

The **Charity**
Commission
for Northern Ireland



Annual report and accounts
2017-2018



The Charity Commission for Northern Ireland Annual report and accounts for the year ended 31 March 2018

Laid before the Northern Ireland Assembly
under the Charities Act (Northern Ireland) 2008
by the Department for Communities
on 29 June 2018



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



This is a sector of great importance to the economy, as well as to society generally – providing jobs, development opportunities, vital public services and a vast range of services and support to local communities.

It has been another year of progress for Northern Ireland's charity regulator, with annual reporting by registered charities coming to the fore, alongside developments across all areas of our work.

By the end of the year, the *register of charities* included the details of over 6,000 charities, and over 4,200 charity accounts and reports had been published. This marks a major stride forward in the transparency of Northern Ireland's charity sector.

To give you an example of how the register is working to build an open and accountable sector, we can take a closer look at annual reporting. In the 2017-18 year, 3,252 charity annual returns were submitted to the Commission under the annual reporting programme. Filing of these charity accounts led to £1.38billion of charity income being accounted for to the general public, through the register.

Not only has this information, covering such a wide range and number of charities, never been available previously, but it also highlights the magnitude of the Northern Ireland charity sector and its work. This is a sector of great importance to the economy, as well as to society generally – providing jobs, development opportunities, vital public services and a vast range of services and support to local communities.

While annual reporting and registration are core elements of our work, it is also important to highlight that they are pieces of a much wider regulatory picture. For example, our engagement work, our library of online guidance and our casework may be less headline grabbing, but are equally important in helping charities to meet their legislative duties and modern day requirements.

Similarly, with our enquiries and compliance teams hard at work, the public can have confidence that a proportionate, fair and independent charity regulator is in place, working to identify and resolve issues of mismanagement and misconduct within charities.

This report provides an important overview of all our work during the past year, providing a detailed explanation of our achievements, our challenges and our approach to charity regulation. We hope you will find it interesting, and informative.

FRANCES McCANDLESS
CHIEF EXECUTIVE
CHARITY COMMISSION FOR NORTHERN IRELAND

TOM McGRATH CBE
CHIEF CHARITY COMMISSIONER
CHARITY COMMISSION FOR NORTHERN IRELAND

STATEMENT OF THE COMMISSION'S PURPOSE 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. 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 purpose

To register, regulate and report on the charity sector in Northern Ireland.

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 new regulatory framework for the charitable sector in Northern Ireland. The previous framework 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:

- developing compliance regarding the use of charitable resources
 - progressing charity registration to enhance accountability
 - demonstrating the public benefit arising from charitable giving and activities
 - developing as a properly governed, transparent and independent decision making body.
- To achieve these, the Commission's activities during 2017-18 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.

- Implementing a mandatory annual reporting programme for all charities, making accounts available to the public for the first time, and introducing a new compliance monitoring regime focusing on ensuring submission and checking of charity annual returns.
- 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

There were no changes to the Board during 2017-18.

The term of Geraldine Donaghy was extended in June 2017 for a further year, until 30 June 2018.

The Board



CHIEF CHARITY COMMISSIONER
Tom McGrath



LEGAL COMMISSIONER
Steven Cockcroft



CHARITY COMMISSIONER
Norman Bennett



CHARITY COMMISSIONER
Geraldine Donaghy



CHARITY COMMISSIONER
Seamus Magee

Senior Management Team



CHIEF EXECUTIVE
Frances McCandless



HEAD OF CHARITY SERVICES
Punam McGookin



HEAD OF CORPORATE SERVICES
Aubrey McCrory



HEAD OF COMPLIANCE
& ENQUIRIES
Myles McKeown

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 key issues related to:

- Delays and difficulties in registering charities diminishes confidence in the charity sector and undermines accountability to stakeholders.
- failure to have necessary resourcing (people, budget, systems and facilities) compromising ability to deliver efficient and effective services because of ineffective plans, policies, and performance monitoring.
- court and tribunal judgements and other external challenges from stakeholders may negatively affect the Commission's reputation and impact on Commission processes and procedures, leading to decreased public trust in the Commission and diversion of resources from planned work.
- weak oversight and poor governance arrangements put the Commission at risk of not meeting its legal obligations as a public body.

Some elements of these risks, such as the number of court and tribunal appeals in which the Commission is involved, materialised. The Commission had to switch resources again from supporting core regulatory work to defending decisions of the Commission and the Charity Tribunal. Other risks around resourcing materialised, with staffing turnover at year end likely to affect delivery of the coming year's business plan. For further information on the Commission's risk and control framework, please see the Governance statement section of this annual report.

PERFORMANCE SUMMARY

During the year, the Commission achieved 100% of its corporate key performance indicators (KPIs). This included the following achievements:

External KPIs

- 655 registration application decisions made (target: 650).
- 60% of registration applications were processed within four months (target: 60%).
- 100% of self-regulatory and regulatory concerns about charities were processed to closure within four months of receiving a full risk assessment (target: 60%)
- 53% of annual returns submitted to the Commission were subject to basic compliance checks (target: 45%)

Internal KPIs

- 100% of creditors' invoices paid with 10 working days (target: 90%).
- Budget managed within 99.7% (target: 99%).
- Staff sickness absence managed within 2.83% (target: 8%)

While we performed well against our targets on limited resources, it is the Commission's view that the current level of resourcing presents long-term risks to the Commission's ability to deliver the statutory framework of regulation intended in the Charities Act (Northern Ireland) 2008. For example, it could take over a decade to complete the *register of charities* in Northern Ireland at current rates.

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 over the year.

THE YEAR IN FIGURES

Strategic aim 1: Developing compliance regarding the use of charitable resources



- 672** Charities failed to comply with their annual reporting deadline
- 24** Section 23 orders issued in relation to charities that had failed to submit accounts
- 9** Concerns about charity accounts opened
- 16** Concerns received from the public regarding public benefit
- 88** Concerns about charities progressed to conclusion
- 3** Statutory inquiries opened
- 0** Statutory inquiries opened for default cases
- 1** Statutory inquiry report published
- 22** Regulatory guidance was offered in 22 cases, 11 related to enquiries and 11 related to monitoring and compliance issues
- 18** Directions issued
- 63** Orders issued across casework, enquiries, monitoring and compliance
- 38** Organisations notified the Commission they had closed prior to being registered
- 70** Charities notified the Commission they had closed post registration

Strategic aim 2: Progressing charity registration and casework to enhance accountability.

- 625 Charities registered
- 30 Charity registration refusals
- 92 Organisations failed to apply when called forward
- 3 Decision reviews completed
- 468 Expression of intent forms received
- 5 The Commission's top five webpages were: *Annual reporting, Update your charity's details, Useful contacts and support services, Manage your charity and Contact us.*

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

- 352,001 Unique website visitors
- 49,204 Page views of the Annual reporting webpage
- 11,670 Page views of Combined list and expression of intent form webpage
- 2,228 Page views of the Concerns about charities guidance web page
- 8,747 Page views of the Registration support webpage
- 7 New pieces of guidance published
- 1 Thematic report published, on lessons learned from annual reporting

Strategic aim 4: Developing as a properly governed, transparent and independent decision making body.

- 41 Engagement events attended
- 100% Creditor invoices paid within 10 working days
- 19,748 Calls and emails dealt with
- 5 Challenges made via Charity Tribunal or court

Due to resourcing issues, a number of performance measures were not completed during the year. They are listed below.

- The Commission did not take any action against charities which had failed to apply for charity registration.
- The issuing of regulatory guidance on improved public benefit reporting was postponed.
- The Commission did not publish any research reports.

Additional updates

During 2017-18, the Commission undertook a survey of individuals who had completed the annual monitoring return, to gather feedback on the annual reporting guidance. Between 37 and 40 respondents answered a question on how helpful or unhelpful they found the guidance, with over 55 per cent of respondents saying they found the guidance to be very/fairly helpful.

The Commission did not receive any feedback from users of the register. However, it is anticipated that a survey will go live on the register in 2018-19, which will support the Commission in gathering user feedback.

A staff survey was not planned to take place during the year.

Implementation of the *People strategy action plan* is ongoing but was de-prioritised in the second half of the year in light of other business priorities.

New project teams started during 2017-18 included a transformation project team involving the Strategic Investment Board (SIB). This project is aimed at developing an integrated risk framework which will incorporate how the Commission operates and oversees risk-based regulation through risk assessment and management of resources and how the Commission decides when and in what way it will use powers.

