



Department for  
**Communities**

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Department for

**Commonities**

[www.communities-ni.gov.uk](http://www.communities-ni.gov.uk)



# Charitable Donations and Bequests

Annual Report to 31 March 2021



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**Charitable Donations and Bequests**

for the year ended 31 March 2021

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

05 December 2022

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# 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.
- 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 Governance Statement and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Governance Statement and Accounts and the judgements required for determining that it is fair, balanced and understandable

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:

Department of Finance (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 his 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 Charitable Donations and Bequests Account 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.

## Management and Organisation of the Department

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 a Departmental Information Assurance Committee (DIAC). Two further Sub-committees of the Board were established following an independently facilitated review of Board Effectiveness in 2019-20. These new committees, the Policy & Strategy Sub-Committee and the People & Resources Sub-Committee began operating in 2020-21.

## **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. Oversight of performance and risk and consideration of Board culture are key, together with the opportunity for Board member self-assessment. 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**

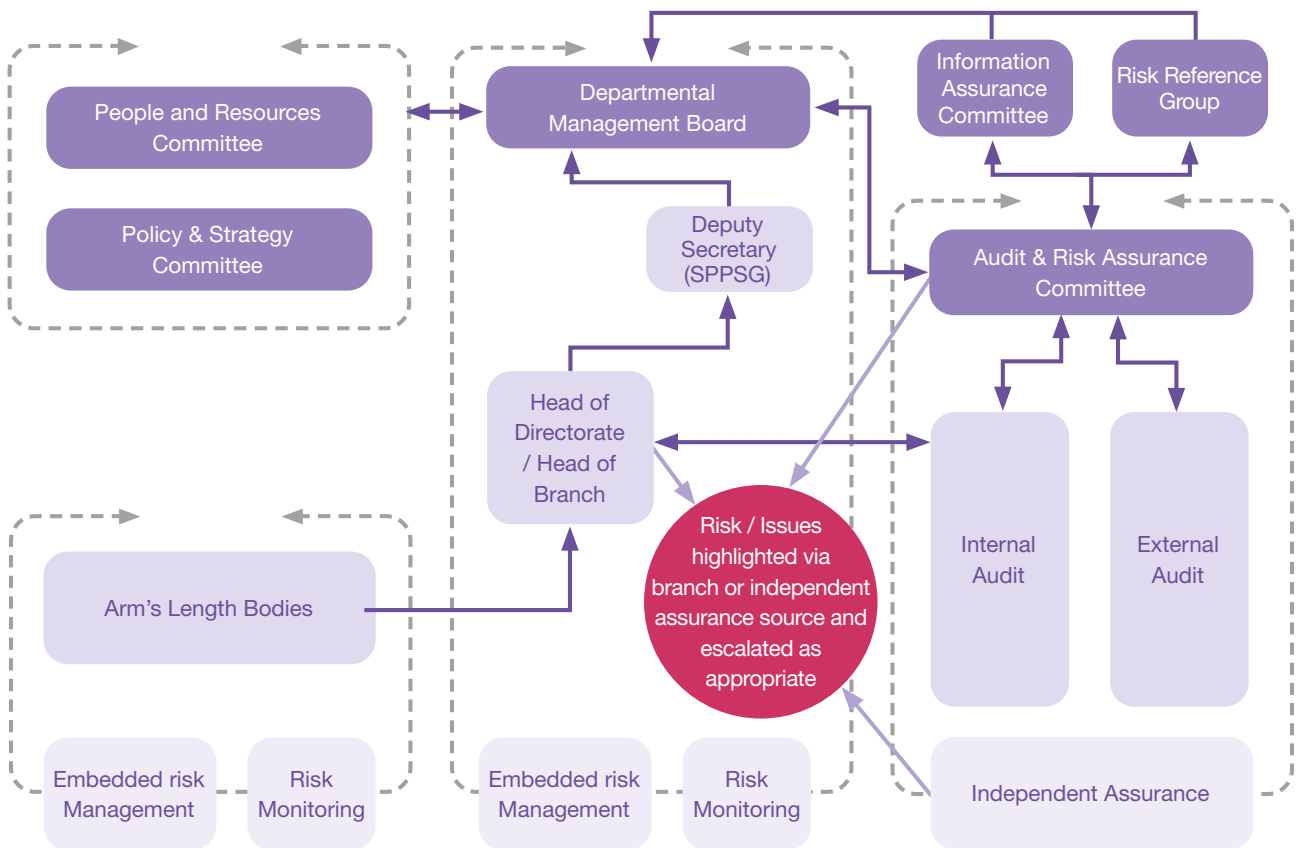
DARAC undertakes an annual review of effectiveness in line with recommended best practice. The 2020-21 review was undertaken using the NAO Audit and Risk Assurance Committee Effectiveness Checklist. DARAC met on 26 April 2021 to consider the Checklist, the impact and effectiveness of the Committee and compliance with good practice. The effectiveness discussion was independently facilitated this year in order to strengthen the level of self-assessment and scrutiny with agreed actions identified to re-emphasise the importance of DARAC skills and information requirements.

