



Department for
Communities

An Roinn
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Department für
Commonities

www.communities-ni.gov.uk



Charitable Donations and Bequests

Annual Report

31 March 2020

Charitable Donations and Bequests

for the year ended 31 March 2020

*Laid before the Northern Ireland Assembly
under Section 34 of the Charities Act (Northern Ireland) 1964 by
the Department for Communities*

15 February 2022



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Charitable Donations and Bequests Accounts for the year ended 31 March 2020

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CHARITABLE DONATIONS AND BEQUESTS ACCOUNT

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Charities Act (NI) 1964 and the Charities Order 1987 the Department for Communities acts as trustee to some 300 charities in the following circumstances:

- (i) where donations are transferred by the existing charity trustees under Section 15 of the 1964 Act
- (ii) when there is uncertainty concerning the continued operation of the charity concerned
- (iii) where the trusteeship of the Commissioners of Charitable Donations and Bequests was transferred to the then Ministry of Finance in 1922 on the setting up of the Northern Ireland Government

It is the Department's policy to invest the capital of these charities in the Northern Ireland Central Investment Fund for Charities (NICIFC) unless prevented by the Charity's governing instruments. Dividends from the NICIFC are received into the Charitable Donations and Bequests Account and paid over to local administrators to distribute on the Department's behalf.

The Department for Communities (DfC) prepares for each financial year the financial statements relating to Charitable Donations and Bequests.

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

- include 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 FReM have been followed, and disclose and explain any material departures in the accounts

- prepare the accounts on a going concern basis
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

DoF has appointed the Permanent Secretary as Accounting Officer of the Department. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances under her stewardship, for keeping proper records and for safeguarding assets of the Department, are set out in Managing Public Money Northern Ireland (MPMNI).

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that DfC's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Governance Statement

Introduction

The Northern Ireland Central Investment for Charities (NICIFC) falls under the responsibility of the Department for Communities (DfC) and is bound by the governance arrangements of the Department. The DfC Governance Statement has been compiled from work throughout the year to support stewardship, management and control of the Department. It supplements the annual accounts and explains the framework of governance and risk management operated in support of my role as Departmental Accounting Officer.

Governance Framework

Overview of Arrangements

DfC has a corporate governance framework in place which specifies organisational and governance structures, roles and responsibilities of those charged with governance, and key internal control, risk management and assurance arrangements. The framework is in line with the 'Corporate Governance in Central Government Departments: Code of Good Practice NI 2013' and is available at: <https://www.communities-ni.gov.uk/publications/dfc-corporate-governance-framework>

The Department operates under the direction and control of the Minister for Communities. The Minister is responsible and accountable to the Assembly for the policies, programmes and actions of the Department. As Permanent Secretary for DfC I am the Minister's principal adviser as well as the administrative head of the Department and the Departmental Accounting Officer.

I am required to disclose where I, as Accounting Officer, have sought formal Ministerial Direction to proceed where I believe I am being asked to take a course of action that could potentially result in irregular expenditure, impropriety or poor value for money. I can confirm that between 1 April 2019 and 10 January 2020 in the absence of a Minister for Communities, no such Direction was sought or given. I can also confirm that since the

appointment of a Minister for Communities on 11 January 2020, no such Direction has been sought or given.

As Accounting Officer I am personally responsible and accountable for the effective management and organisation of the Department, the efficient and effective use of its resources and the stewardship of its assets. I am assisted in my role as Accounting Officer by a Departmental Management Board which encompasses DfC Deputy Secretaries along with Non-Executive Boards Members (NEBMs) operating as a collegiate committee under my leadership.

The Board is supported in its role by a Departmental Audit and Risk Assurance Committee (DARAC) and an Information Assurance Committee (DIAC).

Board Performance and Effectiveness

Minutes of Board meetings are available at:

<https://www.communities-ni.gov.uk/publications/departmental-management-board-minutes>

A Register of Board Interests is maintained and Conflicts of Interest is a standing agenda item for Board meetings where members are asked to declare any interests relating to items on the Board agenda.