A project team focussed on the accuracy of the *register of charities* also started during the year, aimed at scoping out the issues, impacts and consequences relating to accuracy and to develop recommendations for a way forward.

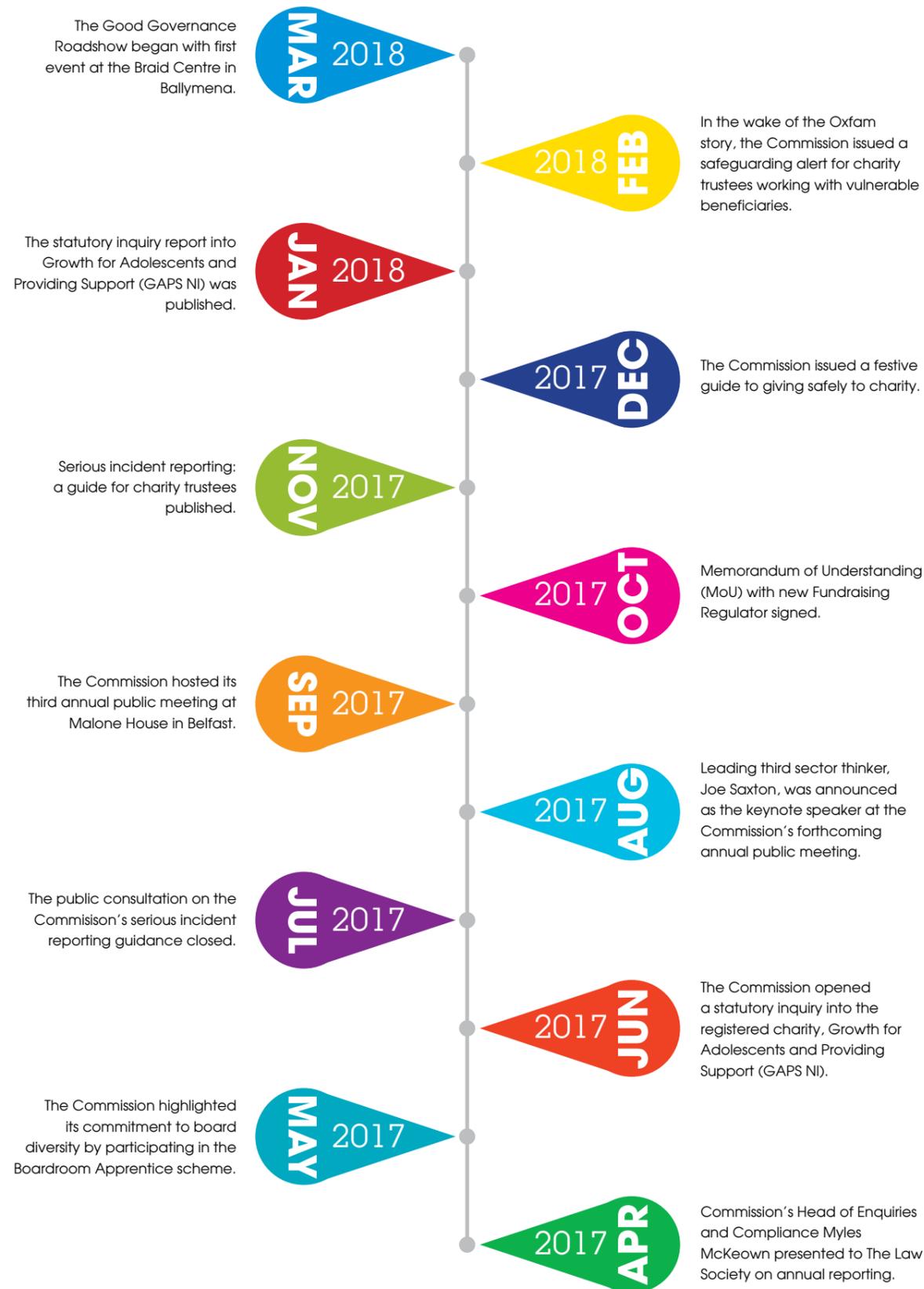
The Enquiries team developed a pilot scheme in relation to concern handling, focussed on risk and proportionality.

The Commission will be publishing guidance on adverse qualifications in the future.

During the year, 625 charities were registered by the Commission, with new registrations updated on the *register of charities* within 24 hours of the decision being made.



Timeline



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 the proper procedures and policies are in place and the charity is being 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

The Commission is responsible for building, and maintaining, an up-to-date register of Northern Ireland charities.

There are thousands of charities in Northern Ireland, each one of which must apply to the Commission to be registered, demonstrating it meets the legal criteria to be a charity. Those applications are rigorously assessed by the Commission's casework team to determine if the organisation can be considered to be a charity under the law. If successful, the charity will be registered.

Given the large numbers of charities in Northern Ireland, the requirement to raise awareness and educate the sector on charity registration so they may understand the process and criteria, and the complexity of the law itself, registration is a mammoth – and ongoing – task.

In beginning this task, the Commission was first required to collate a list of all charities it is aware of which may be charitable. This is known as the combined list and is available to view on the Commission's website, where it is regularly updated with the names of organisations which have come forward to notify the Commission of their existence. The Commission receives an average of 39 Expressions of intents each month; the submission of which outpace the Commission's annual capacity to make registration decisions.

As part of a managed process, each organisation on this list is called forward by the Commission to apply for registration. This structured system of calling organisations forward allows the casework team to manage the number of applications it is dealing with in line with its resources and other priorities.

Once called forward, each organisation must then complete and submit an online application, providing the information which allows casework officers to assess if the organisation meets the legal criteria for registration. This comprehensive assessment includes consideration of whether the organisation:

- has exclusively charitable purposes
- is governed by the law of Northern Ireland
- is an independent body, with control and direction over its governance and resources.

While there are thousands of applications for registration, it is important that the Commission's assessment of each application is robust and rigorous. Registration supports the building of public trust and confidence in the sector by providing an assurance that every charity listed on the register has demonstrated it meets that legal test to be a charity.

During the 2017-18 year, 625 charities were registered and 30 organisations were refused registration as they failed to meet the legislative requirements. 92 organisations failed to apply when called forward, and were entered into the Commission's failure to apply process.

With registration having begun in December 2013, these figures bring the total number of charities registered by the end of March 2018 up to 6,194. A total of 71 organisations have been refused registration. In four of these refusal cases, the original decision to refuse registration was overturned on internal decision review and the charities were registered.

Registration progress in recent years has been slower than the Commission had hoped, constrained by limited resources, staff turnover and changing needs in other areas. However, registration remains a priority for the Commission, and while progress may be slow, it is steady.

There may be certain reasons, known as special circumstances, which the Commission will take into account in order to expedite the call forward of an individual or group of organisations.

Examples of where special circumstances may apply would be where a charity is registered but has subsequently incorporated, an organisation is one of a number of similar organisations that could be assessed as a grouped registration, or a concern about an organisation has been received by the Commission.

PUBLIC BENEFIT UNDER THE SPOTLIGHT

The register provides detailed information on each charity and its purposes, from the charity's public benefit statement to whether or not annual accounts and reports were submitted on time. This means anyone, from funders to researchers to charity supporters, can find out information and undertake scrutiny on Northern Ireland's registered charities, all at the click of a button.

Information on each charity, available on the register, includes what the charity does, its charitable purposes and the charity's public benefit statement. Public benefit is at the heart of what makes an organisation a charity.

To be a charity in Northern Ireland an organisation must have exclusively charitable purposes. One component of what makes a purpose charitable is that it is for the public benefit. This is known as the public benefit requirement.

In practice, public benefit means that a charity has demonstrated that its purposes can provide a benefit, and that this benefit is to the public, or a section of the public.

As well as providing a public benefit statement at the registration application point, charity trustees also report on public benefit as part of the annual reporting programme. By reporting on public benefit within their annual report, trustees are demonstrating the charity is effectively doing what it was set up to do and is making a positive difference to its beneficiaries.

- It allows the public to undertake scrutiny, and seek their own assurances, from the charities they support or are interested in.
- It offers charities an opportunity to share their story, their achievements and challenges during the year with the public.

GETTING ANNUAL REPORTING RIGHT

– lessons from annual monitoring returns

In March 2018, the Commission published a thematic report, *Getting annual reporting right – lessons from annual monitoring returns*. This report highlighted common areas where charities had made errors in their annual reporting to the Commission.