## **Risk Management**

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 Framework

Department for Communities



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 Covid emergency. The Board used this register during the response phase of the pandemic.

The senior Risk Management Team in Ernst & Young worked with the Department during 2020-21 to review the Department’s approach to risk management in support of its long term strategy and Covid-19 recovery. The review aligned with the refreshed ‘HM Government Orange Book: Management of Risk – Principles and Concepts’ issued under DAO (DoF) 04/20.

Flowing from the review, the Board has identified the Principal Risks facing the Department in delivery of its strategic objectives. The majority of Principal Risks are strategic in nature and focused on ensuring that opportunities to innovate and improve are driven forward. Principal Risks also include Cyber Threat; Information and Data Security; and Disaster Recovery. Principal Risks relating to People are particularly key for the Department, with the risk responses to clear vision and new ways of working being considered alongside the significant challenges around recruitment and resourcing, many of which were highlighted in the NIAO Report ‘Capacity and Capability in the Northern Ireland Civil Service’ published in November 2020.



Each Principal Risk has a Board level owner supported by a senior lead official. The Board has also endorsed use of the Risk Management Scales and definitions set out in the Orange Book and has agreed Risk Appetite for Risk Categories, emphasising the need for a balanced view to managing opportunity and risk, recognising that Public Sector organisations cannot be successful if they are entirely risk averse.

The review also established a Risk Reference Group bringing together senior Risk Leads to support the Board with its responsibilities for risk management and in line with the Orange Book the Accounting Officer has designated a senior official (the Deputy Secretary for Strategic Policy and Professional Services) as the lead for the Department's overall approach to risk management.

In parallel with the Ernst and Young review the Department has also put in place an automated Business Planning and Risk Tool designed to make business planning and risk management more agile and transparent.

### **Internal Control and Assurance**

The Department's system of internal control is designed to maintain risk at a manageable level based on the Board's risk appetite, in order to provide reasonable assurance of effectiveness.

A core part of the Department's Risk Management and internal control arrangements is its established Assurance Framework. This includes provision of quarterly Assurance Statements from Deputy Secretaries on their risk management processes and internal control arrangements. Deputy Secretaries use their Assurance Statements to identify exceptions/material

concerns within their Groups or the ALBs for which they are responsible. Sponsorship arrangements are in place for each of the Department's ALBs. These arrangements, together with the ALB biannual Assurance process, inform and support Deputy Secretary Assurance Statements.

A Covid-19 specific Assurance Statement was developed and used within the Department in the first quarter of 2020-21 to provide assurance in relation to the management of Covid-19 risks and issues. A similar Assurance Statement was developed for the provision of assurances from DfC ALBs on their responses to the Covid-19 emergency. The normal assurance process was re-commenced in quarter 2.

### **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 at each DARAC meeting.

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. The number of Raising Concerns (Whistleblowing) matters under review are also provided at each DARAC meeting.

## Head of Internal Audit (HIA) Opinion

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 2020-21, 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 DMB and Group Management Board meetings, as necessary, and scrutiny of internal audit recommendations, are some of the measures used to ensure a strong focus on control and improvement.

The 2020-21 Internal Audit Plan was revised in early April 2020 to meet the priorities and key assurance requirements specifically to include the provision of advice and guidance to the Department in its design of Covid-19 schemes and revisions to operations and internal control frameworks. The HIA overall opinion is based on internal audit activity carried out during 2020-21 and cumulative assurances derived from internal audit activity during the period of the current Internal Audit strategy, with a 'Satisfactory' opinion for 2020-21 provided.

## Other Assurances

In addition to assurances received from my Deputy Secretaries and the HIA, I receive an annual and mid-year inter-departmental report from the DoF HIA on shared services provided to NICS Departments by DoF. Through this report I note that all audits completed in respect of DoF shared services for 2020-21 have received a satisfactory audit opinion. In addition I note that the DoF HIA has provided an overall 'Satisfactory' audit opinion in respect of DoF as a whole, incorporating DoF Shared Service business areas.

