





Charity Commission for Northern Ireland Annual Report and Accounts

For the year ended 31 March 2011

The Accounting Officer authorised these financial statements for issue on 28 September 2011.

Laid before the Northern Ireland Assembly
Under the Charities Act (Northern Ireland) 2008
by the Department for Social Development on
27 October 2011.

The Charity Commission for Northern Ireland (CCNI) is the regulator of charities in Northern Ireland, a non-Departmental Public Body sponsored by the Department for Social Development.

CCNI aims to

- **Develop a regulatory framework in which the public have confidence and in which charities can grow and flourish;**

And

- **Manage the establishment of the organisation to a statutory non departmental public body following the full implementation of the Charities Act (Northern Ireland) 2008.**

Further information about CCNI's activities is available from:

The Charity Commission for Northern Ireland
257 Lough Road
Lurgan
Northern Ireland
BT66 6NQ

Tel: 028 3832 0220

Fax: 028 3834 5943

Text Phone: 028 3834 7639

www.charitycommissionni.org.uk

This document is available in large print or other formats on request.

© Crown Copyright 2011

The text in this document (excluding the Royal Arms and organisation logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified. Any enquiries relating to the copyright in this document should be addressed to the Office of Public Sector Information, Information Policy Team, Kew, Richmond, Surrey, TW9 4DU.

E-mail: licensing@opsi.gov.uk.

Contents

- Glossary 02
- Foreword by the Chief Commissioner 03
- Chief Executive’s Report 04
- 1. Introduction 05
- 2. Responsibilities 06
- 3. Vision 07
- 4. The Charity Sector 07
- 5. The Developing Context 08
- 6. Progress and Delivery 09
- 7. Our Future Plans 12

- The Charity Commissioners 13
- Remuneration report 14
- Statements of the Responsibilities of the Commission and Chief Executive 17
- Statement on Internal Control 2010-11 18
- The Certificate of the Comptroller and Auditor General 20
- Statement of Comprehensive Net Expenditure 22
- Statement of Financial Position 23
- Statement of Cash Flows 24
- Statement of Changes in Taxpayers’ Equity 25
- Notes to the accounts of Charity Commission for Northern Ireland 26

Glossary

CCEW	Charity Commission for England and Wales
CCNI	Charity Commission for Northern Ireland
DCEGA	Department for Community Equality and Gaeltacht Affairs (Ireland)
DEL	Department for Education and Learning
DFP	Department of Finance and Personnel
DHSSPS ITG	Department of Health, Social Services and Public Safety, Information Technology Group
DSD	Department for Social Development
HMRC	Her Majesty's Revenue and Customs
NIAO	Northern Ireland Audit Office
NICVA	Northern Ireland Council for Voluntary Action
OSCR	Office of the Scottish Charity Regulator
PSNI	Police Service for Northern Ireland
SORP	Statement of Recommended Practice

Foreword by the Chief Commissioner



This year has been a challenging one for the Charity Commission as we have seen the recruitment of our staff begin in earnest and our substantive work get underway.

The Commission recognises that charities are a vital part of the social

fabric of Northern Ireland providing much needed services, support, enjoyment and research often reaching out to some of the most vulnerable in our community. Many charities in Northern Ireland seek recognition by HMRC for tax purposes and during this year we have been able to publish a list of these on our website. For the very first time the public in Northern Ireland can see a list of the organisations currently recognised as charities.

Once we begin registering charities in Northern Ireland, we will replace this list with the first ever comprehensive register of charities here. Unfortunately, we have been unable to begin registration as planned this year. Having identified a problem with the Charities Act (Northern Ireland) 2008, the Commission referred the legislation back to the Department for Social Development. We are still awaiting the end of a process of legislative amendment going through the NI Executive and Assembly. Once this is complete, Commissioners and staff are determined to begin establishing the new register of charities in Northern Ireland.

In the meantime, the Commissioners have been working on the crucial issues involved in establishing a new public body that seeks to be transparent and

accountable. We have recruited staff and put key policies in place for the running of the organisation.

We have also spent time meeting our key stakeholders, including local charities, through events and presentations. And we have been learning from other regulators about their experiences. Colleagues from the Office of the Scottish Charity Regulator met with NI Commissioners to share with us what they have learned over the past five years.

I would like to thank my fellow Commissioners for the additional efforts they have made in the past year responding to issues such as the legislative amendment, working with staff on recruitment and the development of key governance policies. I would also like to thank the Chief Executive and staff for their hard work. The year has been a busy one and has seen the organisation make substantial progress towards its goal of effective charity regulation which has the respect and confidence both of the public and the charity sector.

A handwritten signature in black ink.

Tom McGrath C.B.E

Chief Commissioner – Charity Commission for Northern Ireland

Chief Executive's Report



2010-11 was my first full year as Chief Executive of the Charity Commission for Northern Ireland. In that time I have been joined by other permanent staff and we have begun our important work on charity regulation.

As a new public body which seeks to be open and accountable, we have put a great deal of our effort this year into establishing procedures which will ensure that the organisation is properly run and uses public money effectively. This has meant developing the appropriate financial, human resources and governance policies which allow us to demonstrate that the Commission is well run and transparent.