The report also provided an important – and interesting – snapshot of 3,071 charities accounts and reports submitted to the Commission during the period 1 April 2017 to 28 February 2018, the busiest period for annual reporting to date.

You can read this report in full on the Commission's website

www.charitycommisisonni.org.uk

The past year has seen significant progress in implementing an annual reporting programme for registered charities.

At the end of 2018, 4,296 charity accounts and reports had been received by the Commission and published on the *register of charities*. Of that number, 3,252 accounts and reports were submitted in 2017-18.

During the year, 672 charities failed to comply with their annual reporting duties by the set deadline. When a charity fails to comply with the deadline, it is marked on the *register of charities* in red as "in default". If a charity submits the information late, this note is updated to reflect the late submission of accounts and reports.

The date of 31 January 2018 was a particularly notable milestone for many charities, marking ten months from the end of March 2017 and the deadline for submission of accounts and reports for 1,544 charities. Given the high number of charities meeting their deadline on this date, the Commission took the decision to issue text messages to the trustees of those charities to remind them of their pending deadline. The texts were a supplement to email reminders which are issued to all charities in relation to annual reporting.

The Commission is pleased to report on the success of that first major deadline. Almost 1,300 charities met their 31 January 2018 annual reporting deadline – with their accounts and reports published on the Northern Ireland *register of charities*.

Annual reporting

Following on from registration, the next step in the regulatory process for charities is annual reporting.

Once a charity is registered, the charity's trustees are required to report annually to the Commission on the charity's finances, resources and activities. This is known as "annual reporting" and is a legal requirement, beginning with the charity's first full financial year after registration.

As highlighted below, annual reporting is a vital component of a transparent and accountable charity sector.

- It enables the *register of charities* to be kept up to date
- It alerts the Commission to potential issues within a charity. For example, if a charity is not meeting its obligations, the Commission can step in to set things right on a proportionate basis.
- It allows charities to demonstrate they are compliant with the law regarding annual reporting, and are open and accountable to the regulator and the public.

The Commission took regulatory action in relation to a number of charities that had failed to submit their accounts and reports by deadline, with the issuing of 24 section 23 orders, ordering named charity trustees to supply the Commission with the required information. This was the first time the Commission has used these powers in relation to charities in default of their annual reporting requirements.

Enquiries

The 2017-18 year was a particularly busy time for the Enquiries team. During this period, the Commission opened 135 concerns about charities, and progressed 88 concerns to conclusion.

The concerns about charities received by the Commission cover a wide spectrum of issues and topics. However, there are a number of common themes which can be identified, highlighting the areas the public may be most concerned about in relation to charities. These themes include issues in relation to dominant trustee, updating the register and failing to adhere to the governing document. The Commission's concerns are received from a wide range of sources, with the public (43 concerns) being the main source.

Increasingly, the Commission does not have the resources to investigate the concerns raised with it and is unlikely to open an enquiry into a low risk concern, instead focusing scarce resources on the issues of highest risk to the charity's beneficiaries and assets. We understand those raising concerns may expect them all to be dealt with, and to be completed swiftly. However, given the limited resources, the Commission is unable to do this and must focus its regulatory intervention on the worst cases, based on a risk assessment of the issues and the evidence presented in each case.

Where we do take action, that action will be evidence based and proportionate, taking account of the issue, the risk involved to the charity and its beneficiaries, and the capacity of the charity to comply. This allows the public to have confidence that the charity sector is being regulated by a robust watchdog that will take the necessary enforcement action when required.

During the past year the Commission's enquiries team has:

- issued 27 orders to individuals and/or organisations as part of its investigatory work, for example, the Commission used its powers to restrict transactions made by a charity in financial difficulty, to appoint an interim manager to manage the property and affairs of a charity and issued orders to remove named individuals as trustees of a charity.
- issued 18 directions to individuals and/or organisations under its powers of inquiry, including directions to produce information.

The Commission also opened three statutory inquiries – the highest level of investigation open to the Commission - which provides the Enquiries team with a range of enforcement provisions under the law.

In June 2017, the Commission opened an inquiry into registered Northern Ireland charity, Growth for Adolescents and Providing Support (NIC103493). This inquiry was extended in September 2017 to include the charitable company Growth for Adolescents & Providing Support (company

number NI606227). The inquiries have now concluded, with a report on the results published on the Commission's website in March 2018. This report provided an overview of the Commission's statutory investigation, as well as the action taken to resolve the governance and financial issues uncovered within the charity. That report is available to read in the Concerns and decisions section of www.charitycommissionni.org.uk

In January 2018, the Commission announced the opening of a statutory inquiry into the registered charity 100 Help the Homeless. The charity first came to the Commission's attention after the charity trustees defaulted on their annual reporting duties. This is the first statutory inquiry the Commission has opened into a charity that is in default, with the inquiry focusing on governance, administration and, in particular, financial control.

During 2017-18, the Commission also provided evidence to the Financial Action Task Force on Money Laundering (FATF). This included feeding into a UK-wide regulators' report on counter terrorism and money laundering.

Concerns guidance for trustees

New guidance around specific areas of enquiries' work was also published during the year, providing advice and information for charity trustees, independent examiners and auditors on:

- matters of material significance
- serious incident reporting.

During 2017-18, a total of 33 serious incident reports, and 20 matters of material significance were reported to the Commission.

Matters of material significance are items which independent examiners and auditors must report to the Commission should they encounter them while handling the accounts of a charity.

The Commission published guidance on matters of material significance in April 2017 in conjunction with the UK's other charity regulators – the Charity Commission for England and Wales (CCEW) and the Office of the Scottish Charity Regulator (OSCR) – following a period of consultation.

Another vital area for charity trustees to be aware of is serious incident reporting. The Commission published Serious incident reporting: A guide for charity trustees in November 2017.

Should a serious incident occur in a charity, trustees are expected to follow the correct processes to manage the incident and report it to the appropriate authorities, including the Commission as the charity regulator. The Commission's role is to ensure charity trustees manage the incident responsibly, comply with their legal duties and take steps to limit the immediate impact of the incident and prevent reoccurrence.

Taking action quickly can help protect your charity from further harm and ensure that public confidence is maintained. Dealing appropriately with these types of events will benefit other charities by maintaining public confidence in the sector as a whole.

CONCERNS ABOUT CHARITIES: FOCUS ON SAFEGUARDING

Charity trustees are responsible for ensuring those benefiting from, or working with, their charity are not harmed in any way through contact with it. They have a legal duty to act prudently and take all reasonable steps within their power to ensure this does not happen. This is particularly important where beneficiaries are vulnerable persons. The Commission insists on the necessary protection policies and procedures being in place to safeguard vulnerable beneficiaries.

Following media coverage in relation to safeguarding and the charity Oxfam in early 2018, the Commission issued an alert for trustees of charities working with vulnerable beneficiaries, highlighting their duties in relation to safeguarding and serious incident reporting. This was issued to around 4,000 charities.

In the alert, the Commission reminded charity trustees they are required to have appropriate policies in place for working with vulnerable beneficiaries, and robust controls to ensure policies are effective.

A representative from the Commission attended the high-profile international Safeguarding Summit in London in March 2018, which was aimed at addressing the safeguarding prevention and response failures that led to sexual exploitation and abuse within the UK international development sector.

Bringing the issue closer to home, preparations also began during the year for a Commission safeguarding seminar on 24 May 2018. This event will focus on safeguarding issues, both locally and for charities working and managing volunteers internationally. It will also provide an overview of the Commission's Serious incident reporting guidance.

casework applications were received and 186 decisions on application were made. This has included applications for schemes, to authorise transactions and to make changes to a charitable company's articles of association (regulated consents).

The processes the Commission has in place to support charities to update and adapt to changing needs, helps the public have trust and confidence that charities are operating as they should be, and trustees have the charity's best interests at heart.

However, again resources play an important role. The Commission's casework team is also responsible for charity registration, with the pressures of registration and the wide range and complexity of casework applications received competing for the resources available.

Engagement and guidance

As in previous years, the Commission has endeavoured in 2017-18 to engage with a wide range of stakeholders, raising awareness and educating the public on developments within charity regulation and the new duties on charity trustees.