## Effectiveness of the Department's System of Internal Control

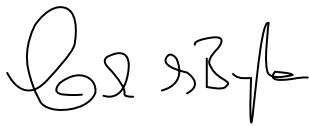
The Department's integrated assurance process which facilitates the capture and reporting of exceptions / material concerns for both the Department and its ALBs, informs the work of the DfC Governance Unit and supports the reporting process for DARAC. The Head of Governance provides a Risk and Assurance report which summarises key risks and issues, along with exceptions / material concerns identified through the assurance process, for consideration at each DARAC meeting.

The Board receives a report from the DARAC Chair outlining his assessment of the reliability and effectiveness of assurances available and highlighting areas for continued scrutiny following each DARAC meeting. 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 2020-21 provided positive assurance to the Board and Accounting Officer.

As DfC Accounting Officer I am required to assess the effectiveness of the Department's system of internal control and confirm that it has operated effectively throughout the 2020-21 year. My assessment is informed by the DARAC Chair's Annual Report, the annual opinion from the Head of Internal Audit and the summary of Systems of Internal Control provided by the Governance Unit. I have concluded that the DfC system of internal control is effective and has operated effectively throughout the 2020-21 financial year.

## 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, appearing to read 'Colum Boyle'.

**Colum Boyle**  
**Accounting Officer**  
**Department for Communities**  
**14 November 2022**

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

## Opinion on financial statements

I certify that I have audited the financial statements of the Charitable Donations and Bequests for the year ended 31 March 2021. 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 2021 and the cash balances held at 31 March 2021; 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 for 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 Ethical Standard, 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.

The going concern basis of accounting for Charitable Donations and Bequests is adopted in consideration of the requirements set out in the Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that

the services which they provide will continue into the future.

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

### Other Information

The other information comprises the information 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 and Statement of Accounting Officer's Responsibilities. 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 and Statement of Accounting Officer's Responsibilities for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

In the light of the knowledge and understanding of the Charitable Donations and Bequests and its environment obtained in the course of the audit, I have not identified material misstatements in the Governance Statement and Statement of Accounting Officer's Responsibilities. 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.
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Charitable Donations and Bequests' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the

Charitable Donations and Bequests will not continue to be provided in the future.

## 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 whether the financial statements are free from material misstatement, whether due to 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; and

- 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](http://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.



**Dorinnia Carville**  
**Comptroller and Auditor General**  
**Northern Ireland Audit Office**  
**106 University Street**  
**BELFAST**  
**BT7 1EU**

**01 December 2022**

## Account of Receipts and Payments for the year ended 31 March 2021

	2020-21 £	2019-20 £
<b>Receipts</b>		
Northern Ireland Central Investment Fund for Charities dividends	187,551	206,922
<b>Payments</b>		
Payments to trustees, social administrators, beneficiaries and others	(184,916)	(204,253)
<b>Excess of receipts over payments/(excess of payments over receipts)</b>	<b>2,635</b>	<b>2,669</b>

	2020-21 £	2019-20 £
<b>Statement of Balances</b>		
Opening Bank balance	14,439	11,770
Closing Bank balance	17,074	14,439
<b>Excess of receipts over payments/(excess of payments over receipts)</b>	<b>2,635</b>	<b>2,669</b>



# Notes to the Accounts

## 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 2021 in connection with the administration of Charitable Donations and Bequests:

Northern Ireland Central Investment Fund for Charities 480,901 shares with a value of £7,099,781.91 (31 March 2020: 480,901 shares with a value of £5,976,156.73).

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 all of these donations and bequests.

As a result of this any donations and bequests that they determine they are not trustee of are transferred to their rightful trustee. There were no shares transferred between 1 April 2020 and 31 March 2021. (31 March 2020: 610 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 due are held by the Department until the Voluntary and Community Sector Engagement Unit carry out a cy-pres scheme and advise of the outcome. There are currently 2 charities whose funds are suspended (31 March 2020: 2 charities suspended).

5.2 Following the ongoing assurance exercise to validate the funds within the CDB, there are currently 17 funds (31 March 2020: 19 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:

	2020-21 £	2019-20 £
Opening alance	13,846.00	11,176.81
Dividend Movement	2,634.68	2,669.19
<b>Closing Balance</b>	<b>16,480.68</b>	<b>13,846.00</b>

## 6. Events after the Reporting Period

The Accounting Officer authorised the issue of these financial statements on 01 December 2022.

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