



The Charity Commission for Northern Ireland annual report and accounts for the year ended 31 March 2013

*The Accounting Officer authorised the financial statements for issue on
11 June 2013*

*Laid before the Northern Ireland Assembly
under the Charities Act (NI) 2008
by the Department for Social Development*

on

28 June 2013

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

Our aims:

- develop a regulatory framework in which the public have confidence and in which charities can grow and flourish, clear in the knowledge of their rights and responsibilities;

And

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

Further information about our activities is available from:

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

**www.charitycommissionni.org.uk
Email: admin@charitycommissionni.org.uk
Tel: 028 3832 0220
Fax: 028 3834 5943
TextPhone: 028 3834 7639**

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Directors' report

1 The report of the Chief Commissioner and Chief Executive

This has been a year of considerable change and progress for the Charity Commission for Northern Ireland.

A year which has seen further development as an independent regulator, with progress towards beginning compulsory charity registration and continuing activity to reaffirm public trust and confidence in Northern Ireland's charities.

One of the most significant events was the granting of Royal Assent in January 2013 to the Bill to amend the Charities Act (Northern Ireland) 2008. This highly anticipated development meant the consultation on the Commission's public benefit and registration guidance could open in February 2013. Importantly, it also meant registration of charities in Northern Ireland could begin in the autumn of 2013, marking a new chapter in the regulation of charities.

Charities are playing a vital role in Northern Ireland, from supporting the vulnerable, saving lives and promoting equality, diversity and human rights through to environmental protection, conflict resolution and relief of poverty, to highlight but a few. Standing behind charities is the public, providing time, money, knowledge and skills for numerous charitable organisations and good causes. The December 2012 Christmas Charity Giving Survey demonstrated the generosity of monetary donations in Northern Ireland, with 98 per cent of Northern Ireland respondents indicating that they donate to charities at some point in the year.

It is imperative that the people of Northern Ireland have faith and confidence in charities, as well as in the work of the Commission. We have continued over the past year to engage with a wide range of stakeholders,

participating in seminars, conferences and one-to-one meetings to discuss charity regulation and how charities can continue to meet modern expectations and requirements.

We have also developed new guidance, procedures and policies, aimed at encouraging good charity governance, accountability and compliance with charity law. Significant pieces of work included developing and implementing procedures and advisory documents around our new powers, including guidance on authorising transactions and the devolvement of certain powers to unincorporated charities, including the implications for the Commission of those powers. Whilst our guidance and policies are aimed at promoting compliance, it is also our role to tackle more serious problems when they do occur. We continued to receive a steady stream of concerns throughout the year, opening 67 concerns in 2012-2013, which covered a wide range of issues. The majority of these concerns (48) are now concluded with 19 remaining under investigation at the end of March 2013.

We remained proactive in our approach to investigations, working where possible with charity trustees to set things right as well as to protect charitable assets and beneficiaries. We were also keen to share our learning around regulation and the impact of our work. Accordingly, we produced a second thematic report, offering case study based examples and advice on best practice and avoiding potential issues.

As the workload grows, so too must our resources. As we looked to the future, to our increasing regulatory remit and the beginning of compulsory charity registration, we have also assessed the internal structure to ensure we have the

right scale to meet the challenges ahead. We have now conducted our first strategic review with our sponsor department, the Department for Social Development (DSD), which, it is hoped, will result in a staffing structure that will enable the Commission to deliver the approved Corporate and Business Plan.

The past year has been a challenging one for the Commission as we have grown and developed as a regulator, embedded our investigatory processes, engaged with our stakeholders and continued to prepare for the beginning of charity registration. Despite the challenges, 2012-2013 has been a year of progress for the Commission and we would like to take this opportunity to thank our staff and Commissioners for their continued hard work and commitment.



Handwritten signature of Frances McCandless in black ink.

Frances McCandless
Chief Executive
Charity Commission for Northern Ireland

Handwritten signature of Tom McGrath CBE in black ink.

Tom McGrath CBE
Chief Commissioner
Charity Commission for Northern Ireland

2 Introduction

The Charity Commission for Northern Ireland is the independent regulator of Northern Ireland charities, as created by the Charities Act (Northern Ireland) 2008 (the Act). The Act made provision for the establishment of an independent Commission that would be able to respond to the needs of local charities. The Commission is a non-departmental public body (NDPB) and is sponsored by the Department for Social Development (DSD).

This annual report and statement of accounts encompasses three elements:

- documenting the work of the Commission in 2012-2013
- looking forward to the next year
- providing a financial statement for 2012-2013.

The Charities Act (Northern Ireland) 2008 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 Act was to introduce an integrated system of registration and regulation as well as support and supervision of registered

charities. The Act also intended to bring Northern Ireland into line with the regulatory regimes of Scotland, England and Wales.

The Charity Commission for Northern Ireland 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.

Auditor

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

Disclosure of relevant audit information

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

3 Objectives

The objectives of the Charity Commission are set out in the Charities Act (Northern Ireland) 2008.

To achieve these objectives, the Commission works with other regulators, including the Charity Commission for England and Wales (CCEW), the Office of the Scottish Charity Regulator (OSCR) and the Department of Justice and Equality in Ireland.

The working relationship between the Department for Social Development (DSD) and the Commission is similarly important and the full implementation of the Act requires close co-operation between both parties. The Commission does, however, exist as an independent organisation, working to further our aims and objectives, as set out in the Act.

Public confidence

To increase public trust and confidence in charities

Public benefit

To promote awareness of the need to demonstrate public benefit

Compliance objective

To ensure proper management and administration of charities

Charitable resources

To promote effective use of charitable resources

Accountability

To enhance accountability to donors, beneficiaries and the public



4 Our vision

“a dynamic and well governed charities sector in which the public has confidence, underpinned by the Commission’s effective delivery of its regulatory and advisory role”

5 The Board of the Charity Commission for Northern Ireland



Changes to the Board

There were a number of changes to the Board during 2012-2013. Paddy Sloan, who held the position of Deputy Chief Commissioner, resigned from the Board with effect from 17 September 2012, and Paul Cavanagh's three-year term of office as a Commissioner ended on 31 May 2012. In September 2012, the Commissioners welcomed Norman Bennett on board as a Charity Commissioner.

The Commission would like to thank Ms Sloan and Mr Cavanagh for their hard work, dedication and commitment during their time with the Commission and wish them every success in their future endeavours.