During the year the Commission participated in 41 engagement events. This included meetings, seminars, conferences and presentations with a wide range of bodies, including CO3 Chief Officers 3rd Sector, the Law Society, Chartered Accountants Ireland, the University of Ulster and Charities Institute Ireland. A number of registration workshop and helper group training sessions were undertaken at venues across Northern Ireland. In association with the Developing Governance Group, the Commission also embarked on a Good Governance Roadshow, with a series of free seminars focusing on good governance and charity regulation ongoing into the new financial year.

The Commission held its third annual public meeting in September 2017, at Malone House in Belfast. With over 50 attendees, senior managers and Commissioners got an opportunity to explain the Commission's work in more detail, as well as answer questions from the public.

There was also strong engagement online with the Commission's website gaining over 175,000 unique website visitors and ending the year with 2,790 Twitter followers. In addition, the Commission dealt with almost over 19,500 calls and enquiries during the year, with queries on everything from concerns to registration to annual reporting.

Supporting this engagement work, the Commission's online guidance provides charity trustees with important information and advice on their legal duties and best practice. During the year, 11 new or updated pieces of guidance were added to the website. They are detailed below.

- Developing a reserves policy, a guide for charity trustees
- Running your charity guidance
- Fundraising for charities, a guide for charity trustees and the public
- Registering as a charity in Northern Ireland
- Starting a new charity
- Changing your charity's name

Casework

Good governance is essential to the success of any charity. This includes ensuring the charity is well managed, is aware of and complies with the requirements of charity law and the requirements of other regulators and legislation.

In ensuring the correct and most up to date procedures and policies are in place to manage the charity's resources effectively, trustees may be required to make changes or updates to the charity and its processes, or request approval for a transaction which is in the best interests of the charity.

Where the charity trustees require approval from the Commission to make a change or undertake a transaction, they must apply to the Commission's casework team. During the 2017-18 year, 229



- Publishing our decisions
- Serious incident reporting: a guide for charity trustees
- Matters of material significance
- Reporting of relevant matters of interest to UK charity regulators - a guide for auditors and independent examiners
- Monitoring and Compliance guidance: getting it right

The Commission also updated its email newsletter, which is now issued to subscribers once a month and provides a snapshot overview of regulatory updates and Commission news.

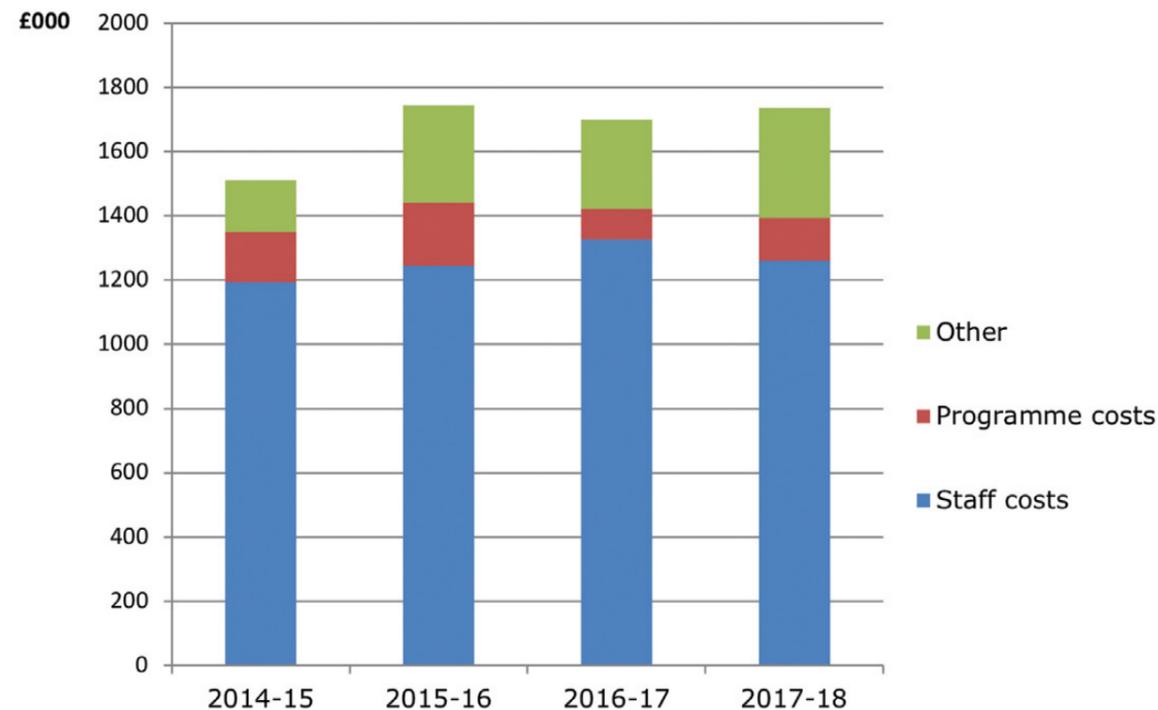
Budget

The Commission has a key performance indicator of achieving a budget spend within 99% of overall budget, which is set at £1,841,000. The revenue budget was £1,741,000 and the capital budget was £100,000.

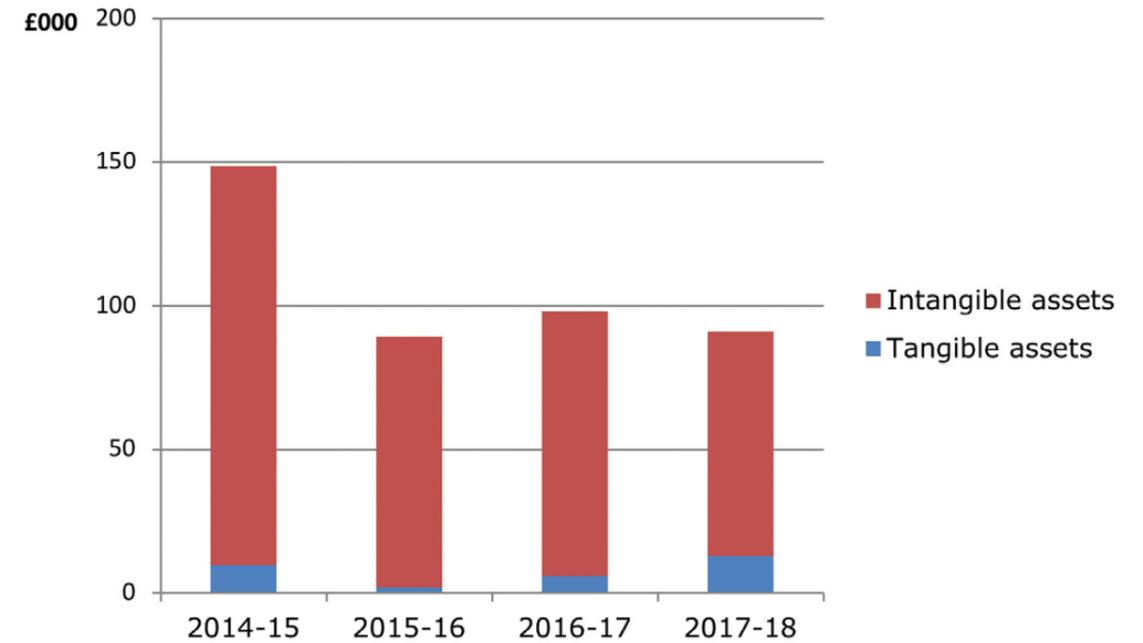
During 2017-18, the Commission reported a 99.3% total spend, broken down as 99.7% of revenue budget and 91.2% of capital budget.

Long-term expenditure trends

Resource expenditure over the last four years was as follows:



Capital expenditure over the last four 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 2017-18, the Commission received 23 complaints which were dealt with in accordance with the published policy. Five complaints were resolved informally, seven were ineligible for consideration and seven were not upheld. In a further four complaints, one issue was upheld and an apology was issued. The remaining issues were not upheld.

The Commission did not receive any complaints in relation to the information available about charities on the Commission's 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 through senior management reports 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 (18 downloads during the year), 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 2017-18, these activities included:

- ongoing implementation of internal systems to monitor the Commission's integrated Equality scheme and action plan 2012-17 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 awareness training for all staff in December 2017, supporting understanding of equality, diversity and good relations.

The Commission's Equality scheme and action plan 2012-17 is available to view on www.charitycommissionni.org.uk. This scheme and action plan was reviewed in 2017-18, in keeping with the statutory requirement to conduct a five year review of the equality scheme and Equality Commission for Northern Ireland's guidance.

