant band 5. The remuneration of all other staff follows that of the Northern Ireland Civil Service.

Staff costs (Audited information)

	2020-21			2019-20
	Permanently employed staff	Other	Total	Total
	£	£	£	£
Wages and salaries	1,006,145	109,636	1,115,781	1,056,289
Social security costs	100,623	-	100,623	97,406
Other pension costs	300,174	-	300,174	283,275
Sub Total	1,406,942	109,636	1,516,578	1,436,970
Less recoveries in respect of outward secondments	-	-	-	-
Total net costs	1,406,942	109,636	1,516,578	1,436,970

During 2020-21, the Commission continued the employment of its permanent staff complement and provision of pension benefits through

membership of the Principal Civil Service Pension Scheme (Northern Ireland) to the Chief Executive and staff. Other staff costs comprise temporary agency staff.

Pension

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the Commission is unable to identify its share of the underlying assets and liabilities.

The Public Sector Pensions Act (NI) 2014 provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by employers every four years following the scheme valuation. The Act also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2023.

For 2020-21, employers' contributions of £294,209 were payable to the NICS pension arrangements (2019-20: £274,648) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account: a stakeholder pension with an employer contribution. Employers' contributions of £5,833 (2019-20: £8,389) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2019-20: 8% to 14.75%) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings.

Employer contributions of £132, 0.5% (2018-19: £238, 0.5%) of pensionable pay, were payable to the NICS pension schemes to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the reporting period date were £nil. Contributions prepaid at that date were £nil.

0 persons (2019-20: 0 persons) retired early on ill-health grounds.

Commissioners' costs (Audited information)

	2020-21			2019-20
	Permanently employed staff	Other	Total	Total
	£	£	£	£
Commissioners' remuneration	84,225	-	84,225	42,615
Social security costs	6,248	-	6,248	-
Total net costs	90,473	-	90,473	42,615

In addition to their salary, subsequent to the High Court ruling, commissioners are paid a fee for attendance at Schedule 1 Committee meetings. In 2020-21 the commissioners were required to work additional days over and above their contracted days, excluding Schedule 1 committee work, therefore additional Remuneration was paid to them for this work. The costs above include the total remuneration received throughout out the year.

Average number of persons employed (Audited information)

The average number of whole-time equivalent persons (including senior management but excluding Charity Commissioners) employed during the year was as follows:

	2020-21			2019-20
	Permanently employed staff	Other	Total	Total
Directly employed	30	3	33	31

Staff composition (Audited information)

At 31 March 2021 there were 31 staff employed and 2 temporary staff. The staff composition was as follows:

	Male	Female
Chief Executive (SCS)	-	1
Permanent staff	8	22
Other employees	1	1
Total staff composition	9	24

Other employees relate to temporary agency staff.

Sickness absence

The Commission has an attendance management policy and the monitoring and management of employee attendance is based on this. Sickness absence in 2020-21 was 1.06% (2019-20: 2.9%) against a target of 3%.

Staff turnover percentage

The staff turnover percentage in 2020-21 was 13.3%. (2019-20: 14.0%) This is calculated using the number of leavers in the period divided by the average staff in post in the period. This calculation is based on guidance issued from the Cabinet Office. The figures used are of those permanently employed and excludes other staff which refers to agency staff.

Staff policies

The Commission has an equal opportunities policy and is committed to a policy of equality of opportunity in its employment practices and aims to ensure that no actual or potential job applicant or employee is discriminated against, either directly or indirectly, on the grounds of gender, marital status, disability, race, community background or political persuasion, age, dependants, sexual orientation or trade union membership. The Commission is an Equal Opportunities Employer and all applications for employment are considered strictly on the basis of merit. The Commission continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return to the Equality Commission for NI (ECNI).

A training and development policy is also in operation. Each employee shall have equal opportunity for training and advancement on the basis of ability, qualifications and performance. This maximises the effective use of human resources in both the organisation and the individual's best interests. The policy includes discretion for managers to consider a range of training and learning support as well as funding of additional learning to enable employees with disabilities to continue employment.