The Register of Interests for the Charity Commission can be viewed at:
www.charitycommissionni.org.uk/About_us/Governance/Conflict_of_Interests_Register.aspx

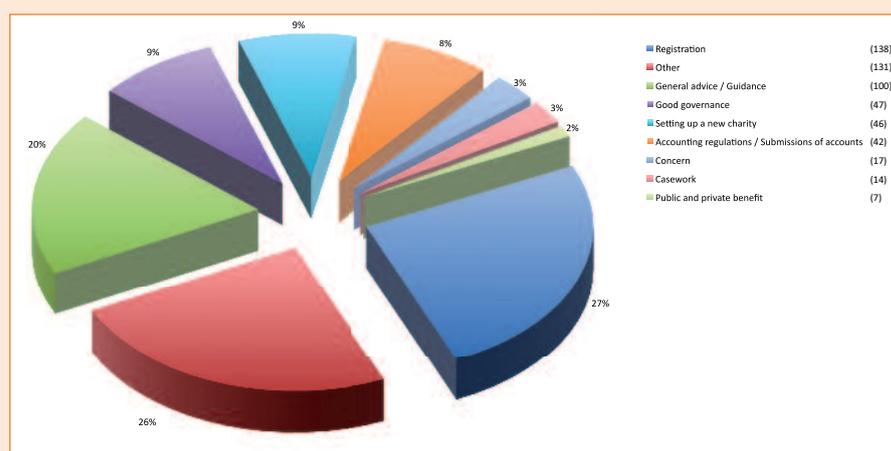
Management commentary

6 The year in figures

- 6,500 plus “deemed list” charities which fall under our regulatory powers
- 30,527 unique visits to our website
- 16,891 views of our online “deemed list”
- 29 engagement events with key stakeholders
- 12 meetings to engage with Assembly committees and political representatives
- Eight public benefit and registration guidance consultation events across Northern Ireland



Picture shows our public benefit and registration guidance consultation event in Craigavon, March 2013



*Other includes merging / winding up a charity, dealings with HMRC, fundraising, rates relief, queries regarding the “deemed list”, name change, land and property

- 542 individual enquiries answered (see pie chart for information on the type of enquiry received)
- Average of 45 enquiries received per month
- 90% (488) enquiries answered within five days
- 63% (342) enquiries answered within a day

- 67 concerns about charities opened
- 48 concerns concluded at year end
- 19 concerns still under investigation at year end
- 94% of concerns concluded within nine months
- Revenue budget spend within 1%



The Charity Commission Board holds the organisation to account through regular reporting on progress against the Annual Business Plan. For 2012-13 the following performance was reported against key indicators:

1 Communications plan actions
Target 95% v Actual 78%

2 Website visits
Target 10,000 v Actual 30,527

3 Attendee satisfaction with public benefit information
Target 75% v Actual 86%

4 Number of queries answered
Target 600 v Actual 542

5 Number of concerns about charities received
Target 120 v Actual 67

6 Staff sick leave
Target below 3% v Actual 2.8%

7 Concerns risk assessed within 30 days of receipt of final information
Target 80% v Actual 97%

8 Creditors invoices paid within 10 working days
Target 90% v Actual 98.5%

9 Budget spend year end
Target 1% v Actual 5.8% under spend(0.66% revenue, 81.4% capital)

10 Overall 90%
(77 of 85) of business plan actions completed or substantially complete.

7 Northern Ireland charities

Just as Northern Ireland is a diverse and vibrant place, so too are the charities which operate within it. While a complete list of Northern Ireland charities does not yet exist, it is estimated there are between 7,000 and 12,000 charitable organisations currently operating here - organisations which take all forms, shapes and sizes, from small community groups to larger, household name charities.

At present, the law in Northern Ireland deems charities to be organisations in receipt of charitable tax status through Her Majesty's Revenue and Customs (HMRC). This "deemed list" of Northern Ireland charities, created on 18 February 2011, covers some 6,500 charities. As part of our commitment to openness and transparency, the name of each "deemed" charity is published on our website. Highlighting the ongoing interest in the charitable sector, this list remained one of the most popular pages on our website during 2012-13, receiving 16,891 views. This list, however, presents only a partial picture of the true landscape - many charities do not apply for charitable tax exemption and therefore do not appear on the list, while some charities on the list may have merged or closed, despite remaining registered with HMRC for tax exemptions and Gift Aid.

Over the past year, we have continued to lay the groundwork for beginning compulsory registration of charities. Once complete, this register will provide a comprehensive list of all charities operating within Northern Ireland, each listed charity having been confirmed by the Commission to exist for charitable purposes.

The register will bring a number of benefits for the public, including providing a definitive list of Northern

Ireland charities for the first time - an accessible, online resource where anyone can check if an organisation is a legally confirmed charity. Charities hold a strong place in the heart of the public and the people of Northern Ireland are very generous with their time and money. The December 2012 Christmas Charity Giving Survey indicated that Northern Ireland respondents would give an average of £5.20 more to charities at Christmas than any other UK region (according to the survey, the average amount given by Northern Ireland respondents was £51.70, compared to a UK average of £46.50). However, the poll also showed that the Northern Ireland public is doing little to check the bona fides of the charities they donate to, with more than half of respondents (54%) never checking for the Fundraising Standards Board (FRSB) 'give with confidence' tick. While the ongoing generosity is to be applauded, in the longer term our register of charities will provide a simple and quick way for anyone to check the credentials of a charity, just as you might check the ID of a charity collector to ensure they are who they claim to be.

8 The developing context

Prior to the establishment of the Commission, charity regulation was undertaken with a light touch approach. The Charities Act (Northern Ireland) 2008 and subsequent establishment of the Charity Commission for Northern Ireland marked a sea change in the regulation of charities in Northern Ireland. Another milestone was reached this year with Royal Assent granted on the Bill to amend the Charities Act (Northern Ireland) 2008. The Charities Act (Northern Ireland) 2013 allowed us to map out a clear timescale for the beginning of compulsory charity registration.

As this annual report highlights, in the past year we have continued to develop our role as a regulator, working to ensure charities are working within an effective legal, accounting and governance framework as well as to step in when things do, on occasion, go wrong. However, the legislative problem that has held up registration to date has been a source of frustration for the Commission as we endeavoured to develop as an effective and encompassing regulator.

We appreciate the patience of all working in the charity sector during this period and, together, we look forward to beginning compulsory registration of charities in Northern Ireland in the autumn of 2013.

It is important to note that registration will not happen overnight. According to estimates, there are some 7,000 to 12,000 charities currently in Northern Ireland so registration will be a managed process, with charities called forward to register in tranches.

9 Progress and delivery

Our ethos is on positive engagement, working with charities to build a better awareness and understanding of our role as a regulator as well as to encourage and develop good charity governance across the sector.

Accordingly, over the past year, we have continued to build on our library of publications, to meet and engage with a wide range of stakeholders and to develop our own internal structures, systems and processes, in readiness for the challenges ahead. As this annual report highlights, the past year has been one of change and progress for the Commission, setting the tone for the future as we move into what will be one of our most challenging tasks to date –

registration of all charities operating in Northern Ireland.