A review summary report was submitted to the Equality Commission in September 2017. This report highlighted that, through the implementation of the Commission's integrated Equality scheme and action plan 2012-17, all decision making has been evidence based and resulted in no negative impacts on individuals or organisations with specific section 75 characteristics. As the charity regulator, the Commission has also worked to highlight issues of equality, and particularly the inclusion of people with disabilities, in public life.

As there has not been any significant change in the work and functions of the Commission or stakeholders, the review concluded that no substantive changes are required to the original equality scheme and action plan. The Commission will align the scheme to the latest strategic plan and draft an updated action plan for implementation over the next five years.

3. FUTURE FOCUS

Looking ahead, the Commission's emphasis in 2018-19 will be on compliance, and in particular the monitoring of accounts and reports to further boost public confidence. The aim will be to embed a culture of compliance within the sector, supporting charities in understanding and meeting their annual reporting duties.

To facilitate this, the Commission will be sampling a range of charities, with a focus on those with larger incomes. Proportionate regulatory follow up action will be taken to resolve any issues, building trust and confidence in the register and the accounts and reports submitted by charities.

It is also anticipated that during the first half of the year a recruitment and induction process for new Commissioners will be undertaken by the Department for Communities to create a full complement of Board members. The Board will continue to have corporate responsibility for ensuring that the Commission fulfils its aims and objectives, and will promote the efficient, economic and effective use of staff and other Commission resources.

During 2018-19, the Commission will be developing a new three year strategic plan and research strategy to inform our future direction.

Work will also be progressed to develop our approach as a proportionate and risk-based regulator, with more focus on targeting regulatory action at the highest risk cases, resulting in increased self-regulatory action, advice and guidance.

Following a trend from previous years, the Commission anticipates further work to defend its decisions in the Charity Tribunal. Litigation brought against the Commission will have an impact on our ability to progress core work. Therefore, the Commission's 2018-19 business plan includes activities which can be de-prioritised in light of the litigation workload.

This Performance report was signed by the Accounting Officer of the Charity Commission for Northern Ireland on 15 June 2018.



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 Tom McGrath, 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 2017-18, the Commission did not formally report any personal data related incidents to the Information Commissioner's Office (ICO). The Commission takes its data processing responsibilities extremely seriously and is a statutory body with the appropriate security clearance to process and hold sensitive data securely and lawfully.

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, 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 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 2017-18

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 the 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 2018. 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 2017-18.

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. During 2017-18 the Board reviewed its own operating policies, as well as the formal corporate governance framework.

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. Given that no Minister has been in place during 2017-18, the Deputy Chief Commissioner post and one other Commissioner post have remained vacant during the year. Arrangements and quorums for committees have been altered on a temporary basis to accommodate this. However, this presented a serious risk throughout the year, as the legal minimum number of Commissioners required by the Charities Act 2008 is five. The Department for Communities commenced a public appointments process during the year to mitigate this risk.

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 and a new version agreed and signed during August 2016. 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.

During the year the Board undertook these responsibilities by:

- submitting an 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. At year end, the plans for 2018-19 were subject to further revision following confirmation of a reduction in budget and experience of staff turnover.
- 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. A meeting between the Chief Commissioner and the Permanent Secretary took place at the end of 2017. Quarterly meetings were held between the Accounting Officer and the Head of the Sponsor Branch and bi-monthly sponsorship meetings took place involving Senior Management Team and officials from the sponsor branch.
- 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 six-monthly reviews of the terms of the MSFM. These 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 Terms of Reference, Standing Orders and Code of Conduct.
- 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 preparation for the introduction of GDPR was undertaken throughout the year by Commission staff, with an action plan and training provision.
- considering and commissioning the first phase of a risk assessment framework project to help the Commission to focus its reducing resources on regulatory interventions where risks are highest.
- holding an annual public meeting to enable it to engage better with stakeholders, increase accountability and communicate its work to the widest possible audience.

Attendance at Board meetings during the year:

Board member	Number of meetings attended
Tom McGrath, Chief Commissioner	7 out of 7
Norman Bennett, Commissioner	7 out of 7
Geraldine Donaghy, Commissioner	7 out of 7
Séamus Magee	7 out of 7
Steven Cockcroft	6 out of 7

Board performance and assessment of its own effectiveness

In 2017-18 the Board met seven times, the Audit and Risk Assurance Committee four times, and the Human Resources Committee twice. Board and committee minutes are published regularly on the Commission's website.

Commissioners were subject to annual appraisal and the results were reported to the sponsor department. During the year a self assessment review of the Board's effectiveness was carried out and resulting action agreed. As a result of the previous year's assessment, changes to arrangements for managing board meetings and the nature of information provided by the Executive were introduced. These included a revamped agenda and the introduction of tablets with specialist meeting software installed to remove the need to circulate packs of papers and improve security in communications.

Key decisions of the Board in 2017-18

The Board's main focus in the year under review continued to be bedding in the new compliance monitoring regime for charities and maintaining work to build the charity register, along with a substantial amount of litigation arising from challenges to Commission decisions. 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.
- Approval of the annual internal audit plan.
- Reviewed finance, whistle blowing, information security, fraud and a variety of human resources policies and procedures.
- Approved new annual return regulations and a number of procedures and policies relating to educational endowments, registration and amendments to the legal manual.

- Agreed Memoranda of Understanding with the Information Commissioner’s Office, the Fundraising Regulator, the Housing Regulator in the Department for Communities and the Regulator of Community Interest Companies.
- Adopted a new communications plan.
- Approved the Commission’s annual equality report and reviewed its Equality Scheme and Action Plan.

In addition, Board members were updated at each Board meeting throughout the year on the use of the Commission’s statutory powers relating to specific casework, including the progress of inquiries under section 22 of the Charities Act (Northern Ireland) 2008, as well as the first use of any new powers, high risk registration applications and any refusals of charity registration.

During the year the Board continued to make use of its legal advisory group and of task and finish groups, comprised of Commissioners and staff, to look in detail at the development of policies and procedures. During this year the Board also participated in the Board Apprentice Scheme, to demonstrate its commitment to increasing the diversity of candidates for public 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 senior executives 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 November 2017 using the National Audit Office Checklist. In broad terms the committee were content with their approach. They noted that future recruitment of Commissioners should consider skills in the areas of IT, change management and accountancy. The committee also undertook an annual review of its Terms of Reference. A temporary reduction in the quorum was retained due to a reduced number of Commissioners during the year.

The committee undertook reviews of a number of key policies as part of its annual schedule. This work covered the risk management policy, fraud policy (including bribery risk assessment), finance procedures, whistle blowing and the business continuity plan.

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 2017-18.

This was the second year of a three year internal audit strategy which was supported by an audit plan for 2017-18 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 2017-18 were as follows.

- **Phase 1** - advice and guidance, budget management, recruitment, business planning, programme & project teams, and payroll.
- **Phase 2** - compliance monitoring, investigations, corporate governance structures, training plans and previous recommendations.

The internal audit report on their 2017-18 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 1 recommendations.

In February 2018, the Audit and Risk Assurance Committee agreed the 2018-19 Audit Plan.

Although the Audit and Risk Assurance Committee may commission reports on specific issues, this was not felt necessary during the year under review. The Audit and Risk Assurance Committee also considered the systems and controls in place to protect Commission information and no data handling issues that required notification to the regulator were identified. An annual Senior Risk Management Overview (SRMO) report was submitted to the Department for Communities to inform the overall report to the Cabinet Office on Information Risk Management.

During the year under review the Northern Ireland Audit Office (NIAO) attended all four committee meetings. The committee considered the 2016-17 NIAO Report to Those Charged with Governance which indicated no significant audit judgements were made in reaching their audit opinion on the 2016-17 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 and made one priority three recommendation. The report also stated that, in the NIAO’s opinion, in all material respects expenditure and income had been applied to the purposes intended by the Assembly and the financial transactions conformed to the authorities which govern them. The report was laid before the Assembly on 6 July 2017.

There was no change to the membership of the committee in 2017-18 and the Board reappointed the independent member of the committee for a further three years. Departmental observers also attended all meetings.

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

Norman Bennett, Chair	4 out of 4
Séamus Magee	4 out of 4
Kieran Donaghy, 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.

During 2017-18 the Committee reviewed its terms of reference and recommended minor changes which were subsequently adopted by the Board.