The Board undertakes an annual review of effectiveness in line with the Corporate Governance Code and its Operating Framework. Annual reviews consider the Operating Framework, the effectiveness of the Board's oversight of the important issues facing the Department and the quality of information available to the Board. The 2019-20 Review, which was impacted by Covid, took place in late 2020 and built upon the previous independent review.

The annual review for 2020-21 took place in June 2021 with additional areas for consideration drawn from the new 'HM Government Orange Book: Management of Risk – Principles and Concepts'. The additional risk aspects support the Orange Book requirement for annual review of the risk management framework and the principle of comply or explain. The annual review has confirmed Board effectiveness, compliance with the Board Operating Framework and the mandatory requirements of the Orange Book.

Proposals to further enhance Board effectiveness will be progressed during 2021-22.

DARAC Review of Effectiveness

DARAC has undertaken a review of effectiveness following the end of 2019-20 in line with recommended best practice. The review was undertaken using the National Audit Office (NAO) Audit and Risk Assurance Committee Effectiveness Checklist. This confirmed DARAC's compliance with good practice and the strength of the DfC committee arrangements.

Risk Management Arrangements

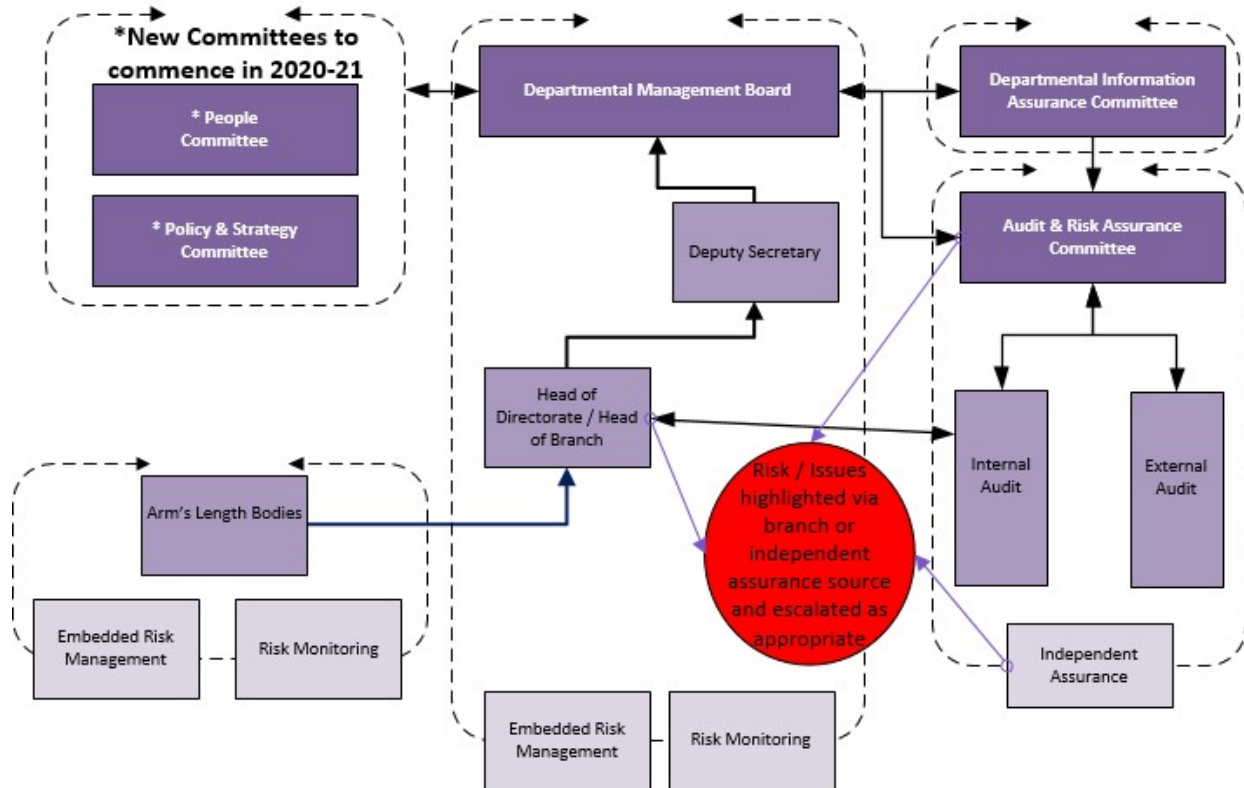
Overview

DfC's Risk Management Framework forms part of its corporate governance system and facilitates compliance with the Corporate Governance Code of Good Practice.

Risk Management is embedded into the Department's business planning processes at both strategic and operational levels in line with the guidance and approach set out in the HM Treasury Orange Book 'Management of Risks – Principles and Concepts'. The system of internal control is designed to maintain risk at a manageable level (based on the risk appetite agreed annually by the Board) in order to provide reasonable assurance of effectiveness.

Risk Management Framework

Department For Communities



Risk Appetite & Corporate Risks

The Board considers its Risk Appetite on an annual basis. This allows Risk Owners to establish controls and manage risks in line with Board expectations. The Board agrees the risks to be included in the Department's Corporate Risk Register and assigns ownership for each corporate risk. A detailed review of the Corporate Risk Register is undertaken by the Board on a quarterly basis.

Covid-19 Risk Register

In response to the emerging pandemic situation in March 2020 a Covid-19 Risk Register was established to support the Board in its management of risks relating to the emergency.

Risks identified encompassed:

- People
- Welfare of Staff, Partners and Service Users
- IT Systems, Data Security and Estate Management
- Communication
- Third Party Suppliers