• Events and engagement

As in previous years, we have remained keen to build our reputation as transparent, trustworthy and hard working, as well as to communicate our work and powers to the public and listen to the views of those affected by, or interested in, our regulatory functions. As part of our open and transparent approach, we are committed to engaging with all our stakeholders, providing an opportunity for stakeholders to learn from us, as well as for the Commission to listen and respond to feedback and queries.

Over the past 12 months we have undertaken 29 engagement events. This included participating in eight Good Governance seminars in conjunction with the Developing Good Governance Group. In February, we opened our public benefit and registration guidance consultation, calling on anyone involved or interested in the work of charities to share their views on our draft documents and help shape the final guidance. As part of that consultation, in March we hosted six consultation events in Belfast, Omagh, Craigavon, Derry/Londonderry, Dungannon and Newry and participated in a further two external consultation events, hosted by other bodies. In addition, the Commission's Chief Executive, Frances McCandless, has continued to promote a wider understanding of the role of charity regulation in Northern Ireland by hosting and participating in a wide range of meetings, seminars and conferences. This has included speaking as part of the Department of Justice and Equality's consultation on charity regulation in Ireland, and meeting with a range of education, religious and statutory organisations.

We have also continued to build awareness and knowledge of the Commission and its aims within the political and legislative sphere. Commission staff have spoken at events hosted by the Northern Ireland Local Government Association (NILGA), the Equality Commission for Northern Ireland and the Northern Ireland Central Investment Fund for Charities. We have also submitted oral and written evidence to the Social Development Committee, information for Assembly Questions and provided an information pack on the Commission to all MLAs.



We remain in regular contact with our colleagues in the Charity Commission for England and Wales (CCEW) and the Office of the Scottish Charity Regulator (OSCR) sharing best practice, learning from the experiences of other, longer established regulators and discussing emerging issues. This year also saw us host, for the first time, the meeting of the UK and Ireland charity regulators at our offices in Lurgan.

With our continued commitment to promoting compliance and the provision of clear, accessible guidance on good charity governance and important aspects of charity law, we have increased our library of online publications. We produced a second thematic report, providing case study based advice and guidance on charity fundraising, and how to avoid common pitfalls. Aware of the important role

councillors play within their local community, in October 2012 we also published our Guide to a Councillor's Role as a Charity Trustee, outlining the role of the Commission and providing an informative, accessible resource for councillors. Our website also continues to act as a valuable resource, providing information, advice and guidance on running a charity, charity regulations and requirements and the work of the Commission.

We understand that, as a new development, registration and regulation of charities in Northern Ireland can be a daunting prospect for Northern Ireland's charities. That is why we remain committed to engaging with our stakeholders, to sharing our knowledge, to listening to the opinions of others and to increasing awareness of, and public trust and confidence in, the charitable sector.

• **Investigatory work**

The majority of charities in Northern Ireland are well run, accountable and successful. However, on occasion, things can go wrong and, while our emphasis remains on promoting compliance in the first instance, we will not hesitate to take action when required to protect individual charity assets and beneficiaries as well as to safeguard the reputation of the overall charity sector.

We continued to receive a steady stream of concerns throughout 2012-13, with 67 concerns submitted during the year - an average of six concerns per month. The nature of the concerns covered a broad spectrum of areas, including charity governance, fundraising and conflicts of interest. Of the concerns received, 48 were progressed to conclusion during the year while 19 remained under investigation at year end.

We carried out an initial assessment of

every concern we received, determining the best route to rectify the situation based on the seriousness of the concern and the risk involved. We aimed to have 80 per cent of concerns risk assessed within 30 days of receiving the necessary information and in 2012-13 we exceeded this target with 97% of concerns risk assessed within this target time limit.

While the issues raised by the concerns covered a wide spectrum of issues, we found the majority could be resolved in dialogue with charity trustees, sometimes with the assistance of legal advice on the best course of action to take. On occasion, we may be required to use our more stringent powers under the Charities Act (Northern Ireland) 2008 and, in line with our values of proportionality, fairness and consistency, we take the action required when dealing with more serious allegations.

• **The public register of charities**

In preparation for the commencement of full charity registration, we will this summer begin a pilot registration phase with up to 20 organisations asked to “test drive” our new online registration system and process. While the online system has undergone a comprehensive and rigorous design and testing process, feedback from this pilot will allow us to resolve any unforeseen issues or difficulties prior to the commencement of full registration.

Our online system for charity registration has been developed from CCEW’s successful online registration system, but tailored to meet the specific needs of the Charity Commission for Northern Ireland and charities operating here. We are confident the system is fit for purpose, intuitive, accessible, and ready for compulsory charity registration to begin in the autumn of 2013.

• **Organisational development**

Continued internal focus over 2012-13 has resulted in the development, implementation and monitoring of a list of core operational policies and procedures, which are essential for any public body.

In addition, we have developed a wide range of new processes and guidance aimed at implementing the powers we have already gained, or are anticipating receiving, under the Charities Act (Northern Ireland) 2008. For example, we provided legal comment to the DSD to assist with the planning of commencing the cy-près provisions of the Act. Cy-près is a legal term meaning “as near as possible”. A cy-près scheme is a legal document which transfers a charitable gift from a charitable purpose which cannot be carried out, to another charitable purpose which is as close as possible to the original. Adoption of cy-près powers by the Commission means that charities will no longer have to go to the High Court to seek cy-près schemes where the value of the property to be transferred exceeds £50,000. This will protect the value of the charity’s assets as the cost of making a scheme will be considerably reduced, when compared to applying to the High Court. We look forward to acquiring these positive capabilities and, in preparation, have developed external guidance on cy-près, which has been approved by our Board of Commissioners.

Other significant pieces of work included development of an authorising transactions procedure and accompanying guidance manual and application form; as well as external guidance on our powers and procedures around requesting a review of a decision we have made; requesting to change the name of a charity and new powers soon to be devolved to unincorporated charities.

In preparation for the public benefit and registration guidance consultation to commence once Royal Assent was granted on the Charities Act (Northern Ireland) 2013, draft public benefit guidance was developed with extensive legal advice. A plan for the consultation was agreed, expert panels were held to progress drafting of the guidance and initial drafts were tested with local organisations. A joint consultation on the public benefit statutory guidance and registering as a charity in Northern Ireland guidance began in February, with all staff undergoing pre-consultation training. Six consultation events took place during March at locations across Northern Ireland (with a further six held after the financial year end). Through the six events we engaged directly with 230 individuals from a wide spectrum of groups and organisations. We also engaged with a further 200 people through two external consultation events hosted by other organisations. The consultation page on our website has also proven to be a popular resource, with 5,756 views since the consultation went live on 4 February 2013.