The recruitment policy sets out that applicants are given the opportunity to advise the Commission of any reasonable adjustments that they may require. It also allows the desirable criteria to be set aside to enable candidates with disabilities to participate further in the recruitment process.

To facilitate equality of opportunity the Commission offers a range of family friendly policies.

To help ensure that we are meeting our equality of opportunity obligations, the Commission monitors the composition of employees and applicants. This monitoring helps to identify if any of our policies, procedures or activities are operating to the detriment of any individual from any particular grouping within our diverse society.

Compensation payments (Audited information)

No compensation payments were made in the 2020-21 financial year.

Ex-gratia payments (Audited information)

No ex-gratia payments were made in the 2020-21 financial year.

Exit packages (Audited information)

No exit packages were awarded in the 2020-21 financial year.

Expenditure on consultancy

In line with the Department for Communities' guidance on classification of expenditure, in the 2020-21 financial year, no external consultancy was undertaken.

Expenditure on temporary staff

Total expenditure on temporary staff for 2020-21 was £109,636 (2019-20: £85,756). This was to progress additional work to address the strategic safeguarding risk facing the sector, expanded monitoring and compliance workload during peak reporting periods, address historic concerns, and support for litigation caseload.

Off-payroll engagements

There were no off-payroll engagements during the financial year (2019-20: Nil).

6. Assembly accountability and audit report

Assembly accountability disclosure notes

Regularity of expenditure

Losses and special payments (Audited information)

The Charity Commission for Northern Ireland has experienced no losses and has made no special payments during the financial year.

Remote contingent liabilities (Audited information)

In addition to contingent liabilities reported within the meaning of IAS 37, the Charity Commission for Northern Ireland had no remote contingent liabilities at 31 March 2021 (2020: £nil).

Notation of gifts (Audited information)

The Charity Commission for Northern Ireland made no gifts over the limits proscribed in Managing Public Money Northern Ireland during the financial year.

This *Accountability report* was signed by the Accounting Officer of the Charity Commission for Northern Ireland on 28 June 2021.



Frances McCandless
Chief Executive
Charity Commission for Northern Ireland

The Charity Commission for Northern Ireland

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify I have audited the financial statements of the Charity Commission for Northern Ireland for the year ended 31 March 2021 under the Charities Act (Northern Ireland) 2008. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union and interpreted by the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Charity Commission for Northern Ireland's affairs as at 31 March 2021 and of the Charity Commission for Northern Ireland's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Charities Act (Northern Ireland) 2008 and Department of Communities directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate.

My staff and I are independent of the Charity Commission for Northern Ireland in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2019, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Charity Commission for Northern Ireland's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity Commission for Northern Ireland's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for Charity Commission for Northern Ireland is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Commission and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in that report as having been audited, and my audit certificate. The Board and the Accounting Officer are responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with the Department of Communities directions made under the Charities Act (Northern Ireland) 2008 and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Charity Commission for Northern Ireland and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Board and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Charity Commission for Northern Ireland's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Charity Commission for Northern Ireland will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to examine, certify and report on the financial statements in accordance with the Charities Act (Northern Ireland) 2008.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Charity Commission for Northern Ireland through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Charities Act (Northern Ireland) 2008;
- making enquires of management and those charged with governance on the Charity Commission for Northern Ireland's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Charity Commission for Northern Ireland's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;

- testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
- assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
- investigating significant or unusual transactions made outside of the normal course of business; and

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report

I have attached a follow up report to these financial statements on the consequences of the High Court decision into the delegation of decision making in CCNI. It can be found at page 95.



