



Department for  
**Social  
Development**

[www.dsdni.gov.uk](http://www.dsdni.gov.uk)

## **CHARITABLE DONATIONS**

### **AND BEQUESTS**

#### **Annual Report**

*to 31 March 2015*

# **Charitable Donations and Bequests**

**for the year ended 31 March 2015**

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

14 October 2015

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## **Charitable Donations and Bequests Accounts for the year ended 31 March 2015**

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**DEPARTMENT FOR SOCIAL DEVELOPMENT**  
**CHARITABLE DONATIONS AND BEQUESTS ACCOUNT**

**Foreword**

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

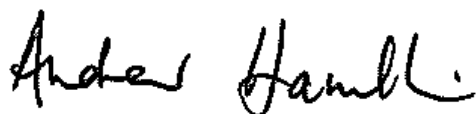
- (i) where donations are transferred by the existing charity trustees under Section 15 of the 1964 Act;
- (ii) when there is uncertainty concerning the continued operation of the charity concerned;
- (iii) where the trusteeship of the Commissioners of Charitable Donations and Bequests was transferred 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.

**Statement of Responsibilities of the Accounting Officer**

As Accounting Officer for the Department for Social Development I am responsible for the preparation of the financial statements relating to Charitable Donations and Bequests. The accounts are prepared on a cash basis and must properly present the receipts and payments for the financial year and securities held at the year end.

The relevant responsibilities of the Department's Accounting Officer, including his responsibility for the propriety and regularity of the finances for which he is answerable and for keeping of proper records are set out in 'Managing Public Money' issued by the Department of Finance and Personnel.



**Andrew Hamilton**  
**Accounting Officer**  
**5 October 2015**

## GOVERNANCE STATEMENT

### Scope of Responsibility

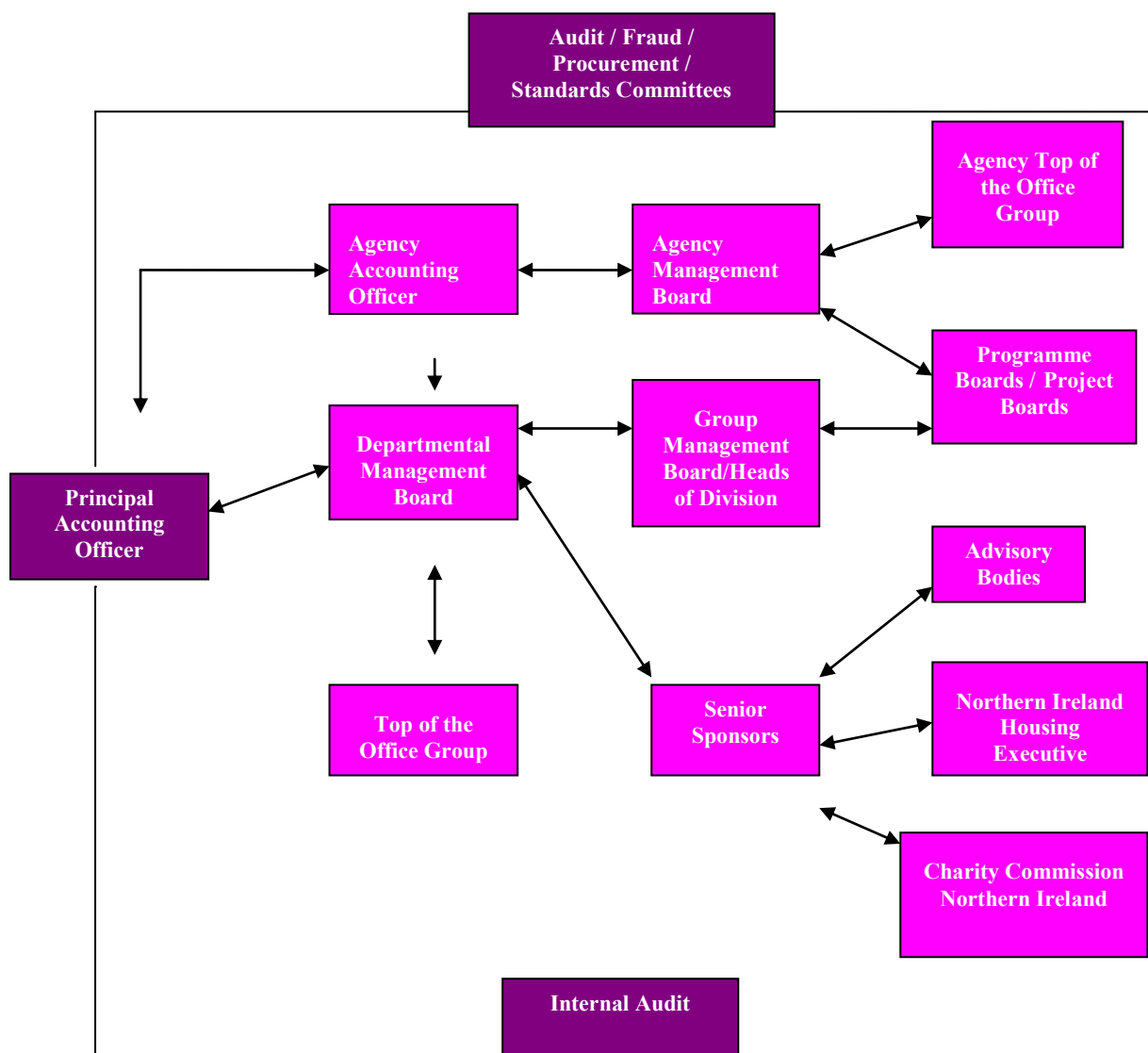
As Accounting Officer from 2 March 2015, I have responsibility for maintaining an effective governance system that supports the achievement of the Department for Social Development's policies, aims and objectives, whilst safeguarding the public funds and departmental assets, in accordance with the responsibilities assigned to me in *Managing Public Money (NI)*.