We have substantially recruited a full complement of permanent staff. An initial staffing structure was designed and agreed with DSD and the Department of Finance and Personnel (DFP) before recruitment began in 2010. This recruitment has been followed by a programme of training for staff and Commissioners. Staff sickness absence rate stands at 2.8 per cent, set against a 3 per cent Business Plan target. As a small organisation, we are vulnerable to staff turnover and absence, a risk we continue to monitor and manage closely.

As our staff firmly settle into their roles, we are also looking to the future to ensure we have the necessary skills, structure and scale fit for the purpose of registering, overseeing and regulating

Northern Ireland's charitable sector. To that end, a strategic review of the Commission's staffing structure has been undertaken in conjunction with our sponsor department, DSD, which it is hoped will result in a new staffing structure to deliver the approved Corporate and Business Plan.

10 Future focus

Looking forward, 2013 will be a landmark year for the Charity Commission for Northern Ireland. Since the Commission was established, we have worked hard to develop and grow our role as a regulator as well as to lay the groundwork for charity registration. As we move into the 2013-14 year, we are ready to begin what will surely be one of the biggest and most challenging tasks we have faced to date – compulsory registration of all charities in Northern Ireland. Registration will commence in the autumn, marking the creation of a definitive list of charities operating in Northern Ireland for the first time.



Alongside this, our regulatory work will continue, specifically in response to suspected or alleged charity misconduct and mismanagement. We receive concerns on a regular basis across the year and significant resource goes into assessing each concern and taking the necessary action to resolve any issues, whether that is through dialogue with the charity trustees or progressing an

investigation to a higher stage. We remain committed to meeting the targets set in the Business Plan 2013-14, to complete risk assessments on 80% of concerns within 30 days of receiving the necessary information and to conclude 90% of concerns within nine months. Each investigation brings new lessons with it and, as we develop, we will reflect on our work and review our policies and procedures to ensure they remain effective and efficient.

In line with our ethos of promoting compliance, we will also continue to provide charities with the guidance they need to run their charities in an open, transparent and accountable manner, providing best practice advice and information on good charity governance. Overall, we plan to publish 13 pieces of guidance per annum, equating to 39 pieces of guidance over the next three years. We also aim to achieve satisfaction levels of 75 per cent on our final public benefit guidance and, accordingly, will develop and implement a process to monitor our progress towards that target.

A series of Commencement Orders are also planned for the forthcoming year, bringing additional sections of the Act into operation and increasing our powers and responsibilities. As well as powers which will see us commence registration, this includes Commencement Orders for our powers around *cy-près*, alteration of companies' objects, charitable status as a religious organisation and certain powers for unincorporated charities. We will continue to lay the groundwork for these new functions, preparing the necessary procedures and forms to ensure the process is as straightforward and smooth as possible. As set out in our Business Plan, we will work to develop and adopt new policies within the target of three months of the Commencement Order

being made.

Another major piece of work in the coming year will be the first steps in designing and implementing an annual monitoring regime for all registered charities. We plan to consult with charities on what this framework will contain and on how we will implement the annual monitoring processes.

Our stakeholders will remain the focus of our attention and we will continue to engage with and listen to them, working to meet our targets of undertaking 25 engagement events with key stakeholders and receiving 30,000 visits to our website per annum. A series of engagements are scheduled for 2013-14, involving a significant number of our stakeholder groups, as we work to build further awareness and knowledge of the Commission's regulatory functions. We will work with charities across Northern Ireland to ensure the registration process is smooth and accessible, as well as encouraging charities to read our guidance and engage with us to ensure they understand the process they will have to follow. We will also continue to interact with the wider public through our engagement and public affairs work, promoting and reinforcing public trust and confidence in charities across Northern Ireland.

That charities are playing a vital role in Northern Ireland is without question. Our role as a regulator is not as a draconian watchdog, interrupting good work, but to work with charities to provide the right guidance, advice and pathways for the future. As we look to the year ahead, we are prepared for another 12 months of change and hard work, 12 months which will doubtless bring new challenges and responsibilities, but a year which will also bring significant progress and growth for the Commission as Northern Ireland's charity regulator.

11 Remuneration report

Remuneration policy

The Commissioners and the Chief Executive of the Charity Commission for Northern Ireland (CCNI) are appointed by the Minister for Social Development in line with the Code of Practice issued by the Commissioner for Public Appointments.

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

Remuneration (audited)

Commissioners	2012-13		2011-12	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Tom McGrath, Chief Commissioner	0 - 5	Nil	0 - 5	Nil
Paddy Sloan, Deputy Chief Commissioner	0 - 5	Nil	0 - 5	Nil
Angila Chada, Commissioner	0 - 5	Nil	0 - 5	Nil
Rosemary Connolly, Legal Commissioner	0 - 5	Nil	0 - 5	Nil
Walter Rader, Commissioner	0 - 5	Nil	0 - 5	Nil
Paul Cavanagh, Commissioner	0 - 5	Nil	0 - 5	Nil
Philip McDonagh, Commissioner	0 - 5	Nil	0 - 5	Nil

Service contracts

The Chief Commissioner has been appointed for a five year term of office. Four Commissioners have been appointed for a three year term and one Commissioner has been appointed for a one year term. The Chief Executive of the Commission was appointed in April 2010 and this appointment is open-ended.

Salary and pension entitlements

Emoluments of Chief Executive and senior management

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

Senior management	2012-13		2011-12	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Chief Executive Frances McCandless	60-65	Nil	55-60	Nil
Head of Charity Services Punam McGookin	45-50	Nil	40-45	Nil
Head of Corporate Services & Compliance Aubrey McCrory	45-50	Nil	40-45	Nil
	2012-13	2011-12		
Band of highest paid director's Total remuneration	60-65	55-60		
Median total remuneration	25,340	25,226		
Ratio	2.5	2.3		

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 CCNI in the financial year 2012-13 was £60-£65k (2011-12, £55k-£60k). This was 2.5 times (2011-12, 2.3) the median remuneration of the workforce, which was £25,340 (2011-12, £25,226).

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.

Benefits in kind

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

Pension benefits (audited)

No Commissioners received pension benefits. In the 2012-13 year, Department of Finance and Personnel (DFP) approval

was given to provide pension benefits through membership of the Principal Civil Service Pension Scheme to the Chief Executive and staff. The costs accrued in the previous year-end financial statements have been paid following

confirmation of entry to the Principal Civil Service Pension Scheme (NI), or an alternative scheme provider. Details of CCNI's pension benefits and entitlements are detailed below:

Pension entitlements

	Accrued pension at age 60 as at 31/3/13 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31/3/13	CETV at 31/3/12	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Frances McCandless Chief Executive (Nuvos Scheme)	10-15 plus lump sum of Nil	7.5-10 plus lump sum of Nil	123	26	92	-
Aubrey McCrory Head of Corporate Services & Compliance (Premium Scheme)	0-5 plus lump sum of Nil	0-2.5 plus lump sum of Nil	19	9	7	-
Punam McGookin Head of Charity Services (Nuvos Scheme)	5-10 plus lump sum of Nil	2.5-5 plus lump sum of Nil	75	12	60	-

Northern Ireland Civil Service (NICS) pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements 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 Parliament each year. From April 2011 pensions payable under classic, premium, and classic plus are increased

annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased 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 are eligible for membership of the Nuvos arrangement or they can opt 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 increased annually in line with increases in the CPI. For 2013, public service pensions increased by 2.2% with effect from 8 April 2013.