Preparation for the start of our public-facing work has involved many months developing and testing procedures for registering charities, carrying out investigations and making the other decisions on which charities will depend. These processes must be legally robust and transparent, and their development has benefitted enormously from advice and training from colleagues in charity regulators in other parts of the UK.

Designing an appropriate staffing structure for the Commission and starting to recruit the permanent staff has been an exciting part of our work this year. Building a new team to begin work on a new area of regulation offers a rare challenge and has attracted people from many different backgrounds who are looking forward to working with charities, the public and all our other stakeholders.

This year has been one of transition for the Charity Commission for Northern Ireland as we move to be fully independent from the secretariat established by the Department for Social Development. Staff have still been on loan from the Department to enable us to continue our work and we are grateful to them for their contribution and the continuity they have provided, while CCNI establishes its independence.

Towards the end of the year CCNI assumed powers of investigation and decision making which will start to make a real difference to the operation of charities in Northern Ireland and to public confidence in them. Survey work carried out in February indicated that two thirds of those questioned feel they do not know enough about how charities are operating. This clearly demonstrates a need for our work, which we look forward to developing in the years ahead.



Frances McCandless
Chief Executive – Charity Commission for Northern Ireland

1 Introduction

The Charities Act (NI) 2008 introduced a new regulatory framework for the charitable sector in Northern Ireland. The previous framework did not provide for any form of registration and only made limited provisions for enforcement generally. The main objective of the 2008 Act was to introduce an integrated system of registration and regulation (including control of charitable, philanthropic or benevolent fund-raising), as well as supervision and support of registered charities. The aim of these changes will be to provide a structure and process through which charities can demonstrate their contribution to society, the public can be assured regarding how charities are spending any donations and Government can assist in the better governance of the charity sector.

The Act made provision for the establishment of an independent Commission that would be able to respond to the needs of the local charity sector in Northern Ireland. The Commission was formally established on 1 June 2009 and is a non-Departmental Public Body (NDPB) sponsored by the Department for Social Development.

Whilst CCNI has a key role in regulation of the charitable sector, it is also important that it develops effective relationships and works in partnership with those engaged in charitable activities. This will involve provision of advice and guidance to assist charities with compliance issues but will also require development of an ethos which promotes confidence in public charitable giving, encourages sharing of best practice and ultimately helps to raise standards.

Auditor

The Comptroller and Auditor General was appointed the Statutory Auditor under the Charities Act (Northern Ireland) 2008. He is the head of the Northern Ireland Audit Office and he and his staff are wholly independent of the Charity Commission for Northern Ireland and reports his findings to the Northern Ireland Assembly.

Disclosure of relevant audit information

There is no relevant audit information of which the auditors are unaware; and the Accounting Officer has taken all the necessary steps to ensure that both she and the auditors are aware of all relevant audit information.

2 Responsibilities

The Charity Commission has objectives which are set out in the legislation. These are:

- **The public confidence objective – to increase public trust and confidence in charities;**
- **The public benefit objective– to promote awareness and understanding of the operation of the public benefit requirement;**
- **The compliance objective – to promote compliance by charity trustees with their legal obligations in exercising control and management of the administration of their charities;**
- **The charitable resources objective – to promote the effective use of charitable resources;**
- **The accountability objective – to enhance the accountability of charities to donors, beneficiaries and the general public.**

CCNI has already begun to establish ongoing formal and informal relationships with its key stakeholders. These key stakeholders include the Department for Social Development (DSD), the Northern Ireland Assembly and Executive, the Charity Commission for England and Wales (CCEW), the

Office of the Scottish Charity Regulator (OSCR), Department of Community, Equality and Gaeltacht Affairs (DCEGA), other regulatory bodies (such as HM Revenue & Customs), umbrella bodies (such as NICVA and the Institute of Fundraising), the public, the media and charities themselves.

3 Vision

CCNI's vision is for:

“ A dynamic and well governed charities sector in which the public has confidence, underpinned by CCNI's effective delivery of its regulatory and advisory role. ”

Delivery of this vision will require the concerted effort of a number of different players in the charities sector in the coming years. CCNI is only one player in this complex environment, although the nature of its role, responsibilities and powers make it a key player.

4 The Charity Sector

There is no register of charities in Northern Ireland so it is impossible to accurately state the number of charities operating here. Many charities seek recognition by HMRC for tax purposes and during the year the Charity Commission for Northern Ireland has made this list publicly available for the first time. The list now on our website shows just fewer than 8,000 organisations which have claimed charitable tax status. Work has begun on validating and cleaning this list and all the organisations on it have been contacted by CCNI during the year. The list will then be used to manage a phased registration process of all charities.

Once the register of charities is established we will be able to provide for the first time an accurate analysis of the charities in Northern Ireland. In comparison there are 170,000 charities in England and Wales and 23,500 in Scotland.

The profile of charities in Northern Ireland is different from that elsewhere in the United Kingdom. We have proportionately fewer smaller charities with gross income below the £100,000 level. We do not have the large multi-million pound charities that exist in England and operate across the UK and globally.