I am the main policy advisor to the Minister on all matters relating to our Department. It is my responsibility to ensure that the Minister is fully aware of, and involved as necessary, in managing risks which impact on us and our sponsored bodies. The Minister approves our Corporate and Business Plans and Programme for Government commitments from which all corporate risks are derived. I ensure that he receives regular reports on all aspects of our performance, including a formal quarterly progress report which highlights any significant deviation from achievement of targets in the Department's Business Plan, financial implications and any emerging risk.

I am also responsible for ensuring a high standard of financial management in the Department as a whole. Therefore, I have a duty to be satisfied that the Social Security Agency and the Arm's Length Bodies which are sponsored by the Department have adequate systems and procedures in place to promote the proper conduct of their businesses.

## The Department's Governance Framework

I have put in place a governance framework, which is published on the internet at [www.dsdni.gov.uk](http://www.dsdni.gov.uk). The framework provides the system of direction and control for the organisation, confirms the scope of the arrangements and explains the importance placed on organisational structures, policies, plans and review arrangements which have been established to properly manage the Department's affairs.



The Department's governance arrangements, including the operation of the Departmental Management Board and Board sub-committees, are substantially compliant with the HM Treasury guidelines on *Corporate Governance in Central Government Departments: Code of Good Practice 2013*.

## Departmental Management Board

The Departmental Management Board was chaired by Will Haire until his retirement on 1 March 2015 and included the two Deputy Secretaries from the Department, the Chief Executive of the Social Security Agency and two independent members. The Board supported the delivery of effective corporate governance across the Department. From 2 March 2015 I have been the Temporary Permanent Secretary and chaired the final Departmental Management Board meeting of the year on 20 March 2015. The Director of Financial Management was placed as a member of the Board from 1 April 2015.

The Board met six times during 2014-15 and was attended as set out in the table below:

Board Members	Board Meetings Attended
Will Haire (Chair)	4
Andrew Hamilton (Resources and Social Policy Group) Chair of Departmental Management Board from March 2015	6
Tommy O'Reilly (Social Security Agency)	4
Tracy Meharg (Urban Regeneration and Community Development Group)	5
Roy Keenan (Independent Member)	6
Deep Sagar (Independent Board Member)	6

The Board supports my strategic oversight and leadership of the Department by bringing a wide range of relevant experience to bear, and through offering rigorous challenge and scrutinising performance.

During 2014-15 the Board considered a wide range of business matters, including those reserved for the Board such as:

- Reviewing performance against Business Plan commitments and Programme for Government milestones;
- Departmental corporate risks;
- Key risks in Arms Length Bodies and the quarterly assurances from the Chief Executives of those bodies;
- Financial and budgetary reports; and
- Significant human resource issues.

A number of key strategic issues were discussed at the Board, in particular, Welfare Reform, Reform of Social Housing, the Reform of Local Government, government spending cuts in the Civil Service, the Voluntary Exit Scheme and the reform of government departments.