Employee contributions are determined by the level of pensionable earnings. The current rates are as follows:

Members of classic

Annual pensionable earnings (full-time equivalent basis)	New 2013 contribution rate before tax relief
Up to £15,000	1.50%
£15,001- £21,000	2.70%
£21,001- £30,000	3.88%
£30,001- £50,000	4.67%
£50,001- £60,000	5.46%
Over £60,000	6.25%

Members of premium, nuvos and classic plus

Annual pensionable earnings (full-time equivalent basis)	New 2013 contribution rate before tax relief
Up to £15,000	3.50%
£15,001-£21,000	4.70%
£21,001-£30,000	5.88%
£30,001-£50,000	6.67%
£50,001-£60,000	7.46%
Over £60,000	8.25%

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 3% and 12.5% (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 0.8% 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. Further details about the CSP arrangements can be found at the website: www.dfpni.gov.uk/civilservicepensions-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 CSP 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 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.

Bonuses

The Charity Commission for Northern Ireland does not operate any form of bonus scheme.

Compensation payments

No compensation payment were made in the 2012-13 financial year.

Ex-gratia payments

No ex-gratia payments have been made in the 2012-13 financial year.

Exit packages

No exit packages were awarded in the years 2011-12 or 2012-13.

Signed



Frances McCandless
Chief Executive
Date: 11 June 2013

12 Statements of the responsibilities of the Commission and Chief Executive

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

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

- observe the accounts direction issued by DSD, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

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

13 Governance statement 2012-13

Introduction

As a regulatory body, the Charity Commission for Northern Ireland is committed to demonstrating best practice in its corporate governance. This statement sets out the arrangements the Commission has in place to meet that commitment. The Commission keeps its governance under regular review, drawing on its sponsor department, the Department for Social Development (DSD), and the Department of Finance and Personnel (DFP) as sources of advice and guidance. The Commission's view of its governance is informed and assisted by various internal and external opinions, including auditors and other stakeholders.

This governance statement outlines how the Accounting Officer has discharged her responsibilities to manage and control Charity Commission resources throughout the financial year ended 31 March 2013. Following changes to the reporting of internal controls, as introduced by HM Treasury in 2011, it is for the Accounting Officer, with Board support and input, to decide the format and content of this governance statement. In doing so the Accounting Officer has considered guidance set out in DAO (DFP) 10/12 and Managing Public Money NI Annex 3.1 to tailor the disclosure to the organisation and its features during the year.

The following sections provide an explanation of the Commission's responsibilities, along with information on the purpose and details of the governance framework. The Board's performance, highlights of Board committee reports, an account of corporate governance and details of the organisation's risk assessment profile and how this is managed are also provided.

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 (NDBP), established by Royal Assent to deliver the legislative requirements of the Charities Act (Northern Ireland) 2008. It is sponsored by the Department for Social Development (DSD). 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 operate the organisation as an accountable, efficient and effective public body and to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of

effectiveness. The 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.

The framework has been implemented within the Charity Commission for Northern Ireland since establishment, during the period ended 31 March 2013 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

The Charity Commission for Northern Ireland's governance framework

Board

The Commission's leadership consists of a Board which provides strategic direction and oversight and a senior management team responsible for 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 made in accordance with the Northern Ireland Code of Practice for Ministerial Appointments to public bodies issued by the Commissioner for Public Appointments.

The Board acts independently of senior management in line with a formal governance framework known as the Management Statement and Financial Memorandum (MSFM). It is the responsibility of the Board membership to ensure the Commission 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 it undertook these responsibilities by:

- establishing the overall strategic direction of the CCNI within the policy and resources framework determined by the sponsor Department and the Charities Act (Northern Ireland) 2008 through submission and agreement of a Corporate and Business Plan for departmental approval. By agreement with the Department, the plans for 2013-16 have not yet been submitted, pending decision on a review of the organisation's staffing needs and budget
- ensuring the sponsor Department was kept informed of any changes which are likely to impact on the strategic direction of CCNI or on the attainability of its targets, and determining the steps needed to deal with such changes through sharing of Board information, including the Risk Register, an annual meeting between the Chief Commissioner and the Minister, bi-annual meetings between the Accounting Officer and the Permanent Secretary of the sponsor Department and monthly meetings of senior management team with officials from the sponsor branch
- ensuring any statutory or administrative requirements for the use of public funds were complied with and that the CCNI 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 which found full compliance, as no breaches had been identified, and noted special attention had been given to indemnity undertakings which required DSD approval

- receiving and regularly reviewing financial and performance management information in terms of budget updates and forecast spend at each Audit and Risk and Board meeting; and quarterly business plan progress reports which provided positive assurance to the sponsor Department that appropriate action was being taken to meet performance commitments
- demonstrating high standards of corporate governance at all times, including using an independent Audit and Risk Committee member and recruiting a qualified accountant as a Commissioner to help the CCNI Board address the key financial and other risks facing CCNI
- undertaking an away day facilitated by a former Chief Executive of another charity regulator to inform corporate planning and consideration of governance in the coming three years
- operating a live register of conflicts of interest on the website with conflicts a standing agenda item on Board meetings and a formal annual review undertaken by the Board
- having in place a Chief Executive of CCNI and, in consultation with the sponsor Department, annually setting 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
- receiving reports at each meeting from its Audit and Risk and Human Resources and Remuneration sub-committees and ensuring that the work being carried out by those sub-committees receive properly proposed and recorded approvals by the CCNI Board itself
- ongoing work on fraud including revising the policy to reflect new legislative provisions and undertaking an organisational bribery assessment
- ensuring an effective risk management process is in place and is regularly reviewed at each Board meeting.

Attendance at Board meetings during the year:

Board member	Number of meetings attended
Tom McGrath Chief Commissioner	7 out of 7
Paddy Sloan Deputy Commissioner (part of year)	2 out of 3
Rosemary Connolly Legal Commissioner	6 out of 7
Walter Rader Commissioner	7 out of 7
Norman Bennett Commissioner (part of year)	5 out of 5
Philip McDonagh Commissioner	6 out of 7
Angila Chadha Commissioner	5 out of 7
Paul Cavanagh Commissioner (part of year)	0 out of 1

Audit and Risk Committee

The Audit and Risk 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 overseeing role included, but was not limited to, internal and external audit, the Commission's financial statements and risk management. The Committee undertook

an annual Committee Effectiveness Review, the outcome of which was satisfactory.