- Operational delivery
- Arm's Length Bodies
- Budget availability
- Fraud and Error
- Recovery and Resilience

The Board has used this register during the response phase of the pandemic but will develop its Corporate Risk reporting arrangements for 2020-21 to cover all risks impacting on the Department's strategic outcomes as well as the challenges of Covid-19 recovery and reform.

Work on the Corporate Risk arrangements for 2020-21 is being supported by the senior Risk Management Team in EY as part of a fundamental review of the Department's approach to risk management in support of its long term strategy and Covid-19 recovery. This will aim to deliver an agile framework that aligns fully with the refreshed 'HM Treasury Orange Book Management of Risk – Principles and Concepts' issued under DAO (DoF) 04/20.

Internal Assurance Overview

Part of the Department's Risk Management process is an agreed Assurance Framework. This includes provision of quarterly Assurance Statements by Deputy Secretaries on their

risk management processes and internal control arrangements. Deputy Secretaries use their Assurance Statements to identify any exceptions/material concerns within their Groups or the ALBs for which they are responsible.

Due to the emergence of significant pressures on the Department as a result of the Covid-19 pandemic I took the decision not to undertake the full assurance process for Quarter 4. Deputy Secretaries did however provide a summary of all significant issues and risks occurring within their Group, and a position report on significant issues raised previously within the 2018-19 Governance Statement that remained significant. A Covid-19 specific Assurance Statement was subsequently developed and used to provide assurances in relation to the management of Covid-19 risks and issues.

As DfC Accounting Officer I am required to assess the effectiveness of the Department's system of internal control. This assessment is informed by a Governance Unit report, DfC Systems of Internal Control. The purpose of this report is to provide me with all relevant information required to inform my assessment and I have concluded that the DfC system of internal control has operated effectively throughout the 2019-20 financial year.

The Board receives an assessment of the reliability and effectiveness of assurances available following each DARAC meeting in the form of a report from the DARAC Chair.

The Chair's report provides an overview of each quarterly meeting, key papers and an assessment of assurances available.

In addition, the DARAC Chair also provides an annual report to the Board outlining the work undertaken by the Committee during the year and his assessment of assurances available on the effectiveness of risk management, control and governance across DfC. The DARAC Chair's annual report for 2019-20 provided positive assurance to the Board and Accounting Officer.