The period under review saw the committee continue to oversee the people plan which gives effect to the people strategy and business plan. The Committee's work included further progressing a new staff handbook reflecting the structure of the NICS handbook and adopting NICS policies where appropriate. This aims to reduce the risks of the Commission, as a small body, operating a stand-alone staff handbook.

The planned work on taking forward aspects of IIP in 2017-18 did not take place due to lack of resources. The committee also reviews any human resources related audit recommendations.

One change was made to membership of the committee during 2017-18, which was the co-option of the independent A&RA Committee member on to the Human Resources Committee also, due to the small number of Commissioners available. Attendance at Human Resources Committee meetings during the year was as follows.

Committee member	Meetings attended
Geraldine Donaghy, Chair	2 out of 2
Steven Cockcroft	2 out of 2
Kieran Donaghy, Independent Member of Committee	2 out of 2

During the year departmental observers attended the Human Resources Committee meetings.

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 2017-18, the Commission continued to enhance the identification and consideration of risk within the organisation. This year saw the Board include a series of overall strategic risks within the corporate risk register. This reflected the fact that the level of resourcing presented overarching strategic risks to the effective delivery of statutory objectives. The Board also reset risk levels to reflect that this level of resourcing is now the normal environment in which the organisation operates, and our sponsor department is content to tolerate this situation. The Board decreased the ratings of all but one of the risks. As a result the register included no extreme risks and five high level, one moderate and one low risk at the start of the year.

During the year a series of risks related to the delivery of the 2017-18 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. An exercise was undertaken to enable assurance checking to encompass new statutory processes and procedures coming into operation during the year. Significant time and effort was also given to addressing audit recommendations and updating the Audit and Risk Assurance and Human Resources Committees on progress.

At the end of 2017-18 the Commission reviewed its approach to risk management for the coming year and updated the rating of risks and assurance checking in light of experience. Resources were allocated to check areas of perceived serious and treatable risks linked to objectives and planned activities set out in the draft 2018-19 Business Plan. The Board increased its risk appetites across governance objectives and in particular in relation to compliance-related objectives, in light of experience of the operation of the reporting regulations for a full business plan period.

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.
- quarterly stewardship 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.
- bi-monthly 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 strategic and 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 Terms of Reference, 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. Ongoing training and development for Board members was undertaken during the year, including internal sessions for board members and briefing.

Significant control/governance issues

The Commission's assessment of the risk environment was reconfigured at the start of the year, in line with the 2017-18 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:

- delays and difficulties in registering charities diminishes confidence in the charity sector and undermines accountability to stakeholders.
- failure to have necessary resourcing (people, budget, systems and facilities) compromising ability to deliver efficient and effective services because of ineffective plans, policies, and performance monitoring.
- Court and tribunal judgements and other external challenges from stakeholders may negatively affect the Commission's reputation and impact on Commission processes and procedures, leading to decreased public trust in the Commission and diversion of resources from planned work.
- weak oversight and poor governance arrangements put the Commission at risk of not meeting its legal obligations as a public body.

Some elements of these risks, such as the number of court and tribunal appeals in which the Commission is involved, materialised. The Commission had to switch resources again from supporting core regulatory work to defending decisions of the Commission and the Charity Tribunal.

Other risks around resourcing materialised, with staffing turnover at year end likely to affect delivery of the coming year's business plan.

In addition, new risks were identified during the year, particularly around vulnerabilities identified and a request was made to our sponsor department to relocate premises. In its 2016/17

governance statement the Board identified potential risks arising from the sponsor department's strategic review which was planned to be completed that year. However, since no Minister has been in place, final work has not been completed. This continues to impact on confirmation of the Department's strategic agenda for charity regulation and resultant resourcing needs.

The Board has continued to pay particular attention to developing a culture of compliance within the charity sector as a whole and has skewed resources towards this. The Board placed significant emphasis on creating a proportionate regime of checking, allocating resourcing to ensure returns were made and poor practice detected as early as possible so that the charity sector was more accountable to the public. This has been undertaken to address the risk of a failure by charities to comply with the annual requirements of the legislation and has thus far produced a rate of approximately 90% compliance with annual return submissions.

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 2017-18 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
CHARITY COMMISSION FOR NORTHERN IRELAND
DATE: 15 JUNE 2018

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.

Service contracts

The Chief Charity Commissioner and Deputy Chief Charity Commissioner are appointed for a five year term of office. Five Commissioners are appointed for a three year term. The Deputy Chief Commissioner and one Commissioner post are currently vacant, and one Commissioner post has been extended. The Chief Executive of the Commission was appointed in April 2010 and this appointment is open-ended.

Salary and pension entitlements

Emoluments of Commissioners, 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 information)

Commissioners	2017-18		2016-17	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Tom McGrath, Chief Charity Commissioner	5-10	Nil	5-10	Nil
Walter Rader, Deputy Chief Charity Commissioner (resigned 31 August 2016)	-	-	0-5	Nil
Brenda Maitland, Commissioner (term ended 31 December 2016)	-	-	0-5	Nil
Geraldine Donaghy, Commissioner	0-5	Nil	0-5	Nil
Norman Bennett, Commissioner	0-5	Nil	0-5	Nil
Séamus Magee, Commissioner	0-5	Nil	0-5	Nil
Steven Cockcroft, Legal Commissioner	0-5	Nil	0-5	Nil

Senior Management	2017-18		2016-17	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Chief Executive Frances McCandless	70-75	Nil	70-75	Nil
Head of Charity Services Punam McGookin	50-55	Nil	50-55	Nil
Head of Compliance and Enquiries Myles McKeown	50-55	Nil	50-55	Nil
Head of Corporate Services Aubrey McCrory	50-55	Nil	50-55	Nil

Fair pay review disclosure (Audited information)

	2017-18	2016-17
Band of highest paid directors total remuneration	£70k-£75k	£70k-£75k
Median total remuneration	£29,610	£26,978
Ratio	2.5	2.7

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 2017-18 was £70k-£75k (2016-17: £70k-£75k). This was 2.5 times (2016-17: 2.7) the median remuneration of the workforce, which was £29,610 (2016-17: £26,978).

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

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 gratia payments.

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.

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)

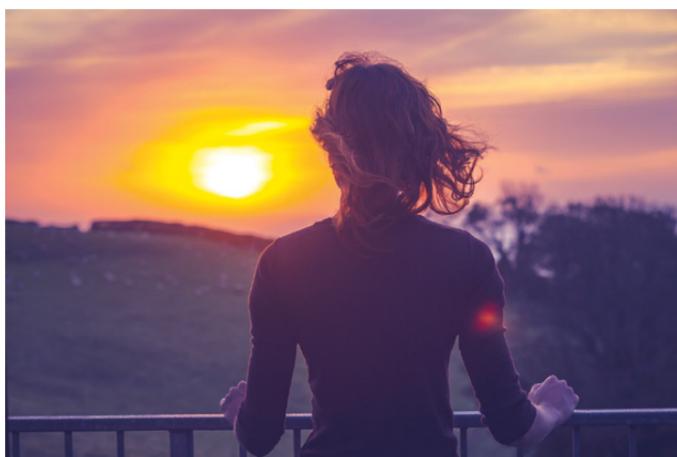
OFFICIALS	Accrued pension at age 60 as at 31/3/18 and related lump sum	Real Increase in pension and related lump sum at age 60	CETV at 31/3/18	CETV at 31/3/17	Real Increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Frances McCandless Chief Executive <i>(alpha scheme)</i>	20-25 plus lump sum of Nil	0-2.5 plus lump sum of Nil	267	236	12	-
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	179	158	8	-
Myles McKeown Head of Compliance and Enquiries <i>(alpha scheme)</i>	15-20 plus lump sum of 35-40	0-2.5 plus lump sum of (2.5)-0	237	218	5	-
Aubrey McCrory Head of Corporate Services <i>(alpha scheme)</i>	5-10 plus lump sum of Nil	0-2.5 plus lump sum of Nil	87	72	7	-

Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP). 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). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011 pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. Prior to 2011, pensions were reviewed in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality '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 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 current rate is 2.3%. CARE pension benefits are reviewed annually in line with changes in the cost of living.

A new pension scheme, alpha, was introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements have also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will 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 also 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 will be 2.32%. CARE pension benefits are reviewed annually in line with changes in the cost of living.

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with 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 2017 was 3% and HM Treasury has announced that public service pensions will be increased accordingly from April 2018.