K J Donnelly

Comptroller and Auditor General

1 Bradford Court

Belfast

BT8 6RB

Date 2nd July 2021

Financial Statements

7. Statement of Comprehensive Net Expenditure

for the year ended 31 March 2021

This account summarises the expenditure and income consumed on an accrual basis. It also includes other comprehensive expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as expenditure

	Notes	2020-21 £	2019-20 £
Income			
Other operating income	5	-	-
Total operating income		-	-
Expenditure			
Staff costs	2	1,516,578	1,436,970
Commissioners' remuneration	2	90,473	42,615
Depreciation and amortisation	3	98,442	97,314
Provision expense	3	(11,538)	(5,861)
Other operating expenditure	3	434,573	772,376
Notional costs	4	23,840	24,301
Net expenditure		2,152,368	2,367,715
Reversal of notional costs	4	(23,840)	(24,301)
Total operating expenditure		2,128,528	2,343,414
Net expenditure for the year		2,128,528	2,343,414
Other comprehensive net expenditure			
Net (gain)/loss on revaluation of property, plant and equipment	6	(41)	8,657
Net loss/(gain) on revaluation of intangible assets	7	1,090	(10,388)
Comprehensive net expenditure for the year		2,129,577	2,341,683

The notes on pages 79 to 93 form part of these accounts.

8. Statement of Financial Position

as at 31 March 2021

This statement presents the financial position of Charity commission for Northern Ireland. It comprises three **main components: assets owned or controlled; liabilities owed to other bodies**; and equity, the remaining value of the entity.

	Notes	2021 £	2020 £
Non-current assets:			
Property, plant and equipment	6	7,422	12,553
Intangible assets	7	609,117	630,795
Total non-current assets		616,539	643,348
Current assets:			
Trade and other receivables	9	23,544	19,186
Cash and cash equivalents	10	33,709	244,665
Total current assets		57,253	263,851
Total assets		673,792	907,199
Current liabilities			
Trade and other payables	11	(146,937)	(339,070)
Provisions	12	(35,564)	(47,102)
Total current liabilities		(182,501)	(386,172)
Total assets less current liabilities		491,291	521,027
Taxpayers' equity			
Revaluation reserve		75,441	78,717
General reserve		415,850	442,310
Total equity		491,291	521,027

The financial statements on pages 74 to 76 were approved by the Board on 28 June 2021 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Frances McCandless', written over a light blue horizontal line.

Frances McCandless
Chief Executive
Charity Commission for
Northern Ireland

A handwritten signature in black ink, appearing to read 'Nicole Lappin', written over a light blue horizontal line.

Nicole Lappin
Chief Commissioner
Charity Commission for
Northern Ireland

9. Statement of Cash Flows

for the year ended 31 March 2021

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Charity Commission for Northern Ireland during the reporting period. The statement shows how the Charity Commission for Northern Ireland generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Charity Commission for Northern Ireland. Investing Activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Charity Commission for Northern Ireland's future public service delivery.

	Notes	2020-21 £	2019-20 £
Cash flows from operating activities			
Net Operating Expenditure		(2,128,528)	(2,343,414)
<i>Adjustments for non-cash transactions</i>			
(Increase)/decrease in trade and other receivables		(4,358)	3,641
(Decrease)/increase in trade and other payables		(133,038)	92,565
Decrease in provisions		(4,521)	(2,000)
Loss on disposal of intangible assets		-	13,947
Use of provisions	12	(7,017)	(3,861)
Depreciation/amortisation	6,7	98,443	97,314
Net cash outflow from operating activities		(2,179,019)	(2,141,808)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(2,083)	-
Purchase of intangible assets	7	(70,598)	(164,699)
Decrease in capital payables	11	(59,095)	40,603
Net cash outflow from investing activities		(131,776)	(124,096)
Cash flows from financing activities			
Grants from DfC		2,099,839	2,396,175
Net Financing		2,099,839	2,396,175
Net (decrease)/ increase in cash and cash equivalents in the period		(210,956)	130,271
Cash and cash equivalents at the beginning of the period		244,665	114,394
Cash and cash equivalents at the end of the period	10	33,709	244,665

The notes on pages 79 to 93 form part of these accounts.

10. Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2021

This statement shows the movement in the year on the different reserves held by the Charity Commission for Northern Ireland. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Reserve represents the total assets less liabilities, to the extent that the total is not represented by other reserves and financing items

	General Reserve	Revaluation Reserve	Taxpayers' Equity
	£	£	£
Balance at 31 March 2019	389,549	76,986	466,535
Grants from sponsor department - DfC	2,396,175	-	2,396,175
Comprehensive net expenditure for the year	(2,343,414)	-	(2,343,414)
Revaluation gains and losses	-	1,731	1,731
Balance at 31 March 2020	442,310	78,717	521,027
Grants from sponsor department - DfC	2,099,839	-	2,099,839
Comprehensive net expenditure for the year	(2,128,528)	-	(2,128,528)
Revaluation gains and losses	2,229	(3,276)	(1,047)
Balance at 31 March 2021	415,850	75,441	491,291

The notes on pages 79 to 93 form part of these accounts.

11. Notes to the accounts of the Charity Commission for Northern Ireland

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by Department of Finance. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Charity Commission for Northern Ireland for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Charity Commission for Northern Ireland are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Without limiting the information given, the financial statements meet the accounting and disclosure requirements of the Companies Act 2006 and of the accounting standards issued or adopted by the Accounting Standards Board, so far as those requirements are appropriate. The accounts direction is reproduced as an appendix to these financial statements.

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention modified to account for the revaluation of fixed assets, at their value to the Charity Commission for Northern Ireland by reference to their current costs.

1.2 Financing

In accordance with the amendments to FReM, Grant-in-Aid has been treated as Financing and had been credited directly to the general reserve. Capital Grant-in-Aid has been credited to the general reserve.

1.3 Property, plant and equipment

Expenditure on property, plant and equipment of £1,500 or more is capitalised. On initial recognition, assets are measured at cost including any costs attributable to bringing them into working condition. Individual assets may be grouped together where deemed significant.

1.4 Intangible assets

Expenditure on intangible assets, which are primarily the Commission's database, CRM system and the online annual reporting application and the associated costs of implementation, are capitalised where the cost is £1,500 or more.

1.5 Depreciation

Non-current assets, with the exception of leased assets, are depreciated on a straight line basis in order to write off the cost, less estimated residual value of each asset over its expected useful life at the following rates.

Furniture, fixtures and fittings	20% per annum
Equipment	25% per annum
Information technology	25% per annum
Charity Commission Online Services .	10-17% per annum
CRM system	10% per annum
Leased equipment	Period of Lease
Buildings under lease	Period of Lease
Leasehold improvements	Period of Lease

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as non-current assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in current liabilities net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period. Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Impairments

The value of non-current assets is reviewed at the end of each full financial year after acquisition for evidence of reduction in value. Where impairment is identified that is attributable to the clear consumption of economic benefit, the loss is charged to the statement of comprehensive net expenditure. Impairment reviews will also take place in other periods if events or changes in circumstances occur which indicate that the carrying values may not be recoverable.

1.8 Foreign currencies

There were no foreign currencies purchased during 2020-21. Any monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. Translation differences are dealt with in the statement of comprehensive net expenditure.

1.9 Value added tax

All items in these financial statements are inclusive of VAT, which is not recoverable.

1.10 Income

Income is accounted for on an accruals basis.

1.11 Staff costs

Under IAS 19 Employee Benefits legislation, all staff costs must be recorded as an expense as soon as the organisation is obligated to pay them. This includes the cost of any untaken leave as at the year end. The cost of untaken leave has been determined using data from electronic leave records.

1.12 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pensions Scheme (Northern Ireland) (PCSPS) (NI). Detailed information on pensions can be found in the Remuneration Report and in the notes to the accounts.

1.13 Accounting estimates

No material accounting estimates or judgements were made by the Commission in preparing these accounts.

1.14 Financial instruments

The Commission does not hold any complex financial instruments. The only financial instruments in the accounts are receivables and payables (Notes 9 and 11). Receivables are recognised initially at fair value less a provision for impairment. A provision for impairment is made when there is evidence that the Commission will be unable to collect an amount due in accordance with agreed terms.

1.15 Analysis of net expenditure by segment

The Charity Commission for Northern Ireland has one purpose, and as such is considered to have only one operating segment. All income, expenditure, assets and liabilities relate to the Commission's sole activity.