The Audit and Risk Committee was established in June 2009 and risks are reported to the Audit and Risk Committee who review and report to the Commissioners on risk management issues. Risk is reviewed on a quarterly basis by the Audit and Risk Committee and, in turn, they inform the Commissioners of any emerging issues. An internal audit review was carried out in March 2013 by the DSD Internal Audit Unit which examined aspects of the Commission's work including the risk management framework and the management of information risks. The Audit and Risk Committee may commission reports on specific issues where they feel this necessary. The Audit and Risk Committee has also reviewed the systems and controls in place to protect CCNI information and no data handling issues that required notification to the regulator were identified. Quarterly assurances were completed and forwarded to the Departmental Senior Information Risk Officer.

The Committee also considered the Northern Ireland Audit Office's (NIAO) report to those charged with governance which indicated no significant audit judgments were made in reaching their audit opinion on CCNI for the year ended 31 March 2012. Having reviewed accounting policies, the NIAO were content at their appropriateness, no significant issues regarding regularity were identified and the audit did not identify any significant internal control weaknesses. 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.

Attendance at Audit and Risk Committee meetings during the year:

Committee member	Number of meetings attended
Paddy Sloan Chair (part of year), Deputy Commissioner	2 out of 2
Philip McDonagh Chair (remainder of year) Commissioner	4 out of 4
Paul Cavanagh Commissioner (part of year)	0 out of 1
Norman Bennett (part of year)	2 out of 2
Graeme Allen NIHE Independent Member of Committee	4 out of 4

Human Resources and Remuneration Committee

The Human Resources and Remuneration 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 the period under review the Committee undertook an effectiveness review and considered contract wording, training evaluation, exit interviews and updates on recruitment processes. The Committee also made recommendations to the Board on changes to Human Resources policies, pay remit and proposed staffing structure options.

Attendance at Human Resources and Remuneration Committee during the year

Committee member	Number of meetings attended
Walter Rader Chair, Commissioner	2 out of 2
Rosemary Connolly Legal Commissioner	1 out of 2
Angila Chadha Commissioner	2 out of 2

Board performance and assessment of its own effectiveness

In 2012-13 the Board met seven times, the Audit and Risk Committee four times and the Human Resources and Remuneration Committee twice. Board and committee minutes are published regularly on the Commission's website.

A self-assessment review of the Board's effectiveness was carried out in March 2013. The responses indicated that the Board was satisfied overall with its own effectiveness and mix of skills and also with the support and information it receives from the executive to inform its decision making. On a scale of 1 to 5 for each assessment question, the Board scored no lower than an average of 3.9 on any question, indicating a high level of satisfaction with effectiveness.

Key Decisions of the Board in 2012-13

The Board's main focus in the year under review included preparations for charity registration and the future resourcing and staffing of the Commission. In addition to standing item discussions of budget and finance, business plan performance and risk management, other issues considered and agreed during the year were:

- annual report and accounts to the Assembly
- a revised risk approach and a new risk appetite linked to the Business Plan
- approval of the annual internal audit plan
- a strategic review of the Commission and identification of preferred staffing option
- approval of revised Finance and Human Resources policies and procedures
- approval of procedures relating to casework and enquiries
- outcomes of an IT review and new strategic partnership arrangements
- development of an Integrated Equality Scheme.

In addition, Board members met three times throughout the year to consider use of the Commission's statutory powers relating to specific casework. The Board noted no issues regarding the quality of data provided for its use and, on at least three occasions, commented positively on the process of preparing and disseminating Board papers. An annual planner for committee and Board meetings and agenda items was developed.

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. Over the past year, and indeed since 2009, the Commission has been successful in using its approach to risk management to ensure audit resources are detailed to areas of perceived serious and remote risks and serious efforts are given to addressing all

recommendations and updating the Audit Committee. This is the most significant indication of efforts to manage and control resources. The systems in place were operated throughout the year under review and included the following:

- 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
- monthly review of the Corporate Risk Register by senior management team and sign off by the Chief Executive
- quarterly assurance statements to the sponsor Department which were informed by business level assurance statements
- monthly review of the Corporate Risk Register with sponsor branch
- consideration and updating of the Risk Register as a standing item on Audit and Risk Committee and 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 assurance statement by the Accounting Officer
- annual internal and external audit programme, which are informed by a review of strategic business risks.

The Corporate Governance Code is for central government departments, however, the Charity 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. Induction and training for one new Commissioner was undertaken during the year and ongoing training and development for Board members was undertaken, including sessions on Governance in the Public Sector, Public Expenditure Update and Challenging Risk at the Boardroom Table.

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

Significant control / governance issues

The Audit and Risk Committee noted in 2012-13 that the risk environment continued to include delays to amending charity legislation which impact on CCNI's Business Plan. The Business Plan included beginning the registration of charities, which has had to be postponed until new legislation received Royal Assent in January 2013. Preparation for registration has, however, continued as planned. Although these external factors lie outside of the organisation's internal control mechanisms, the risk framework has included mitigating actions where feasible. These have included a temporary legal provision, allowing the Commission to bring forward other work on investigation and charity governance.

Review of effectiveness of internal control

The Accounting Officer has 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 Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In respect of 2012-13 I have been informed by internal and external audit on the adequacy and effectiveness of internal controls operating within the Charity Commission for Northern Ireland. In the internal auditors' report they have stated that, in their opinion, the Commission's internal control systems were adequate and operated effectively thereby providing satisfactory assurance regarding the effective and efficient achievement of the Commission's objectives.



Frances McCandless
Chief Executive
Date: 11 June 2013

Financial statements

14 The certificate of the Comptroller and Auditor General

CHARITY COMMISSION FOR NORTHERN IRELAND

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

I certify that I have audited the financial statements of the Charity Commission for Northern Ireland for the year ended 31 March 2013 under the Charities Act (Northern Ireland) 2008. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Chief Executive and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Charity Commission for Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Charity Commission for Northern Ireland; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

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.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Charity Commission for Northern Ireland's affairs as at 31 March 2013 and of the net expenditure, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act (Northern Ireland) 2008 and Department of Finance and Personnel directions issued thereunder.

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

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

Report

I have no observations to make on these financial statements.



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

17 June 2013

15 Statement of comprehensive net expenditure

For the year ended 31 March 2013

	Notes	2012-13 £	2011-12 £
Expenditure			
Staff costs	2a	692,726	583,970
Commissioners' remuneration	2b	16,000	18,169
Depreciation	3	55,796	32,796
Other expenditure	3	261,351	242,132
Notional costs	4	14,232	12,538
Net Expenditure		1,040,105	889,605
Reversal of notional costs	4	(14,232)	(12,538)
		1,025,873	877,067
Other Comprehensive Net Expenditure			
Net gain on revaluation of Property, plant and equipment	5	(3,478)	(2,364)
Net gain on revaluation of Intangible assets	6	(23,794)	(390)
		998,601	874,313
Total comprehensive net expenditure for the year ended 31 March 2013.			