Employee contribution rates for all members for the period covering 1 April 2018 – 31 March 2019 are as follows:

Scheme Year 1 April 2018 to 31 March 2019

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates – Classic members or classic members who have moved to alpha	Contribution rates – All other members
From	To	From 01 April 2018 to 31 March 2019	From 01 April 2018 to 31 March 2019
£0	£15,000.99	4.6%	4.6%
£15,001.00	£21,636.00	4.6%	4.6%
£21,637.00	£51,515.99	5.45%	5.45%
£51,516.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

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).

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. 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 <https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>.

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 2008 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)

	2017-18			2016-17
	Permanently employed staff £	Other £	Total £	Total £
Wages and salaries	925,009	62,134	987,143	1,066,168
Social security costs	83,232	-	83,232	80,337
Other pension costs	187,396	-	187,396	180,851
Total staff costs	1,195,637	62,134	1,257,771	1,327,356

During 2017-18, 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. The permanent costs include staff seconded from the Northern Ireland Civil Service. Other staff costs relate to temporary agency staff engaged within the Commission during 2017-18.

Pension

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes but the Commission is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the Department of Finance Superannuation and Other Allowances Resource Accounts as at 31 March 2018.

For 2017-18, employers' contributions of £169,587 were payable to the NICS pension arrangements (2016-17: £164,397) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015.

From 2017-18, the new rates range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account: a stakeholder pension with an employer contribution. Employers' contributions of £13,900 (2016-17: £12,847) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2016-17: 8% to 14.75%) of pensionable pay.

Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £464, 0.5% (2016-17: £579, 0.5%) of pensionable pay, were payable to the PCSPS(NI) 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.

Commissioners' costs

	2017-18			2016-17
	Permanently employed staff £	Other £	Total £	Total £
Commissioners' remuneration	14,949	-	14,949	18,496

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:

	2017-18			2016-17
	Permanently employed staff	Other	Total	Total
Directly employed	25	4	29	31

Staff composition (Audited information)

At 31 March 2018 there were 24 staff employed and 2 temporary staff. The staff composition was as follows:

	Male	Female
Chief Executive (SCS)	-	1
Permanent staff	7	16
Other employees	-	2
Total staff composition	7	19

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 2017-18 was 2.83% (2016-17: 2.98%) against a target of 8%.

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.

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 2017-18 financial year.

Ex-gratia payments (Audited information)

No ex-gratia payments were made in the 2017-18 financial year.

Exit packages (Audited information)

No exit packages were awarded in the 2017-18 financial year.

Expenditure on consultancy

In line with the Department for Communities' guidance on classification of expenditure, in the 2017-18 financial year, no external consultancy was undertaken.



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 2018 (2017 £nil).

This *Accountability* report was signed by the Accounting Officer of the Charity Commission for Northern Ireland on 15 June 2018.



FRANCES McCANDLESS

CHIEF EXECUTIVE
CHARITY COMMISSION FOR NORTHERN IRELAND

CHARITY COMMISSION FOR NORTHERN IRELAND

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

Opinion on financial statements

I certify that I have audited the financial statements of the Charity Commission for Northern Ireland for the year ended 31 March 2018 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. These financial statements have been prepared under the accounting policies set out within them. 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 2018 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 for Community 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 of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) 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 2016, 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.

Other Information

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

In connection with my audit of the financial statements, 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, 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:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Department for 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.

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 and for being satisfied that they give a true and fair view.

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.

I am required to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

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 Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

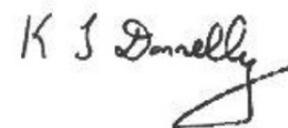
Matters on which I report by exception

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 parts of the Accountability 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 Governance Statement does not reflect compliance with the Department of Finance'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

19 June 2018

Financial Statements

7. STATEMENT OF COMPREHENSIVE NET EXPENDITURE

For the year ended 31 March 2018

	Notes	2017-18 £	2016-17 £
Income			
Secondment income	5	42,032	-
Total operating income		42,032	-
Expenditure			
Staff costs	2	1,257,771	1,327,356
Commissioners' remuneration	2	14,949	18,496
Depreciation and amortisation	3	90,971	94,624
Other expenditure	3	463,865	370,856
Notional costs	4	22,970	17,846
Net expenditure		1,850,526	1,829,178
Reversal of notional costs	4	(22,970)	(17,846)
Total operating expenditure		1,827,556	1,811,332
Net expenditure for the year		1,785,524	1,811,332
Other comprehensive net expenditure			
Net (gain)/loss on revaluation of			
Property, plant and equipment	6	(285)	(755)
Net (gain)/loss on revaluation of Intangible assets	7	(11,402)	(27,700)
Total comprehensive net expenditure for the year		1,773,837	1,782,877

The notes on pages 58 to 70 form part of these accounts.

8. STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 £	2017 £
Non-current assets:			
Property, plant and equipment	6	28,252	26,398
Intangible assets	7	580,477	570,281
Total non-current assets		608,729	596,679
Current assets:			
Trade and other receivables	9	46,382	16,102
Cash and cash equivalents	10	209,798	142,517
Total current assets		256,180	158,619
Total assets		864,909	755,298
Current liabilities			
Trade and other payables	11	(220,538)	(201,674)
Provisions	12	(59,857)	(250)
Total current liabilities		(280,395)	(201,924)
Total assets less current liabilities		584,514	553,374
Taxpayers' equity			
Revaluation reserve		62,540	50,853
General reserve		521,974	502,521
		584,514	553,374

The financial statements on pages 54 to 57 were approved by the Board on 15 June 2018 and were signed on its behalf by:



FRANCES McCANDLESS
CHIEF EXECUTIVE
CHARITY COMMISSION FOR NORTHERN IRELAND
DATE: 15 JUNE 2018



TOM McGRATH CBE
CHIEF CHARITY COMMISSIONER
CHARITY COMMISSION FOR NORTHERN IRELAND
DATE: 15 JUNE 2018

The notes on pages 58 to 70 form part of these accounts.

9. STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

Notes	2017-18 £	2016-17 £
Cash flows from operating activities		
Net expenditure	(1,785,524)	(1,811,332)
(Increase)/Decrease in trade and other receivables	(30,280)	2,586
Increase/(Decrease) in trade and other payables	17,212	(46,860)
Increase/(Decrease) in provisions	59,607	(31,218)
Depreciation/amortisation	90,971	94,624
Net cash outflow from operating activities	(1,648,014)	(1,792,200)
Cash flows from investing activities		
Purchase of property, plant and equipment	(13,000)	(6,070)
Purchase of intangible assets	(78,334)	(92,440)
Increase in capital payables	1,652	74,582
Net cash outflow from investing activities	(89,682)	(23,928)
Cash flows from financing activities		
Grants from sponsor department – DfC	1,804,977	1,918,178
Net cash inflow from financing activities	1,804,977	1,918,178
Net increase in cash and cash equivalents in the period		
	67,281	102,050
Cash and cash equivalents at the beginning of the period		
	142,517	40,467
Cash and cash equivalents at the end of the period		
	209,798	142,517

The notes on pages 58 to 70 form part of these accounts.

10. STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

For the year ended 31 March 2018

	General Reserve £	Revaluation Reserve £	Taxpayers' Equity £
Balance at 31 March 2016	395,675	22,398	418,073
Grants from sponsor department - DfC	1,918,178	-	1,918,178
Comprehensive net expenditure for the year	(1,811,332)	-	(1,811,332)
Revaluation gains and losses	-	28,455	28,455
Balance at 31 March 2017	502,521	50,853	553,374
Grants from sponsor department – DfC	1,804,977	-	1,804,977
Comprehensive net expenditure for the year	(1,785,524)	-	(1,785,524)
Revaluation gains and losses	-	11,687	11,687
Balance at 31 March 2018	521,974	62,540	584,514

The notes on pages 58 to 70 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 2017-18 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 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 £1,000 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 £1,000 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% per annum
CRM system	10% per annum
Annual reporting application	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 2017-18. 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. Income from operating activities represents income from the outward secondment of staff.

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 8 and 10). 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 2018

The Commission has reviewed the standards, interpretations and amendments to published standards that became effective during 2017-18 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 2018, 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.