1.16 Accounting standards, interpretations and amendments to published standards adopted to the year ended 31 March 2021

The Commission has reviewed the standards, interpretations and amendments to published standards that became effective during 2020-21 and which are relevant to its operations. The Commission anticipates that the adoption of these standards will have no material impact on the Commission's financial position or results of operations.

1.17 Accounting standards, interpretations and amendments to published standards not yet effective

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Commission's accounting periods beginning on or after 1 April 2021, but which the Commission has not adopted early. The Commission does not anticipate that the adoption of these standards will have a material impact on its accounts in the period of initial application. IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022.

1.18 General reserve

The general reserves of the Commission represent the net of its total assets and total liabilities at the Statement of Financial Position date. The non-current assets of the Commission have been funded through Grant-in-Aid and capitalised in accordance with the policies set out under notes 1.3 and 1.4. The current assets and liabilities are a result of receivables, cash and payables arising due to the timing of invoices received and payments made as at 31 March 2021. The reserves of the Commission are non-distributable.

1.19 Revaluation reserve

All property, plant and equipment and intangible assets are carried at fair value and any revaluation of assets are taken to the Revaluation reserve. The Commission's assets are re-valued annually on the basis of appropriate indices from the Office for National Statistics.

1.20 Provisions

The Commission makes provision for liabilities and charges where, at the Statement of Financial Position date, a legal or constructive liability exists (that is a present obligation from past events), where the transfer of economic benefits is probable and a reasonable estimate can be made. IAS 37 requires that where the effect of the time value of money is material the amount of a provision should be the present value of the expenditures expected to be required to settle the obligation. Where cash flows have been adjusted for risk the standard requires the use of a risk free discount rate.

2. Staff costs

	2020-21	2019-20
	£	£
Wages and salaries	1,115,781	1,056,289
Social security costs	100,623	97,406
Other pension costs	300,174	283,275
	<u>1,516,578</u>	<u>1,436,970</u>

A breakdown of the above costs into permanent staff and others can be found in the staff report within the *Accountability Report*.

Commissioners' costs comprise:

	2020-21		2019-20
	Permanently employed staff	Others	Total
	£	£	£
Commissioners' remuneration	84,225	-	84,225
Social Security costs	6,248	-	6,248
	<u>90,473</u>	-	<u>90,473</u>

In addition to their salary, subsequent to the High Court ruling, commissioners are paid a fee for attendance at Schedule 1 Committee meetings. In 2020-21 the commissioners were required to work additional days over and above their contracted days, excluding Schedule 1 committee work, therefore additional Remuneration was paid to them for this work. The costs above include the total remuneration received throughout out the year.

3. Other operating expenditure

	2020-21	2019-20
	£	£
Rent and service charges	46,092	46,093
Rates	13,588	15,216
Security	35,384	35,851
Maintenance and repairs	3,490	6,910
Cleaning	3,521	6,163
Telephone and postage	18,085	45,289
Heat, light and power	2,742	7,569
IT network support	8,113	21,881
Stationery and consumables	2,538	8,264
Publicity, printing and advertising	4,929	2,653
Staff/Commissioners' training	27,174	36,530
Travel and subsistence	589	13,659
Recruitment costs	8,849	47,671
Events and hospitality	116	5,539
Legal and professional fees	143,785	347,949
Miscellaneous expenses	20	20
Membership and licence fees	13,839	12,086
Commission library costs	-	1,071
Charity digital services maintenance	66,936	85,896
Minor equipment	945	2,015
Communication and research costs	33,838	10,104
Loss on disposal of intangible asset (<i>non-cash</i>)	-	13,947
Total	434,573	772,376
Depreciation and amortisation (<i>non-cash</i>)	98,442	97,314
Decrease in provisions (<i>non-cash</i>)	(11,538)	(5,861)
	521,477	863,829

4. Notional Costs

	2020-21	2019-20
	£	£
Notional costs incurred during the year relate to:		
NIAO audit fee	10,500	10,500
Internal audit fee	13,340	13,801
	23,840	24,301

During the year the Commission did not purchase any non-audit services from its auditor, the Northern Ireland Audit Office, and the notional cost above relates to the audit of the financial statements.