In line with best practice, the operational procedures of the Board and the quality of data used by the Board are kept under continuous review to ensure that the Board is content that it is provided with all requisite information to enable it to make informed decisions, taking into account all relevant risks facing the organisation. The Board obtains assurance relating to the quality of information it receives through a number of measures including



- assurance ratings of Internal Audit reviews;
- Statistical information produced by the Department’s statisticians;
- Financial information prepared from internal and external finance systems; and
- Human resources information, mainly data on attendance management.

Strategic issues reserved for the Board’s attention are scheduled in an annual planner. A categorised agenda for each meeting is drawn up, minutes of the meetings record the business carried out and agreed actions. In addition, the Departmental Audit and Risk Assurance Committee, the Procurement Sub-Committee and the Fraud Sub-Committee help to ensure that emerging issues are highlighted and brought to the attention of the Board when necessary.

The Department also maintains a register of interests to ensure that potential conflicts of interest can be identified and addressed in advance of Board discussions. The register is formally revisited on an annual basis. Where conflicts exist, they are recorded in the Board minutes. No significant conflicts of interest were recorded during the year.

In line with the Code of Good Practice the Board completed an anonymous evaluation of its effectiveness. In general there was an overall improvement from the 2013-14 survey, however there was slight reduction in satisfaction on how the Board manages its time and timeliness of the receipt of documentation. A paper outlining the general themes emerging from the survey with recommendations was presented to the Board in March 2015. Going forward it was agreed that the frequency of Board meetings should be increased from 6 to 10 per year; with one meeting focusing on the creation of the new Department for Communities, its risks and new areas of work, and that minutes should clearly detail challenges made by members.

## **Board Committees**

### ***Audit and Risk Assurance Committee***

The Board is supported and advised by a Departmental Audit and Risk Assurance Committee, which provides assurances on risk management, control and governance within the Department. The Committee, which is chaired by a non executive member of the Board, met four times during 2014-15 The quorum for committee meetings is for at least two members to be in attendance. All meetings were quorate and attendance was as follows:

<b>Audit Committee Members</b>	<b>Committee Meetings Attended</b>
Roy Keenan (Chair)	3
Diarmuid McLean (Member)	3
Lian Patterson (Member)	4

The Committee’s annual report to the Board has provided me with assurance that good governance exists in the Department and where any improvements were necessary, action has been or is being taken to address specific issues.

The Committee is satisfied that the Department’s risk management arrangements and those of its Arm’s Length Bodies are in line with HM Treasury ‘Orange Book’ and risk registers, including the Arms Length Bodies’ were reviewed by the Board.

The Audit Committee held specific focus sessions with additional updates at each Committee meeting on the Reform of Local Government and Social Housing Reform, 2 of the 3 major programme reforms. The Committee also noted that the delay of the Welfare Reform Bill through the Assembly has considerably delayed the introduction of Universal Credit and other reforms to the welfare system. The Committee is content that appropriate governance structures are in place for effective oversight of all programmes.

During the year the Audit Risk Forum, initially set up for the chairpersons of all audit committees within the departmental family to facilitate co-operation, identify common issues and develop best practice, was opened to all committee members. This is expected to enhance greater governance and control within the Department and its Arms Length Bodies.

The Committee is aware of the major changes that will affect the Department in 2015-2016 with the Voluntary Exit Scheme and the introduction of the new Department for Communities. In its self assessment exercise the Committee identified the need for the replacement member, who was appointed in April 2015, to have a skills set, which included change management in order to ensure that the Committee would have the experience and skills required to support the Board.

### **Fraud Sub-Committee**

The Board is also advised by a Fraud Sub-committee, which is chaired by the Deputy Secretary of Resources and Social Policy Group. This committee provides strategic oversight of the Department's counter-fraud activities across all areas of the Department, the Social Security Agency, and our sponsored bodies. The Committee met twice during 2014-15. Key issues examined included:

- actions taken in response to customer fraud in social security benefits, including Housing Benefit;
- cases involving fraud and error investigated by the Northern Ireland Housing Executive; and
- the outcome of investigations carried out by Corporate Investigations Unit involving governance and financial irregularities in external grant funding and incidences of internal fraud and serious irregularity.

Counter-fraud strategies discussed by the Committee included arrangements for co-operation with HM Revenue and Customs, Social Security Agency and Northern Ireland Housing Executive plans to utilise real time information, the recommendations in the Northern Ireland Audit Office report on Tenancy Fraud and the Public Accounts Committee report on Social Housing Tenancy Fraud. Police Service of Northern Ireland representatives from the Financial Crime Team of the Organised Crime Branch delivered presentations on case referrals under the Memorandum of Understanding and preparation of evidential packs.