5 The Developing Context

There are a number of developments that will inform and influence CCNI's focus and operational working. Expectations of donors, the public and broader civil society are evolving. Charities are essential to the fabric of society and the commitment and sheer variety of charitable activity is a valuable aspect of life in Northern Ireland and internationally today. However, the scale of activity, the amounts of money involved, and the emphasis on standards elsewhere, has led to increasing public expectations of charities.

Recent high profile cases where charity governance has been called into question highlight the need for effective regulation. In straitened financial circumstances it is essential that charity governance is upheld and improved. The Charity Commission will play a key role in this. The investigatory powers which we assumed this year will allow us to intervene where there is serious risk of harm to a charity, its assets, beneficiaries or reputation.

The legal context for the Commission's work may also change. During the year a process of amendment of the Charities Act (Northern Ireland) 2008 began in the Northern Ireland Executive. This

prevented the Charity Commission from beginning the registration of charities as planned. We hope that, once this issue is resolved, registration can begin in the coming year.

CCNI recognises that many charities and voluntary organisations have been working hard on developing their own internal regulation. CCNI aims to adopt a modern approach from the outset, focusing on achieving impact and adding value in our own operations and encouraging this same approach in the charity sector, through working with major funders and other regulators and the sector itself.

6

Progress and Delivery

This is a period of transition in charity regulation and charity legislation. CCNI has assumed new functions during the year as additional parts of the Charities Act (NI) 2008 were brought into force. Although registration of charities has not yet begun, due to the legislative issue identified by CCNI during the past year, new powers for the protection of charities are now in place.

A temporary legal provision has made it possible for the Commission, for the first time, to begin scrutiny and regulation of part of Northern Ireland's charitable sector. The powers do not yet apply to all charitable organisations, and at present we have only begun regulation and investigation of organisations previously granted charitable tax exemption by HM Revenue and Customs (HMRC). A list of these organisations has been made available for reference on the CCNI website.

Our powers allow us to identify and investigate apparent misconduct or mismanagement in the administration of charities and to take remedial or protective action in connection with misconduct or mismanagement.

We also now have powers to give advice and guidance on any matter relating to the performance of a trustee's duties. This will empower charities and enable them to work on their internal structures to ensure good governance within their organisation. In certain instances the Commission also has the ability to require a charity to change its name and has powers to authorise dealings with charity property.

Events and work with stakeholders

A key piece of work for the Commission this year was communicating our work to key stakeholders. Staff and Commissioners undertook an extensive series of meetings and presentations at events across Northern Ireland. This included a series of events on charity governance in partnership with the Developing Governance Group and work with umbrella or representative bodies such as NI Federation of Housing Associations, NICVA, Citizens Advice Bureau, Community Transport Association, NI Trusts Group, CO3 and the Association of Charitable Foundations. Presentations were also made to professional bodies in the legal and accounting professions.

During this year CCNI kept up its regular contact with other regulators in the UK and Ireland, and beyond. Learning from the experiences of similar bodies in Ireland, Scotland and England and Wales has helped to speed up CCNI's development. A valuable network of international charity regulators also exists and has met within the last year to share developing issues across English speaking, common law countries.

Progress and Delivery

The Charity Commissioners have held two board meetings outside Belfast, as planned, this year. One was held in Newry and one in Derry/Londonderry. The latter event included a public 'Meet the Commissioners' question and answer session attended by over 40 local charities.

The Charity Register and website

Work was begun in 2009-10 to purchase and adapt an online registration system that will produce the publicly available Charity Register for Northern Ireland. This was developed and tested internally in 2010-11 to ensure CCNI is ready to begin charity registration. CCNI has worked in partnership with the Charity Commission for England and Wales (CCEW) to develop a system tailored to meet the needs in Northern Ireland but based on a tried and tested system which has been operating effectively for a number of years in England and Wales.

Along with this we launched and developed a comprehensive website based on the framework already developed and tested by CCEW. This has been tailored for the law and circumstances in Northern Ireland and now contains the list of organisations temporarily 'deemed' as charities in Northern Ireland, ie. those that have secured charitable tax exemptions from HM Revenue and Customs.

The website will be CCNI's primary means of communication with charities and the public and feedback on it so far has been extremely positive, with web traffic of 130,000 page views by 30,000 individual site users in the last six months of the year.

Organisational development

Substantial internal focus in the past year has resulted in the development and implementation of a long list of core operational policies and procedures which are essential for any public body. CCNI now has in place assurance systems and governance procedures relating to fraud, whistle blowing, board procedures, risk management, conflict of interest, information security, business continuity, Freedom of Information, records management and finance. The organisation has also put in place a complaints procedure for those using our services.

CCNI has now substantially completed recruitment of a full permanent staff complement. A staffing structure was designed and agreed with DSD and DFP before recruitment began. Recruitment has been followed by a programme of training for staff and Commissioners.

Work has continued on developing the website and substantial planning has

begun for a new workflow management system. This involved extensive analysis of the organisation's business processes in preparation for development of an appropriate IT system.