Other than grant-in-aid from the Department for Social Development, the Charity Commission for Northern Ireland received no other income in the year.

The notes on pages 37 to 46 form part of these accounts.

16 Statement of financial position

As at 31 March 2013

As at 31 March 2013	Notes	2013 £	2012 £
Non-current assets:			
Property, plant and equipment	5	124,503	157,070
Intangible assets	6	197,470	180,925
Total non-current assets		321,973	337,995
Current assets:			
Trade and other receivables	8	11,571	8,062
Cash and cash equivalents	9	31,904	36,914
Total current assets		43,475	44,976
Total assets		365,448	382,971
Current liabilities			
Trade and other payables	10	(88,038)	(171,439)
Total current liabilities		(88,038)	(171,439)
Non-current assets less net current liabilities		277,410	211,532
Total assets less liabilities		277,410	211,532
Taxpayers' Equity			
Revaluation reserve		30,432	3,160
General reserve		246,978	208,372
		277,410	211,532

The financial statements on pages 33 to 36 were approved by the Board on 13 May 2013 and were signed on its behalf by:



Frances McCandless
Chief Executive
Charity Commission for Northern Ireland
Date: 11 June 2013



Tom McGrath CBE
Chief Commissioner
Charity Commission for Northern Ireland
Date: 11 June 2013

17 Statement of cash flows

For the year end 31 March 2013

For the year ended 31 March 2013		2012-13	2011-12
	Notes	£	£
Cash flows from operating activities			
Net expenditure		(1,025,873)	(877,067)
Adjustments for non-cash transactions			
(Increase)/Decrease in trade and other receivables		(3,509)	(3,036)
(Decrease) / Increase in trade and other payables		(62,853)	(26,869)
Depreciation charge	5+6	55,796	32,796
Net cash outflow from operating activities		(1,036,439)	(874,176)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	-	(153,163)
Purchase of intangible assets	6	(12,502)	(12,465)
(Decrease)/ Increase in capital payables	10.1	(20,548)	21,150
Net cash outflow from investing activities		(33,050)	(144,478)
Cash flows from financing activities			
Grants from sponsor Department – DSD		1,064,479	1,004,401
Net financing		1,064,479	1,004,401
Net (Decrease)/Increase in cash and cash equivalents in the period		(5,010)	(14,253)
Cash and cash equivalents at the beginning of the period		36,914	51,167
Cash and cash equivalents at the end of the period	9	31,904	36,914

The notes on pages 37 to 46 form part of these accounts.

18 Statement of changes in taxpayers' equity

For the year ended 31 March 2013

	SoCNE Reserve £	Revaluation Reserve £	Total Reserves £
Balance at 31 March 2011	81,038	406	81,444
Changes in taxpayers' equity 2011-12			
Total comprehensive net expenditure	(877,067)	2,754	(874,313)
Total recognised income and expenditure for 2011-12	(796,029)	3,160	(792,869)
Grants from sponsor Department - DSD	1,004,401	-	1,004,401
		-	
Total grant from sponsor Department	1,004,401	-	1,004,401
Balance at 31 March 2012	208,372	3,160	211,532
Balance at 1 April 2012	208,372	3,160	211,532
Changes in Taxpayers' Equity 2012-13			
Total comprehensive net expenditure	(1,025,873)	27,272	(998,601)
Total recognised Income and Expense for 2012-13	(1,025,873)	27,272	(998,601)
Grants from sponsor Department - DSD	1,064,479	-	1,064,479
Total grant from sponsor Department	1,064,479	-	1,064,479
Balance at 31 March 2013	246,978	30,432	277,410

The notes on pages 37 to 46 form part of these accounts.

19 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 2012-13 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

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

1.1 Accounting convention

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

1.2 Financing

In accordance with the amendments to FReM, Grant-in-Aid has been treated as

Financing and has 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.

1.4 Intangible assets

Expenditure on intangible assets, which are primarily the Commission's database and the associated costs of implementation, is capitalised where the cost is £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 database

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 2012-2013. Any monetary assets and liabilities denominated in foreign currencies will be translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies will be recorded at the date of the transactions. Translation differences will be dealt with in the Statement of Comprehensive Net Expenditure.

1.9 Value Added Tax

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

1.10 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.

1.11 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 Financial Statements.

1.12 Accounting estimates

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

1.13 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.

1.14 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.

1.15 Accounting standards, interpretations and amendments to published standards adopted to the year ended 31 March 2013

The Commission has reviewed the standards, interpretations and amendments to published standards that became effective during 2012-13 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.

1.16 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 2012, 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.

1.17 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 2013. The reserves of the Commission are non-distributable.

2. Staff numbers and related costs

2(a) Staff costs	2012-13			2011-12
	Permanently employed staff £	Others £	Total £	Total £
Wages and salaries	390,899	162,800	553,699	464,057
Social security costs	35,471	-	35,471	39,054
Other pension costs	103,556	-	103,556	80,859
Total staff costs	529,926	162,800	692,726	583,970

During 2012-13 the Commission continued the employment of its permanent staff complement and provision of pension benefits through membership of the Principal Civil Service Pension Scheme (NI) to the Chief Executive and staff. The permanent costs above include staff seconded from the Department for Social Development (DSD), and Courts & Tribunals Service for part of the year. Other staff costs relate to temporary agency staff employed within the Commission during 2012-13. Also included in staff costs in 2012-13 is a refund of £8,631 from HMRC.

2(b) Commissioners' costs	2012-13			2011-12
	Permanently employed staff £	Others £	Total £	Total £
Commissioners' remuneration	16,000	-	16,000	18,169

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

2(c) Average number of persons employed	2012-13			2011-12
	Permanently employed staff	Others	Total	Total
Directly employed	12	5	17	15

3. Other expenditure

	2012-13	2011-12
	£	£
Commission costs		
Rent and service charges	33,138	33,322
Rates	9,301	11,525
Maintenance and repairs	5,018	1,000
Cleaning	5,913	4,083
Telephone and postage	11,669	6,578
Heat, light and power	5,622	2,635
IT Support	7,900	-
Stationery & consumables	14,795	15,933
Publicity, printing and advertising	15,687	5,907
Staff/Commissioners training	11,686	22,571
Travel and subsistence	10,058	11,144
Conference fees	2,052	1,970
Recruitment costs	9,402	-
Events & hospitality	2,679	1,800
Software support	1,255	807
Legal & professional fees	29,038	13,047
Miscellaneous expenses	20	20
Membership and licence fees	3,758	3,753
CCNI library costs	2,103	1,534
Charity register maintenance	63,960	63,960
Minor equipment	4,634	7,024
Computer software	405	204
Communication and research costs	11,258	10,606
Relocation costs	-	17,269
Superannuation options research	-	1,440
Online registration / website accessibility audit	-	4,000
Total	261,351	242,132
Non-cash items		
Depreciation	55,796	32,796
	317,147	274,928