### **Procurement Sub-Committee**

This sub-committee provides strategic oversight of the procurement processes within the Department and its Arm Length Bodies. The Sub-Committee advises me on the compliance and consistency of approach for the implementation of Public Procurement Policy. It is also chaired by the Deputy Secretary of Resources and Social Policy Group and includes senior staff from each business area.

The Committee has oversight in developing effective processes to ensure that all members of staff are aware of their responsibilities in connection with the procurement process in line with Northern Ireland Public Procurement Policy and Central Procurement Directorate

guidance. The Sub-Committee completed a review of its Terms of Reference in November 2014 and will be subject to a further review in two years time.

The Department's Service Level Agreement with Central Procurement Directorate is currently subject to review. Local Operating Agreements are also in place between Central Procurement Directorate, Urban Regeneration and Community Development Group, Housing Division and the Social Security Agency; these will also be subject to review following issue of the current Service Level Agreement. Regular meetings were held between officials from my Department and key account managers with Central Procurement Directorate during the 2014-15 year.

In addition, the Department has completed a procurement training awareness package, developed by the Committee, to enhance procurement skills throughout the Department. The roll out of this training included the sessions for all procurement practitioners from Deputy Principals up to the senior officials within the Department.

## **Risk and Control Framework**

The risk management arrangements that are in place within the Department assist in identifying and managing potential risks that could impact on the achievement of business objectives and outcomes. The arrangements are regularly reviewed. All business areas have in place appropriate procedures to identify and evaluate risks. Risk owners regularly monitor and escalate risks to a more senior level and ultimately to the Departmental Management Board. Within this reporting period the Board identified two new risks, the Northern Ireland Civil Service Voluntary Exit Scheme and the establishment of the new Department for Communities. Project boards have been established to manage both of these risks. Arrangements are also in place for emergency and contingency planning. One risk, relating to Welfare Reform, materialised during this reporting period. The Welfare Reform Bill was scheduled to reach final stage on 9 March 2015 but was deferred to 26 May 2015, when it failed to pass. This is now recorded in the issues log and monitored by the Departmental Management Board.

## **Assurances**

A key element of the departmental risk management processes is the provision of regular assurances. All business areas across the Department provide quarterly and annual assurance statements that effective risk management arrangements are in place. This is in addition to the assurances I require confirming there is robust governance over a range of other specific areas.

The Department enhanced the process by mapping assurance against each of the risks on the Corporate Risk Register, which was presented to both the Departmental Management Board and the Departmental Audit and Risk Assurance Committee, after which a bench marking exercise against best practice was carried out. An official from the Department of Business Innovation and Skills in Great Britain provided a presentation to the Board, the Audit and Risk Assurance Committee and other relevant staff on 22 May 2015 which will inform future improvements in this area.

The Chief Executives of the Department's sponsored bodies provide me with quarterly Stewardship Statements and also submit their risk registers to the Departmental Management

Board and the Departmental Audit and Risk Assurance Committee for review on a quarterly basis.

In addition, I also take assurance on the effectiveness of the departmental risk management processes from the work of the Department's Internal Audit Unit. The Head of Internal Audit 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 2014-15 the Head of Internal Audit provided an overall satisfactory opinion on the framework of governance, risk management and control in the Department. The Audit and Risk Assurance Committee is regularly updated on progress against the audit plan and the findings of audits and a database is used to monitor the implementation of outstanding internal audit recommendations from those reports providing a limited or unacceptable opinion.

### **Enterprise Shared Services**

I draw assurance from the audit opinion received from the Head of Internal Audit in the Department of Finance and Personnel on the various components of Enterprise Shared Services. These include Account NI which is responsible for the Department's transaction processing, HR Connect which is responsible for the Department's human resource management arrangements, and IT Assist which provided our IT support services. I note that the Head of Internal Audit in the Department of Finance and Personnel has provided a satisfactory audit opinion on Enterprise Shared Services overall.