The Commission's legal decision-making procedures were also a focus this year and comprehensive procedures and manuals have been developed for registration and investigations as well as high level processes for a range of legal consents. Work on internally testing the online registration system has also continued in preparation for the opening of registration.

In preparation for forthcoming regulations on charity accounts in Northern Ireland, CCNI has taken up a place as observer on the UK Charity SORP (Statement on Recommended Practice) Committee which is jointly convened by the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator.

Public attitudes

The Charity Commission for Northern Ireland undertook some work during the year to measure public attitudes to charities and their regulation.

Responses to the statement 'I trust charities which are operating in Northern Ireland' elicited 49%

agreement or strong agreement, almost 1 in 4 respondents, actively disagreed - indicating their mistrust in charities operating in NI.

In response to the statement 'Those people who give their time and money to charities in Northern Ireland know enough about how charities are operating' those that agreed (32%) closely matched those that disagreed (31%). A further 28% neither agreed nor disagreed.

When asked whether 'Those people who use their services know enough about how charities are operating' the same number of people said they did (31%) and did not (31%).

An overwhelming 66% of respondents indicated or strongly indicated they did not know enough about how charities are operating. This applied evenly across geographic area, urban/rural mix, socio-economic group, employment status, age, gender, religion, marital, dependant and disability status.

In response to the statement 'The new Charity Commission will improve how charities in Northern Ireland operate' over one third (34%) of respondents agreed that CCNI will improve how charities operate (a further 28% neither agreed nor disagreed and 2% strongly agreed).

7 Our Future Plans

CCNI has agreed and published its Corporate Plan 2011-14, which is available on the website. This involved consultation with key stakeholders on the sequencing of our work and future plans. From this a one year business plan has been drawn.

Key priorities in the coming year include:

- Building the appropriate technical infrastructure;
- Embedding and further developing key operational processes;
- Embedding and developing key decision-making processes;
- Locating to suitable premises;
- Completing recruitment of permanent staff.

If the outstanding legislative issue is resolved by the Northern Ireland Executive and Assembly, we hope that the coming year will see CCNI begin to register charities and become a more visible presence in Northern Ireland. This will commence with 20 test organisations and then roll out on a phased basis to all charities over the next few years.

Work on investigations will continue and develop and we expect that additional parts of the legislation will come into force, introducing new regulations on charity accounting and empowering CCNI to begin taking decisions on a wider range of casework. This will support and enable charity trustees in their important work of governing charities in Northern Ireland.

Equality of Opportunity

CCNI is an Equal Opportunities employer and has a range of policies and procedures in place to ensure fair representation and participation in the workforce, irrespective of religious belief, political opinion, race or ethnic origin, gender, marital status, disability, age, sexual orientation or those with or without dependents.

CCNI is also committed to effective compliance with its obligations under Section 75 of the Northern Ireland Act 1998 and aims to ensure that, in practice, issues of equality of opportunity are given due prominence in all appropriate spheres of CCNI activity.



Tom McGrath C.B.E

Chief Commissioner – Charity Commission for Northern Ireland

Date 28 September 2011



Frances McCandless

Chief Executive – Charity Commission for Northern Ireland

Date 28 September 2011

The Charity Commissioners



Tom McGrath C.B.E
Chief Commissioner



Paddy Sloan
Deputy Chief Commissioner



Angila Chada
Commissioner



Rosemary Connolly
Legal Commissioner



Walter Rader
Commissioner



Paul Cavanagh
Commissioner



Philip McDonagh
Commissioner

Remuneration Report

Remuneration policy

The Commissioners of the Charity Commission for Northern Ireland are appointed by the Minister for Social Development 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 CCNI and in consultation with the sponsor Department set 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.

Service contracts

CCNI appointments are made on the basis of the merit principle in fair and open competition and in accordance with all relevant legislation. Both the Chief Commissioner and the Deputy Chief Commissioner have been appointed for a five year term of office. All other Commissioners have been appointed for a three year term. The Chief Executive of the Commission was appointed on a permanent basis, subject to satisfactory performance.

Frances McCandless was appointed Chief Executive on 8 April 2010.

Notice Periods

Unless otherwise agreed, the Chief Executive is required to give a minimum of 3 months written notice (except under certain circumstances) to the Chief Commissioner if the Chief Executive wishes to terminate employment.

The following periods of notice will be given in writing terminating the employment if:

- i. Retired on grounds of age, dismissed on grounds of inefficiency, or dismissal as a result of disciplinary proceedings in circumstances where summary dismissal is not justified; Continuous Service for up to 4 years, 5 weeks notice will be given, Continuous Service over 4 years, 1 week plus 1 week for every year of continuous service up to a maximum of 13 weeks.
- ii. Retired on medical grounds, the notice period in (i) above or, if longer, 9 weeks, unless a shorter period is agreed.
- iii. Employment is terminated compulsorily on any other grounds, unless such grounds justify summary dismissal at common law or summary dismissal is the result of disciplinary proceedings, 6 months.

Compensation for Premature Termination of Contract or Retirement

Under the Employment Rights Act 1996 providing employees have two years continuous service with the same employer they will qualify for a statutory redundancy payment.