Fraud and Whistleblowing Arrangements

The Department's Fraud Policy and Response Plan details responsibilities in respect of the prevention of fraud, bribery or serious irregularity within the Department and its ALBs and outlines procedures to be followed in the event of fraud being detected or suspected. The number of cases under enquiry or investigation are reported to DARAC and the Board on a quarterly basis.

The Department's Raising Concerns (Whistleblowing) guidance and procedures explain how workers can raise concerns about potential wrongdoing and how anyone who is not a member of staff can raise concerns about the proper conduct of public business by the Department or its ALBs. DARAC and the Board are updated on Raising Concerns (Whistleblowing) on a quarterly basis.

Head of Internal Audit Opinion (HIA)

The HIA provides an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Department's framework of governance, risk management and control. For 2019-20, the HIA provided an overall satisfactory opinion on the Department's arrangements.

Progress against the Annual Internal Audit Plan is monitored by DARAC. HIA attendance at Group Management Board meetings and a Business Plan target for implementation of audit recommendations, with reporting to the Board, are some of the measures used to ensure strong focus on the implementation of outstanding internal audit recommendations where a limited or unacceptable opinion has been reported.

Despite the impact of the Covid-19 emergency on the DfC Internal Audit Plan, DfC Internal Audit have undertaken sufficient audit reviews to facilitate the provision of an audit opinion. The HIA has provided an overall opinion based on work undertaken during the year, which for 2019-20 is satisfactory.

Key Risks and Issues Overview

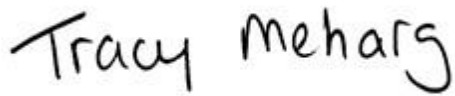
The Department's integrated assurance process facilitates the capture and reporting of exceptions/material concerns for both the Department and its Arm's Length Bodies (ALBs). As Accounting Officer, I receive a quarterly report of matters raised through the assurance process, including issues highlighted in the 2018-19 Governance Statement, where they remain significant.

The Head of Governance provides a Risk and Assurance report which summarises key risks and issues, along with exceptions/material concerns identified through the assurance process, for DARAC consideration on a quarterly basis. The Board receives quarterly and annual reports from the DARAC Chair outlining his assessment of the assurances available and highlighting areas for continued scrutiny. For the 2019-20 year the DARAC Chair has confirmed that the Committee is satisfied that risk management, control and governance in the Department has been adequate and effective. Areas highlighted for on-going assurance were: impacts of Covid-19 and related risks, implementation of new partnership arrangements with ALBs; Internal Audit resourcing and workplan, review of the Corporate Risk Register and actions, implementation of the Strategic Information Assurance Framework and progress on people engagement.

There were no significant issues relating to the NICIFC in 2019-20.

Conclusion

I am satisfied that DfC has effective governance arrangements in place that I can rely on as Accounting Officer to provide assurance that the public funds and other resources for which I am accountable are deployed effectively. Where significant issues have arisen I am satisfied that appropriate action is being taken to address the issues concerned.

A handwritten signature in black ink that reads "Tracy Meharg". The signature is written in a cursive, slightly slanted style.

TRACY MEHARG
ACCOUNTING OFFICER
DEPARTMENT FOR COMMUNITIES
4 FEBRUARY 2022

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

Opinion on financial statements

I have audited the financial statements of the Charitable Donations and Bequests for the year ended 31 March 2020. The financial statements comprise: the Receipts and Payments Account, Statement of Balances and the related notes. These financial statements have been prepared under the accounting policies set out within them. In my opinion the financial statements:

- properly present the receipts and payments of Charitable Donations and Bequests for the year ended 31 March 2020 and the cash balances held at 31 March 2020; and
- have been properly prepared in accordance with the Charities Act (Northern Ireland) 1964.

Opinion on regularity

In my opinion, in all material respects 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 report.