5. Other operating income

The Commission had no income during the year. In 2020-21 there was no income relating to the outward secondment of staff.

6. Property, plant and equipment

2020-21				
	Buildings	Furniture & fittings	Information technology	Total
	£	£	£	£
Cost or valuation				
At 31 March 2020	163,114	43,376	48,203	254,693
Additions	-	-	2,083	2,083
Disposals	-	-	(12,922)	(12,922)
Revaluations	103	31	(4)	130
At 31 March 2021	163,217	43,407	37,360	243,984
Depreciation				
At 31 March 2020 (restated)	156,571	40,245	45,324	242,140
Charged in year	2,718	1,267	3,270	7,255
Disposals	-	-	(12,922)	(12,922)
Revaluations	73	17	(1)	89
At 31 March 2021	159,363	41,528	35,671	236,562
Carrying amount at 31 March 2021	3,854	1,879	1,689	7,422
Carrying amount at 31 March 2020	6,543	3,131	2,879	12,553
2019-20				
	Buildings	Furniture & fittings	Information technology	Total
	£	£	£	£
Cost or valuation				
At 31 March 2019	168,442	55,308	47,922	271,672
Additions	-	-	-	-
Reclassifications	-	-	-	-
Revaluations	(5,328)	(11,932)	281	(16,979)
At 31 March 2020	163,114	43,376	48,203	254,693
Depreciation				
At 31 March 2019	155,750	44,127	42,258	242,135
Charged in year	3,473	2,022	2,832	8,327
Revaluations	(2,652)	(5,904)	234	(8,322)
At 31 March 2020 (restated)	156,571	40,245	45,324	242,140
Carrying amount at 31 March 2020	6,543	3,131	2,879	12,553
Carrying amount at 31 March 2019	12,692	11,181	5,664	29,537

The Commission owns all assets and has no finance leases or PFI contracts.

The Commission's assets are re-valued annually on the basis of appropriate indices from the Office for National Statistics.

7. Intangible assets

Intangible assets represent the integrated IT system in the Commission to facilitate the registration and regulation of charities. The integrated IT system comprises:

- the Commission's charity registration database
- a Customer Relationship Management (CRM) software package
- a website
- an online application for submitting annual returns and the associated costs of implementation.

Online Systems (OLS)

OLS encompasses the previous intangible categories of database and annual return. The Commission's online charity register system was brought into use in June 2011. A number of important enhancements were subsequently made to the suite of online services available to the charity sector. Updates improve the level of functionality available to registered charities in Northern Ireland, to those organisations applying to register as a charity and others viewing their information published on the Commission's website. The charity register has been variously updated to reflect annual reporting regulations, requirements in particular for submission of annual monitoring returns during reporting periods, and the associated financial statuses a charity can acquire. Additions in the year in relation to changes to the charity register display was required in response to the Court of Appeal judgment in February 2020. At 31 March 2021, development work is underway to design a more risk-based approach to regulation involving the refinement of existing information flows in the OLS. These development costs have not been amortised in the 2020-21 financial year.

CRM

CRM was initially configured to manage registration workflows and this element of the software package has been operational since 2014-15. Further development of CRM was undertaken to allow other workflows to be incorporated into the software package and has been operational since 2015-16. A fourth phase of CRM development was undertaken, providing further functionality covering administration of use of powers and upgrading the software version used. This allows internal departments to fully record and report on these functions. At 31 March 2021 development work is underway to design a more risk based approach to regulation and involves the design and development of new CRM software functionality.

These development costs have not been amortised in the 2020-21 financial year.