For qualifying redundancies made, the amount is calculated as:

- Up to the age of 21, you will receive half a week's pay for each completed year of continuous service;
- 22 – 40 years of age, you will receive one week's pay for each completed year of continuous service;
- 41+ years of age, you will receive 1½ weeks' pay for each completed year of continuous service.

CCNI is currently undertaking options research on provision of a pension scheme. No provision therefore is in place for compensation for premature retirement.

Salary and pension entitlements

Emoluments of Chief Executive and Senior Management

The following sections provide details of salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the Commission.

Remuneration (audited)

Commissioners	2010-11		2009-10	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Tom McGrath, Chief Commissioner	0 – 5	Nil	0 - 5	Nil
Paddy Sloan, Deputy Chief Commissioner	0 – 5	Nil	0 - 5	Nil
Angila Chada, Commissioner	0 – 5	Nil	0 - 5	Nil
Rosemary Connolly, Legal Commissioner	0 – 5	Nil	0 - 5	Nil
Walter Rader, Commissioner	0 – 5	Nil	0 - 5	Nil
Paul Cavanagh, Commissioner	0 – 5	Nil	0 - 5	Nil
Philip McDonagh, Commissioner	0 – 5	Nil	0 - 5	Nil

Chief Executive	2010-11		2009-10	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Frances McCandless	55-60	Nil	Nil	Nil

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.

Benefits in kind

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

Pension benefits (audited)

No Commissioners or any other Senior Management received pension benefits in the year; however pension benefits due to the Chief Executive have been accrued in the financial statements pending identification of an appropriate scheme. CCNI commissioned an investigation by Mercer to examine the options available to set up a pension scheme for employees. A further investigation has been commissioned in 2011/2012 to identify the most appropriate scheme.

Bonuses

CCNI does not operate any bonus schemes.

Compensation payments

CCNI has no liability for compensation payment in the year 2010/2011

Ex-gratia payments

CCNI made one ex-gratia payment of £1,644 to Walter Rader as payment for work carried out in assisting to draft the CCNI Human Resources Policies and procedures and for assisting in the recruitment process for CCNI's full time staff. This work was deemed to be outside the scope of his duties as a Commissioner. With approval of the

sponsor Department, it was agreed to make a payment for the HR services provided based on an hourly rate derived from his annual salary.

Exit packages

No exit packages were awarded in the years 2009/2010 or 2010/2011.



Frances McCandless

Chief Executive – Charity Commission for Northern Ireland

Date 28 September 2011

Statements of the Responsibilities of the Commission and Chief Executive

Under Schedule 1, Section 8(2), of the Charities Act (NI) 2008, the Department for Social Development (DSD), with the approval of the Department of Finance and Personnel (DFP), 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, changes in taxpayers' equity, 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 DSD, 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; and
- prepare the financial statements on a going concern basis.

The Accounting Officer of DSD 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 DFP.

Statement on Internal Control 2010-11

1. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Commission's policies, aims and objectives, whilst safeguarding the public funds and managing the assets assigned to the Charity Commission for Northern Ireland, for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. The Commission was established on 27 March 2009 and established internal controls from this point onwards which are, and will continue to be, reviewed on an annual basis.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control 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 and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been brought into place in the Charity Commission for Northern Ireland since establishment, during the period ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

The identification and impact of risk is incorporated into the corporate planning and decision making processes of the Commission. Consequently the Commission ensures that there are procedures in place for verifying that internal control and aspects

of risk management are regularly reviewed and reported on.

In addition to the actions mentioned above, in the coming year the Commission plans to:

- Continue and update the records of risk
- Ensure that the Commission's audit committee reviews the risk framework at its meetings;
- Further develop a system of key performance and risk indicators;
- Continue to identify and arrange for appropriate training for staff and audit committee members;
- Continue to provide assurance to senior management and the Commissioners that agreed processes and procedures are in place and are being acted upon and complied with.

4. The risk and control framework

As part of the Commission's corporate planning process, the Commission identifies the inherent risks for each corporate objective, and assesses each inherent risk for impact and likelihood using a risk matrix. The Commission also identifies the controls to mitigate each risk. Thus key areas of risk are identified, risk ownership assigned to staff and action plans drawn up.

The Audit and Risk Committee was established in June 2009 and these risks are reported to and managed by the Audit and Risk Committee who review and report to the Commissioners on risk management issues. Risk is reviewed on a quarterly basis by the Audit and Risk Committee and in turn they inform the Commissioners of any emerging issues. As mentioned below, an internal audit review was carried out from December 2010 to February 2011 by the DSD Internal Audit Unit which examined the risk management framework and the management of information risks. The Audit and Risk Committee commissions reports on specific issues where they feel this necessary. The Audit and Risk Committee has also reviewed the systems and controls in place

to protect our information. Risk registers are maintained by the Commission.

The Audit and Risk Committee has noted in 2010-11 that the risk environment included delays in amending charity legislation which impact on CCNI's business plan. The business plan included beginning the registration of charities, which has had to be postponed until a legislative resolution is found. Preparation for registration has, however, continued as planned. Although these external factors lie outside of the organisation's internal control mechanisms, the risk framework has included mitigating actions where feasible. These have included a temporary legal provision allowing the Commission to bring forward other work on investigation and charity governance.