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

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

Conclusions relating to going concern

- In auditing the financial statements, I have concluded that the Charitable Donations and Bequests' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
- Based on the Charitable Donations and Bequests' work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt about the Charitable Donations and Bequests' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Governance Statement other than the financial statements and my audit certificate and report. The Accounting Officer is responsible for the other information included in the Governance Statement. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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

I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the information given in the Governance Statement 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 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.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of the Accounting Officer Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they properly present the receipts and payments during the year.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements.

My objectives are 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.

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

- obtaining an understanding of the legal and regulatory framework applicable to the Department for Communities through discussion with management and application of extensive public sector accountability knowledge. The key law was the Charities Act 1964.;
- making enquires of management and those charged with governance on Department for Communities' compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Charitable Donations and Bequests financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;

- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate;
- addressing the risk of fraud as a result of management override of controls by:
 - performing analytical procedures to identify unusual or unexpected relationships or movements;
 - testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
 - investigating significant or unusual transactions made outside of the normal course of business.

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 audit report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the financial statements conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

A handwritten signature in black ink that reads "K J Donnelly". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

**KJ DONNELLY
COMPTROLLER AND AUDITOR GENERAL
NORTHERN IRELAND AUDIT OFFICE
1 BRADFORD COURT
UPPER GALWALLY
BELFAST BT8 6RB
8 FEBRUARY 2022**

**Account of Receipts and Payments for the year ended 31 March 2020
of the Department for Communities in connection with the
administration of Charitable Donations and Bequests**

	2019-20	2018-19
	£	£
Receipts		
Northern Ireland Central Investment Fund for Charities dividends	206,922	246,230
Payments		
Payments to trustees, social administrators, beneficiaries and others	(204,253)	(243,417)
Excess of receipts over payments/(excess of payments over receipts)	2,669	2,813

	2019-20	2018-19
	£	£
Statement of Balances		
Opening Bank balance	11,770	8,957
Closing Bank balance	14,439	11,770
Excess of receipts over payments/(excess of payments over receipts)	2,669	2,813

NOTES TO THE ACCOUNT

1. Accounting Basis

This account has been prepared on a cash basis.

2. Receipts

Receipts comprise dividends received in respect of investment in the Northern Ireland Central Investment Fund for Charities.

3. Payments

Payments comprise dividends paid to investors on a bi-annual basis (June and December).

4. Securities held

4.1 The following securities were held at 31 March 2020 in connection with the administration of Charitable Donations and Bequests:

Northern Ireland Central Investment Fund for Charities 480,901 shares with a value of £5,976,156.73 (31 March 2019: 481,511 shares with a value of £6,336,347.70).

4.2 The Voluntary and Community Sector Engagement Unit within the Department has responsibility for the Charitable Donations and Bequests. This Unit is currently carrying out an assurance exercise, with regard to these charities, and as a result of this has determined that they are not trustee of a number of these charities. The relevant charities have subsequently been transferred into the main NICIFC fund - 610 shares, (31 March 2019: 167,862 shares).

5. Suspended Dividends

5.1 Dividend payments are suspended where the original nature of the donation or bequest has ceased to exist. The capital remains invested in the Fund and the dividends are not paid out until the Voluntary and Community Sector Engagement Unit carry out a cy-pres scheme and advise the Department of the outcome. There are currently two charities whose funds are suspended (31 March 2019: two charities suspended).

5.2 Following the ongoing assurance exercise to validate the funds within the CDB, there are currently 19 funds (31 March 2019: 18 funds) that have not replied with an assurance statement. As a result of this their future dividend payments have been suspended pending further investigation.

5.3 The current balance of suspended dividends is:

	2019-20	2018-19
	£	£
Opening Balance	11,176.81	8,281.29
Dividend Movement	2,669.19	2,895.52
Closing Balance	13,846.00	11,176.81

6. Events after the Reporting Period

The Accounting Officer authorised the issue of these financial statements on 8 February 2022.

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