2020-21					
	OLS	OLS in development	CRM operational	CRM in development	Total £
Cost or valuation					
At 1 April 2020	513,484	144,281	383,101	72,751	1,113,617
Additions	7,800	44,318	-	18,480	70,598
Reclassification	5,551	14,446	-	(19,997)	-
Revaluation	(941)	(363)	(684)	(127)	(2,115)
At 31 March 2021	525,895	202,682	382,417	71,106	1,182,100
Amortisation					
At 1 April 2020	304,411	-	178,411	-	482,822
Charged in year	52,877	-	38,310	-	91,187
Revaluation	(638)	-	(387)	-	(1,025)
At 31 March 2021	356,650	-	216,334	-	572,984
Carrying amount at 31 March 2021	169,245	202,682	166,083	71,106	609,116
Carrying amount at 31 March 2020	209,073	144,281	204,690	72,751	630,795

2019-20					
	OLS	OLS in development	CRM operational	CRM in development	Total £
Cost or valuation					
At 1 April 2019	496,568	47,544	402,541	9,675	956,328
Additions	8,460	94,361	-	61,878	164,699
Disposals	-	-	(25,749)	-	(25,749)
Revaluation	8,456	2,376	6,309	1,198	18,339
At 31 March 2020	513,484	144,281	383,101	72,751	1,113,617
Amortisation					
At 1 April 2019	248,091	-	149,595	-	397,686
Charged in year	51,307	-	37,679	-	88,986
Disposals	-	-	(11,801)	-	(11,801)
Revaluation	5,013	-	2,938	-	7,951
At 31 March 2020	304,411	-	178,411	-	482,822
Carrying amount at 31 March 2020	209,073	144,281	204,690	72,751	630,795
Carrying amount at 31 March 2019	248,477	47,544	252,946	9,675	558,642

8. Financial instruments

As the cash requirements of the Commission are met through Grant-in-Aid provided by the Department for Communities, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Commission's expected purchase and usage requirements and the Commission is therefore exposed to little credit, liquidity or market risk.

9. Trade and other receivables

	2021	2020
	£	£
Amounts falling due within one year:		
Prepayments and accrued income	22,375	16,316
Other receivables	1,169	2,870
	23,544	19,186

10. Cash and cash equivalents

	2021	2020
	£	£
Balance at 1 April	244,665	114,394
Net change in cash and cash equivalent balances	(210,956)	130,271
Balance at 31 March	33,709	244,665

The following balances at 31 March were held at:

Commercial banks and cash in hand	33,709	244,665
Balance at 31 March	33,709	244,665

11. Trade and other payables

	2021	2020
Amounts falling due within one year:	£	£
Trade payables	9,881	2,577
Capital payables	-	59,095
Pension	11,019	11,019
Accruals and deferred income	126,037	266,379
	146,937	339,070

11.1 Public sector payment policy – measure of compliance

The Department requires that the Commission pays its non-Commission trade creditors in accordance with the Account NI Prompt Payment Code and Government Accounting Rules. The Commission payment policy is consistent with the Accounts NI Prompt Payment Codes and Government Accounting rules and its measure of compliance for invoices paid 1 April 2020 to 31 March 2021.

	2020-21		2019-20	
Total invoices in accounting period	500		742	
Invoices paid within 10 days	319	63.8%	660	88.9%
Invoices paid 10 - 30 days	180	35.8%	82	11.1%
Invoices paid over 30 days	2	0.4%	0	0%

12. Provision for liabilities and charges

	2021	2020
	Legal Costs	Legal Costs
	£	£
Balance at 1 April	47,102	52,963
Provided in the year	-	11,500
Provisions not required written back	(4,521)	(13,500)
Provisions utilised in the year	(7,017)	(3,861)
Balance at 31 March	35,564	47,102

Analysis of expected timing of discounted flows

	2021	2020
	Legal	Legal
	Costs	Costs
	£	£
Greater than one year	35,564	47,102
Balance at 31 March	35,564	47,102

The Commission has included provisions for the future legal costs associated with existing legal cases that are listed with the Charity Tribunal and the High Court, due to the uncertainty of timings, the Commission cannot state for certain when or if the remainder will be consumed.

13. Commitments under leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2021	2020
	£	£
Buildings		
Not later than one year	23,045	46,093
Later than one year and not later than five years	-	23,045
Later than five years	-	-
Total	23,045	69,138

The Charity Commission for Northern Ireland had no commitments under finance leases at 31 March 2021 (2020: £nil).