5. Review of effectiveness

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 the internal auditors and those within the organisation who have responsibility for the development and maintenance of the organisation's internal control framework and comments made by the external auditors in their Report to Those Charged with Governance and other reports. 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 Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In respect of 2010/11 I have been informed by internal and external 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; however a number of recommendations were made and an implementation plan is in place.

Progress on issues raised by internal and external audit continues to be formally monitored through the Audit Committee.

6. Significant internal control issues

There are no significant control issues which might prejudice achievement of a Public Service Agreement, have a material impact on the accounts, divert resources from another aspect of the business, damage the organisation's reputation nor any regarded as significant by the Audit and Risk Committee.

However, the Charity Commission for Northern Ireland is an organisation in its infancy and was at a relatively early stage of development during the year relating to this Annual Report and Accounts. A small number of the organisation's governance processes are still in development and will be fully functioning only in the period ahead. However, substantial progress has been made during the year on development of assurance systems and governance procedures relating to fraud, whistle blowing, board procedures, risk management, conflict of interest, information security, business continuity and finance procedures. The organisation has now substantially completed recruitment of a full permanent staff complement, but continues to utilise some staff resources from the Department for Social Development.



Frances McCandless

Chief Executive – Charity Commission
for Northern Ireland

Date 28 September 2011

The Certificate of the Comptroller and Auditor General to the Northern Ireland Assembly

I certify that I have audited the financial statements of the Charity Commission for Northern Ireland for the year ended 31 March 2011 under the Charities Act (Northern Ireland) 2008. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of Chief Executive's Responsibilities, the Chief Executive is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with the Charities Act (Northern Ireland) 2008. I conducted my audit in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Charity Commission for Northern Ireland's circumstances and

have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Charity Commission for Northern Ireland; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

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

Opinion on financial statements

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 2011 and of its net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act (Northern Ireland) 2008 and Department of Finance and Personnel directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel directions issued under the Charities Act (Northern Ireland) 2008; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

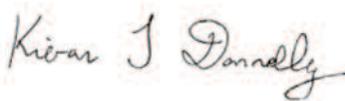
Matters on which I report by exception

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 part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.



KJ Donnelly

Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

30 September 2011

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2011

	Notes	2010-11 £	2009-10 Restated £
Expenditure			
Staff costs	3	447,576	224,667
Commissioners costs	3	19,644	5,583
Other expenditure	4	287,116	128,993
Depreciation	4	1,784	163
Notional costs	5	9,650	8,251
Net Expenditure		765,770	377,494
Reversal of notional costs	5	(9,650)	(8,251)
Net Expenditure after reversal of notional costs		756,120	369,243
Other comprehensive expenditure			
Net gain on revaluation of property, plant and equipment	6	(198)	-
Total comprehensive expenditure		755,922	369,243

Other than Grant in Aid from the Department for Social Development, the Charity Commission for Northern Ireland received no income in the year.

The notes on pages 26 to 36 form part of these accounts.

Statement of Financial Position

As at 31 March 2011

	Notes	2011 £	2010 £
Non-current assets:			
Property, plant and equipment	6	6,093	7,679
Intangible assets	7	183,586	116,186
Total non-current assets		189,679	123,865
Current assets:			
Trade and other receivables	9	5,026	-
Cash and cash equivalents	10	51,167	-
Total current assets		56,193	
Total assets		245,872	123,865
Current liabilities			
Trade and other payables	11	(177,158)	(128,770)
Total current liabilities		(177,158)	(128,770)
Non-current assets less net current liabilities		68,714	(4,905)
Assets less liabilities		68,714	(4,905)
Reserves			
Revaluation reserve		198	-
General reserve		68,516	(4,905)
		68,714	(4,905)

The financial statements on pages 22 to 36 were approved by the Board on 16 May 2011 and were signed on its behalf by:



Frances McCandless

Chief Executive – Charity Commission
for Northern Ireland

Date 28 September 2011



Tom McGrath C.B.E

Chief Commissioner – Charity Commission
for Northern Ireland

Date 28 September 2011

The notes on pages 26 to 36 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2011

	Notes	2010-11 £	2009-10 £
<i>Cash flows from operating activities</i>			
Net expenditure		(756,120)	(369,243)
Increase in trade and other receivables	9	(5,026)	-
Increase in trade and other payables	11	48,388	30,372
adjustment for depreciation		1,784	
Net cash outflow from operating activities		(710,974)	(338,871)
<i>Cash flows from investing activities</i>			
Purchase of property, plant and equipment	6	-	(7,842)
Purchase of intangible assets	7	(67,400)	(17,625)
Net cash outflow from investing activities		(67,400)	(25,467)
<i>Cash flows from financing activities</i>			
Grants from sponsor Department - Capital		67,400	
Grants from sponsor Department - Revenue		762,141	364,338
Net financing		829,541	364,338
Net increase in cash and cash equivalents in the period		51,167	-
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period	10	51,167	-