4. Notional costs

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

Notional costs incurred during the year relate to.	2012-13	2011-12
	£	£
Audit fee	9,853	9,618
Internal audit fee	4,379	2,920
	14,232	12,538

5. Property, plant and equipment

2012-13	Buildings £	Furniture & fittings £	Information Technology £	Total £
Cost or valuation				
At 31 March 2012	123,626	30,804	22,656	177,086
Revaluations	2,153	536	3,104	5,793
At 31 March 2013	125,779	31,340	25,760	182,879
Depreciation				
At 31 March 2012	10,731	2,567	6,718	20,016
Charged in year	25,407	6,161	4,477	36,045
Revaluations	629	152	1,534	2,315
At 31 March 2013	36,767	8,880	12,729	58,376
Net book value at 31 March 2013	89,012	22,460	13,031	124,503
Net book value at 31 March 2012	112,895	28,237	15,938	157,070
2011-12	Buildings £	Furniture & Fittings £	Information Technology £	Total £
Cost or valuation				
At 31 March 2011	-	-	21,326	21,326
Additions	121,586	30,296	1,281	153,163
Revaluations	2,040	508	49	2,597
At 31 March 2012	123,626	30,804	22,656	177,086
Depreciation				
At 31 March 2011	-	-	2,503	2,503
Charged in year	10,554	2,525	4,201	17,280
Revaluations	177	42	14	233
At 31 March 2012	10,731	2,567	6,718	20,016
Net book value at 31 March 2012	112,895	28,237	15,938	157,070
Net book value at 31 March 2011	-	-	18,823	18,823

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.

6. Intangible assets

Intangible assets comprise the Commission's database and the associated costs of implementation. The Commission's charity register database was brought into use in June 2011. Legislation was put in place in January 2013 and registration will be piloted from July 2013 with plans to go fully 'live' in autumn 2013. A business case for an integrated IT system for registration is being implemented in the 2013-14 financial year.

2012-13	Total £
Cost or valuation	
At 1 April 2012	196,475
Additions	12,502
Revaluation	28,630
At 31 March 2013	237,607
Amortisation	
At 1 April 2012	15,550
Charged in year	19,751
Revaluation	4,836
At 31 March 2013	40,137
Net book value at 31 March 2013	197,470
Net book value at 31 March 2012	180,925
2011-12	Total £
Cost or valuation	
At 1 April 2011	183,586
Additions	12,465
Revaluation	424
At 31 March 2012	196,475
Amortisation	
At 1 April 2011	-
Charged in Year	15,516
Revaluation	34
At 31 March 2012	15,550
Net book value at 31 March 2012	180,925
Net book value at 31 March 2011	183,586

7. Financial instruments

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

8. Trade receivables and other current assets

	2012-13 £	2011-12 £
Amounts falling due within one year		
Prepayments and accrued income	6,073	8,062
Other receivables	5,498	-
Total	11,571	8,062

In September 2012, when the pension scheme began for the organisation, CCNI gained approval to pay employee backdated pension contributions on behalf of its staff. A repayment schedule was agreed and the other receivables balance above relates to those staff loans still owing to the Commission at the year end.

9. Cash and cash equivalents

	2012-13 £	2011-12 £
Balance at 1 April	36,914	51,167
Net change in cash and cash equivalent balances	(5,010)	(14,253)
Balance at 31 March	31,904	36,914
The following balances at 31 March were held at:		
Commercial banks and cash in hand	31,904	36,914
Balance at 31 March	31,904	36,914

10.1 Trade Payables And Other Current Liabilities

Amounts falling due within one year	2012-13 £	2011-12 £
Trade payables	1,255	-
Capital payables	1,322	21,870
Pension	21,455	70,333
Other Tax and Social Security	12,186	17,525
Accruals and deferred income	51,820	61,711
	88,038	171,439

10.2 Public sector payment policy - measure of compliance

The Department requires that CCNI pay their non CCNI Trade Creditors in accordance with the Accounts NI Prompt Payment Code and Government Accounting Rules. CCNI 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 2012 to 31 March 2013.

	2012-13		2011-12	
Total invoices in accounting period	585		550	
Invoices paid within 10 days	576	98.50%	508	92.40%
Invoices paid 10 - 30 days	9	1.50%	39	7.10%
Invoices paid over 30 days	0	0	3	0.50%

11. Commitments under leases

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

	2012-13	2011-12
	£	£
Buildings		
Not later than one year	34,093	34,093
Later than one year and not later than five years	85,233	119,326
Later than five years	-	-
Total	119,326	153,419
	2012-13	2011-12
	£	£
Other		
Not later than one year	-	472
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	-	472

The Charity Commission for Northern Ireland had no commitments under finance leases at the statement of financial position date (2012: £nil).

12. Capital commitments

The Charity Commission for Northern Ireland had no capital commitments at the statement of financial position date (2012: £nil).

13. Related party transactions

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

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

The Commission received grants of £1,064,479 from the sponsor Department. The Commission also paid the Courts and Tribunal Services an amount of £3,532 for a seconded staff member and £17,138 to DSD during 2012-13 for a seconded staff member.

During the 2012-13 financial year the only other related party transactions the Commission had with its staff was a staff loan scheme relating to employee pension backdated payments. The loans were necessary due to the delay in agreeing a pension scheme for employees and the outstanding contributions that had accrued as a result. During the year £16,842 was loaned by the Commission and at 31 March 2013 there remained £4,960 outstanding to be paid.

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

14. Contingent liabilities

The Charity Commission for Northern Ireland had no contingent liabilities at 31 March 2013 (2012: £nil).

15. Losses and special payments

An amount of £10,000 has been accrued within the accounts for dilapidation costs at the Commission's previous premises in Belfast. This relates to amounts due to the landlord, in order to bring the property back to good tenable repair, removing modifications made during the lease by the Commission. This is considered to be a fruitless payment as there is no benefit to the Charity Commission.

16. Events after the reporting period

There were no events after the reporting period, as defined by IAS 10, between the statement of financial position date and the date the accounts were signed. The accounts were authorised for issue on 11 June 2013.

ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT FOR SOCIAL DEVELOPMENT, WITH THE APPROVAL OF THE 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 2013 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 2013 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 judgement 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 Social Development and the Department of Finance and Personnel.



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

Email: admin@charitycommisisonni.org.uk
Tel: 028 3832 0220
Fax: 028 3834 5943
Text Phone: 028 3834 7639
www.charitycommissionni.org.uk

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