14. Capital commitments

The Charity Commission for Northern Ireland had no capital commitments at 31 March 2021 not otherwise included in these accounts.

15. Contingent liabilities

The Charity Commission for Northern Ireland had no contingent liabilities at 31 March 2021 (2020: £nil).

16. Related party transactions

The Charity Commission for Northern Ireland is a non-departmental public body (NDPB) sponsored by the Department for Communities.

The Department for Communities is regarded as a related party. During the year the Commission had a number of material transactions with the department, including receipt of grant in aid of £2,099,839 (2020: £2,396,175).

In addition the Commission had a number of transactions with other government departments and other central government bodies.

None of the Commissioners undertook any material transactions with the Commission in the financial year.

17. Events after the reporting period

There were no events after the reporting period, as defined by IAS 10, between the statement of financial position date and the date the accounts were signed.

The Accounting Officer authorised the issue of these financial statements on 2nd July 2021

ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT FOR COMMUNITIES, WITH THE APPROVAL OF THE DEPARTMENT OF FINANCE, IN ACCORDANCE WITH SCHEDULE 1 SECTION 8(2) OF THE CHARITIES ACT (NI) 2008

1. This direction applies to the Charity Commission for Northern Ireland.
2. Charity Commission for Northern Ireland shall prepare resource accounts for the financial year ended 31 March 2021 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") which is in force for the financial year for which the accounts are being prepared, together with any additional disclosure or other requirements as agreed with the department. The accounting policies contained in the Government Financial Reporting Manual apply International Financial Reporting Standards as adapted or interpreted for the public sector context.
3. The accounts shall be prepared so as to:
 - (a) give a true and fair view of the state of affairs at 31 March 2021 and subsequent financial year-ends, and of the income and expenditure, total recognised gains and losses and cash flows for the financial year then ended; and
 - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by the Assembly or material transactions that have not conformed to the authorities which govern them.

Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgment should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed with the Department for Communities and the Department of Finance.

CHARITY COMMISSION FOR NORTHERN IRELAND

The Consequences of the High Court Decision into the Delegation of Decision Making in CCNI

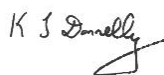
In May 2019 the High Court ruled that CCNI could not delegate decision making activities to its staff. These decisions must be undertaken by CCNI's commissioners. This ruling (the McBride ruling) was further upheld, on appeal, in February 2020.

I attached a report to the 19-20 financial statements setting out the possible implications of this ruling. This included the fact that the status of the charities register was no longer valid. At the time, a number of options to rectify the situation, had been identified and provided to the Minister for her consideration. I said I would keep developments in this area under review.

The Governance Statement included in this year's Annual Report and Accounts sets out on pages 35 to 52 the developments since I last reported. I note the following has happened:

- On 3rd June the Executive agreed to introduce a Bill to amend the Charities Act (Northern Ireland) 2008. This will, retrospectively make lawful, all previous decisions taken by CCNI staff, as long as they are consistent with the European Convention on Human Rights and that none of the decisions would be considered unlawful on any other grounds.
- The Bill will also allow some decision making functions to be delegated to CCNI staff. These will be set out in a scheme of delegations to be approved by the Department for Communities (DfC). Those decisions which relate to instigating a statutory inquiry or the publication of any report or making orders as a result of such a statutory inquiry cannot be delegated. This also applies to the power of the commissioners to make regulations under the Charities Act (Northern Ireland) 2008.
- CCNI appointed independent counsel to review two early statutory inquiries which have been the subject of complaints. This review aims to provide DfC with assurances around how CCNI conducted these inquiries and to highlight if there are lessons which can be learned. This review is due to report in July 2021. Following which the conclusions and recommendations will be considered by the commissioners.
- The Minister for Communities also appointed an independent panel to carry out a review of charity regulation in Northern Ireland. The review is to consider the roles of both CCNI and DfC together with a review of the Charities Act (Northern Ireland) 2008. The panel is due to provide its report by late summer.

I will continue to keep these developments under review as part of my annual audit.



K J Donnelly

Comptroller and Auditor General

Northern Ireland Audit Office

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Date: 2nd July 2021