The notes on pages 26 to 36 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2011

	Notes	I & E Reserve £	Revaluation Reserve £	Total Reserves £
Balance at establishment		-	-	-
Changes in Taxpayers' Equity 2009-10				
Total comprehensive expenditure		(369,243)	-	(369,243)
Total recognised Income and expense for 2009-10		(369,243)	-	(369,243)
Grant from sponsor Department		364,338	-	364,338
Balance at 31 March 2010		(4,905)	-	(4,905)
<i>Changes in Taxpayers' Equity 2010-11</i>				
Total comprehensive expenditure		(756,120)	198	(755,922)
Total recognised Income and expense for 2010-11		(756,120)	198	(755,922)
Grants from sponsor Department - Capital		67,400	-	67,400
Grants from sponsor Department - Revenue		762,141	-	762,141
Total grant from sponsor Department		829,541	-	829,541
Balance at 31 March 2011		68,516	198	68,714

The notes on pages 26 to 36 form part of these accounts.

Notes to the accounts of Charity Commission for Northern Ireland

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2010/11 Government Financial Reporting Manual (FReM) issued by HM Treasury. 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 Income and Expenditure Reserve. Capital Grant in Aid has been credited to the Income and Expenditure Reserve.

1.3 Property, plant and equipment

Expenditure on property, plant and equipment of £3,000 or more is capitalised. On initial recognition, assets are measured at cost including any costs attributable to bringing them into working condition.

1.4 Intangible assets

Expenditure on intangible assets, which are primarily the Commission's database and the associated costs of implementation, is capitalised where the cost is £3,000 or more. Intangible assets utilised by the Commission are purchased externally.

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	10% per annum
Equipment	25% per annum
Information technology	25% per annum
Charity Commission database	10% per annum
Leased equipment	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 Foreign currencies

Any monetary assets and liabilities denominated in foreign currencies will be translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies will be recorded at the date of the transactions. Translation differences will be dealt with in the Statement of Comprehensive Net Expenditure. There were no foreign currencies purchased during 2010/2011.

1.8 Value added tax

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

1.9 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.

1.10 Accounting estimates

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

1.11 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.

1.12 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.

1.13 Accounting standards, interpretations and amendments to published standards adopted to the year ended 31 March 2011

The Commission has reviewed the standards, interpretations and amendments to published standards that became effective during 2010-11 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.

1.14 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 2011, 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.

1.15 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. The reserves of the Commission are non-distributable.

2. Change in accounting policy - cost of capital charge

In the prior year the financial statements included a notional charge reflecting the cost of capital utilised by the Commission. In accordance with the 2010-11 Government Financial Reporting Manual (FReM) the financial statements of the Commission no longer include this notional charge. This represents a change in accounting policy and the comparative figures have been restated accordingly.

As the cost of capital charge is a notional cost debited to the Statement of Comprehensive Net Expenditure and subsequently credited to the same, there has been no impact to either the net expenditure or reserves of prior years.

3. Staff numbers and related costs

3(a) Staff costs comprise:

	2010-11			2009-10
	Total	Permanently employed staff	Others	Total
Wages and salaries	408,094	67,128	340,966	178,822
Commissioners' remuneration	19,644	19,644	-	15,583
Social security costs	7,572	7,572	-	13,131
Other pension costs	31,910	8,125	23,785	32,714
Total net costs	467,220	102,469	364,751	240,250

During the initial phase of establishing the Charity Commission for Northern Ireland, the majority of the Commission's staff have been secretariat staff provided by the Department for Social Development. The Commission does not currently operate a pension scheme and the costs above relate to those staff seconded from the Department for Social Development, who are members of the pension schemes in which that body participates, or to amounts accrued in respect of permanently employed staff pending identification of an appropriate scheme.

3(b) Average number of persons employed

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

	2010-11			2009-10
	Total	Permanently employed staff	Others	Total
Directly employed	11	1	10	7
Total net costs	11	1	10	7

The Commission has seconded the majority of its staff from its sponsor Department for the period since establishment.

4. Other expenditure

	2010-11 £	2009-10 £
COMMISSION COSTS:		
Rent and service charges	32,025	21,634
Rates	10,000	5,270
Maintenance and repairs	1,529	26,633
Cleaning	2,769	1,458
Telephone and postage	4,776	3,964
Heat, light and power	2,550	1,516
IT consumables and stationery	10,278	4,304
Publicity, printing and advertising	6,107	9,769
Staff/Commissioners training	6,346	4,322
Travel and subsistence	5,156	5,397
Conference fees	1,157	2,484
Recruitment costs	13,073	24,381
Hospitality	600	2,759
Audit and accountancy	3,921	2,879
Legal fees	6,008	11,365
Legal case resource	25,000	-
Miscellaneous expenses	196	695
Membership and licence fees	2,136	-
CCNI library costs	2,110	-
Charity register maintenance	55,245	-
Equipment	13,368	-
Computer software	2,178	-
Communication and research costs	29,815	-
Business process mapping exercise	30,786	-
Superannuation options research	10,810	-
Pre-registration mailing	5,177	-
Website accessibility audit	4,000	-
	287,116	128,830
Non- cash Items		
Depreciation	1,784	163
Total	288,900	128,993

5. Notional Costs

	2010-11	2009-10
Restated		
Notional costs incurred during the year relate to:	£	£
Audit fee	9,650	8,251
Total	9,650	8,251

During the year the Commission purchased no non-audit services from its auditor, the Northern Ireland Audit Office, and the notional cost above relates to the audit of the financial statements.