1.18 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 2018. 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

	2017-18	2016-17
	£	£
Wages and salaries	987,143	1,066,168
Social security costs	83,232	80,337
Other pension costs	187,396	180,851
	1,257,771	1,327,356

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:

	2017-18		2016-17
	Permanently employed staff	Others	Total
	£	£	£
Commissioners' remuneration	14,949	-	14,949
			18,496



3. OTHER EXPENDITURE

	2017-18	2016-17
	£	£
Commission costs:		
Rent and service charges	46,093	40,093
Rates	14,451	14,129
Maintenance and repairs	24,709	8,041
Cleaning	6,694	5,763
Telephone and postage	16,902	16,716
Heat, light and power	5,770	6,750
IT support	15,878	15,782
Stationery and consumables	1,614	6,216
Publicity, printing and advertising	2,077	6,940
Staff/Commissioners' training	13,609	32,063
Travel and subsistence	12,174	14,279
Conference fees	447	2,387
Recruitment costs	25,287	17,126
Events and hospitality	4,029	2,573
Legal and professional fees	178,961	86,991
Miscellaneous expenses	20	20
Membership and licence fees	12,343	10,325
Commission library costs	1,313	1,469
Charity register maintenance	76,387	71,310
Minor equipment	104	511
Computer software	1,058	238
Communication and research costs	3,945	11,134
Total	463,865	370,856
Non-cash items		
Depreciation/amortisation	90,971	94,624
	554,836	465,480

4. NOTIONAL COSTS

Notional costs incurred during the year relate to:

	2017-18	2016-17
	£	£
NIAO Audit fee	10,500	10,500
Internal audit fee	12,470	7,346
	22,970	17,846

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.

5. INCOME

	2017-18	2016-17
	£	£
Income from outward secondments	42,032	-
	42,032	-

6. PROPERTY, PLANT AND EQUIPMENT

2017-18	Buildings	Furniture & fittings	Information technology	Assets under construction	Total
	£	£	£	£	£
Cost or valuation					
At 01 April 2017	149,805	39,221	47,277	122	236,425
Additions	12,832	-	168	-	13,000
Reclassifications	122	-	-	(122)	-
Revaluations	231	50	384	-	665
At 31 March 2018	162,990	39,271	47,829	-	250,090
Depreciation					
At 01 April 2017	139,588	36,822	33,617	-	210,027
Charged in year	6,959	(569)	5,041	-	11,431
Revaluations	139	33	208	-	380
At 31 March 2018	146,686	36,286	38,866	-	221,838
Net book value at					
31 March 2018	16,304	2,985	8,963		28,252
Net book value at 31 March 2017	10,217	2,399	13,660	122	26,398
2016-17					
	Buildings	Furniture & fittings	Information technology	Assets under construction	Total
	£	£	£	£	£
Cost or valuation					
At 01 April 2016	150,751	39,221	38,617	-	228,589
Additions	(946)	-	6,894	122	6,070
Revaluations	-	-	1,766	-	1,766
At 31 March 2017	149,805	39,221	47,277	122	236,425
Depreciation					
At 01 April 2016	122,797	31,514	28,060	-	182,371
Charged in year	16,791	5,308	4,546	-	26,645
Revaluations	-	-	1,011	-	1,011
At 31 March 2017	139,588	36,822	33,617	-	210,027
Net book value at					
31 March 2017	10,217	2,399	13,660	122	26,398
Net book value at 31 March 2016	27,954	7,707	10,557	-	46,218

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. Accommodation enhancements to the security system are underway.

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 reporting periods, and the associated financial statuses a charity can acquire. At 31 March 2018 the 17-18 return and website upgrade remained under development and have not been amortised in the 2017-18 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, in particular accurate notification, capture and checking of annual reporting information. At 31 March 2018 some of this work remained under development and has not been amortised in the 2017-18 financial year.

7. INTANGIBLE ASSETS (CONTINUED)

2017-18	OLS	OLS in development	CRM operational	CRM in development	Annual return	Total £
Cost or valuation						
At 1 April 2017	349,815	29,586	319,908	40,202	55,893	795,404
Additions	8,580	37,908	-	31,846	-	78,334
Reclassification	85,479	(29,586)	40,202	(40,202)	(55,893)	-
Revaluation	9,169	-	8,338	-	-	17,507
At 31 March 2018	453,043	37,908	368,448	31,846	-	891,245
Amortisation						
At 1 April 2017	145,166	-	72,506	-	7,451	225,123
Charged in year	43,530	-	36,010	-	-	79,540
Reclassification	7,451	-	-	-	(7,451)	-
Revaluation	3,930	-	2,175	-	-	6,105
At 31 March 2018	200,077	-	110,691	-	-	310,768
Net book value at						
31 March 2018	252,966	37,908	257,757	31,846	-	580,477
Net book value at						
31 March 2017	204,649	29,586	247,402	40,202	48,442	570,281

2016-17	Database	Database in development	CRM operational	CRM in development	Annual return	Total £
Cost or valuation						
At 1 April 2016	307,803	-	302,203	-	52,800	662,806
Additions	22,652	29,586	-	40,202	-	92,440
Reclassification	-	-	-	-	-	-
Revaluation	19,360	-	17,705	-	3,093	40,158
At 31 March 2017	349,815	29,586	319,908	40,202	55,893	795,404
Amortisation						
At 1 April 2016	104,652	-	38,274	-	1,760	144,686
Charged in year	32,479	-	30,220	-	5,280	67,979
Revaluation	8,035	-	4,012	-	411	12,458
At 31 March 2017	145,166	-	72,506	-	7,451	225,123
Net book value at						
31 March 2017	204,649	29,586	247,402	40,202	48,442	570,281
Net book value at						
31 March 2016	203,151	-	263,929	-	51,040	518,120

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

	2017-18	2016-17
	£	£
Amounts falling due within one year:		
Prepayments and accrued income	20,257	16,102
Other receivables	26,125	-
Total	46,382	16,102

10. CASH AND CASH EQUIVALENTS

	2017-18	2016-17
	£	£
Balance at 1 April	142,517	40,467
Net change in cash and cash equivalent balances	67,281	102,050
Balance at 31 March	209,798	142,517

The following balances at 31 March were held at:
Commercial banks and cash in hand

	209,798	142,517
Balance at 31 March	209,798	142,517

11. TRADE AND OTHER PAYABLES

	2017-18	2016-17
	£	£
Amounts falling due within one year:		
Trade payables	(1,186)	6,119
Capital payables	78,334	76,682
Pension	11,019	11,019
Accruals and deferred income	132,371	107,854
	220,538	201,674

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 2017 to 31 March 2018.

	2017-18		2016-17	
Total invoices in accounting period	658		780	
Invoices paid within 10 days	655	99.5%	765	98.1%
Invoices paid 10 - 30 days	3	0.5%	15	1.9%
Invoices paid over 30 days	0	0%	0	0%

12. PROVISION FOR LIABILITIES AND CHARGES

	2017-18	2016-17
	Legal Costs	Legal Costs
	£	£
Balance at 1 April	250	31,468
Provided in the year	59,857	250
Provisions not required written back	(16)	(11,072)
Provisions utilised in the year	(234)	(20,396)
Balance at 31 March	59,857	250

The Commission has included provisions for the future legal costs associated with existing legal cases that are listed with the Charity Tribunal, the High Court and the Court of Appeal.

13. COMMITMENTS UNDER LEASES

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

	2017-18	2016-17
	£	£
Buildings		
Not later than one year	46,093	46,093
Later than one year and not later than five years	115,231	161,324
Later than five years	-	-
Total	161,324	207,417

	2017-18	2016-17
	£	£
Other		
Not later than one year	-	595
Later than one year and not later than five years	-	942
Later than five years	-	-
Total	-	1,537

The Charity Commission for Northern Ireland had no commitments under finance leases at the statement of financial position date (2017 £nil).

14. CAPITAL COMMITMENTS

The Charity Commission for Northern Ireland has no capital commitments at 31 March 2018 not otherwise included in these accounts.

15. CONTINGENT LIABILITIES

The Charity Commission for Northern Ireland had no contingent liabilities at 31 March 2018 (2017 £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.

The Commission received grant in aid of £1,804,977 from the sponsor department. It also paid £36,420 to the Department for Communities for seconded staff members.

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

None of the Commissioners have undertaken 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 19 June 2018.

ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT FOR COMMUNITIES, (FORMERLY DEPARTMENT FOR SOCIAL DEVELOPMENT), WITH THE APPROVAL OF THE DEPARTMENT OF FINANCE, (FORMERLY DEPARTMENT OF FINANCE AND PERSONNEL, 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 accounts for the financial year ended 31 March 2018 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 2018 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.
4. 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.

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