6. Property, plant and equipment

	Information technology £
Cost or valuation	
At establishment	-
Additions	7,842
At 31 March 2010	7,842
Depreciation	
At establishment	-
Charged in year	163
At 31 March 2010	163
Net book value at 31 March 2010	7,679
Cost or valuation	
At 1 April 2010 and 31 March 2011	7,842
Revaluations	229
At 31 March 2011	8,071
Depreciation	
At 1 April 2010	163
Charged in year	1,784
Revaluations	31
At 31 March 2011	1,978
Net book value at 31 March 2011	6,093
Net book value at 31 March 2010	7,679

The Commission owns all its assets and has no finance leases or PFI contracts. The Commission's assets are re-valued annually on the basis of appropriate indices obtained from the Office for National Statistics.

7. Intangible assets

Intangible assets comprise the Commission's database, and the associated costs of implementation, which remains under development as at 31 March 2011 and as a result has not been amortised in the year.

	Total
	£
Cost or valuation	
At establishment	-
Additions	116,186
At 31 March 2010	116,186
Amortisation	
At establishment and at 31 March 2010	-
Net book value at 31 March 2010	116,186
Cost or valuation	
At 1 April 2010	116,186
Additions	67,400
At 31 March 2011	183,586
Amortisation	
At 1 April 2010 and 31 March 2011	-
Net book value at 31 March 2011	183,586
Net book value at 31 March 2010	116,186

8. Financial instruments

As the cash requirements of the Charity Commission for Northern Ireland are met through Grant in Aid provided by the Department for Social Development, 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 Charity Commission's expected purchase and usage requirements and the Charity Commission is therefore exposed to little credit, liquidity or market risk.

9. Trade receivables and other current assets

	2010-11	2009-10
	£	£
Amounts falling due within one year:		
Prepayments and accrued income	5,026	-
Total	5,026	-

10. Cash and cash equivalents

	2010-11 £	2009-10 £
Balance at 1 April	-	-
Net change in cash and cash equivalent balances	51,167	-
Balance at 31 March	51,167	-
The following balances at 31 March were held at:		
Commercial banks and cash in hand	51,167	-

11.1 Trade payables and other current liabilities

	2010-11 £	2009-10 £
Amounts falling due within one year:		
Trade payables	78,323	-
Capital payables	720	98,561
Creditors DSD	36,830	-
Other Tax and Social Security	5,261	-
Accruals and deferred income	56,024	30,209
Total	177,158	128,770

11.2 Public Sector Payment Policy - Measure of Compliance

The Department requires that CCNI pay their non CCNI trade creditors in accordance with the Account NI Prompt Payment Code and Government Accounting Rules. CCNI payment policy is consistent with the Account NI prompt payment codes and Government Accounting rules and its measure of compliance for invoices paid 1st November to 31st March, when CCNI took over payment of its own invoices from the department, is:

total invoices 01/11/2010 to 31/03/2010	237	
invoices paid within 10 days	219	92.41%
invoices paid 10 - 30 days	15	6.33%
invoice paid over 30days	3	1.37%

12. Commitments under leases

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

	2010-11 £	2009-10 £
Buildings		
Not later than one year	7,891	10,000
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	7,891	10,000

	2010-11 £	2009-10 £
Other		
Not later than one year	925	925
Later than one year and not later than five years	462	1,387
Later than five years	-	-
Total	1,387	2,312

The Charity Commission for Northern Ireland had no commitments under finance leases at the statement of financial position date (2010: £nil).

13. Capital commitments

The Charity Commission for Northern Ireland had no known capital commitments at the statement of financial position date. CCNI is in the process of testing an online based registration programme. Further amendment to the legislation to clarify the “public benefit” requirement may cause a change to the registration process requiring capital expenditure. (2010: £nil).

14. Related party transactions

The Charity Commission for Northern Ireland is a non-Departmental Public Body (NDPB) sponsored by the Department for Social Development (DSD).

DSD is regarded as a related party. During the year the Commission had a number of material transactions with the Department. In addition, the Commission had a small number of material transactions with other Government Departments and other central government bodies.

15. Contingent liabilities

The Charity Commission for Northern Ireland had no contingent liabilities at 31 March 2011 (2010: £nil).

16. Losses and special payments

No losses and special payments that required separate disclosure because of their nature or amount were incurred (2010: £nil).

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 accounts were authorised for issue on 28 September 2011.

The Charity Commission
for Northern Ireland
257 Lough Road
Lurgan
Northern Ireland
BT66 6NQ

Tel: 028 3832 0220

Fax: 028 3834 5943

Text Phone: 028 3834 7639

www.charitycommissionni.org.uk