### **Data Security**

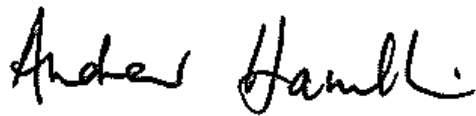
The Department is committed to ensuring that all the sensitive information entrusted to it is managed lawfully and appropriately. Legislation, including the Official Secrets Act, Data Protection Act 1998, Freedom of Information Act 2000, Computer Misuse Act 1990 and the Human Rights Act 1998 set out the legal framework within which the Department must operate and ensure the safe storage and handling of information. The Department fully recognises these legal responsibilities and takes all necessary actions to ensure that it continues to comply with legislation regarding its management of personal data and other information.

Security incidents within the Department are collated and reported to the Top of the Office Group and Audit and Risk Assurance Committee every six months. During 2014-15 there were eleven personal data related incidents reported which included four incidents where personal data was lost and seven incidents where access to personal data did not comply with data protection requirements. Internal action was sufficient to address the incidents and referral to the Information Commissioner's Office was not required.

The Departmental Information Asset Owner Forum continues to meet twice a year. Information Asset Owners hold asset registers and complete associated quarterly risk assessments on all their information assets. During the year the Departmental Security Handbook and the Information Asset Owner Handbook were reviewed and re-issued which provides a central point for guidance for all staff and Information Asset Owners respectively. In addition, six-monthly papers are presented to the Top of the Office Group on information security and assurance.

## **Conclusion**

Although a short time in post as temporary Accounting Officer I am satisfied that the Department has an effective governance structure and is operating to a high standard of integrity and probity. In signing this report I have taken assurances from the Departmental Audit and Risk Assurance Committee and I will continue to monitor Internal Audit, Northern Ireland Audit Office and Public Accounts Committee recommendations to ensure that all issues are addressed.

A handwritten signature in black ink that reads "Andrew Hamilton". The signature is written in a cursive style with a large initial 'A' and 'H'.

**Andrew Hamilton**  
**Accounting Officer**  
**5 October 2015**

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

### **Charitable Donations and Bequests**

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

I certify that I have audited the accounts of the Charitable Donations and Bequests for the year ended 31 March 2015 under the Charities Act (Northern Ireland) 1964. These comprise the Receipts and Payments Account, Statement of Balances and related notes. These accounts have been prepared under the accounting policies set out within them.

#### **Respective responsibilities of Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the accounts and for being satisfied that they properly present the receipts and payments during the year. My responsibility is to audit, certify and report on the accounts in accordance with the Charities Act (Northern Ireland) 1964. 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 Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Charitable Donations and Bequests' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Charitable Donations and Bequests; and the overall presentation of the accounts. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the receipts and payments recorded in the accounts have been applied to the purposes intended by the Assembly and the financial transactions recorded in the accounts conform to the authorities which govern them.

#### **Opinion on regularity**

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

#### **Opinion on accounts**

In my opinion:

- the accounts properly presents the receipts and payments of Charitable Donations and Bequests for the year then ended and the cash balances as held at 31 March 2015; and

- the accounts have been properly prepared in accordance with the Charities Act (Northern Ireland) 1964 and Department of Finance and Personnel directions issued thereunder.

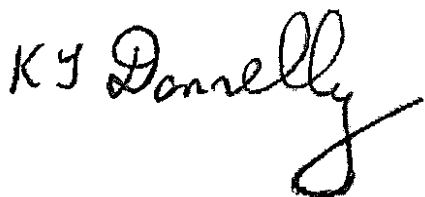
#### **Matters on which I report by exception**

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 accounts 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 accounts.

A handwritten signature in black ink that reads "KJ Donnelly". The signature is written in a cursive style with a long, sweeping tail on the letter 'y'.

KJ Donnelly

Comptroller and Auditor General

Northern Ireland Audit Office

106 University Street

Belfast

BT7 1EU

12 October 2015

**Account of Receipts and Payments for the year ended 31 March 2015 of  
the Department for Social Development in connection with the  
administration of Charitable Donations and Bequests.**

	<b>2014-15</b>	<b>2013-14</b>
	£	£
<b><u>Receipts</u></b>		
Repayment of temporary investments in Consolidated Fund	538	538
Consolidated Stock interest	184	184
Northern Ireland Central Investment Fund for Charities dividends	260,311	260,485
Consolidated Fund interest	3	4
Miscellaneous Income	0	3,360
	261,036	264,571
 <b><u>Payments</u></b>		
Payments to trustees, social administrators, beneficiaries and others	275,504	259,940
	275,504	259,940
 Excess of receipts over payments/(excess of payments over receipts)	 (14,468)	 4,631
 <b><u>Statement of Balances</u></b>		
Opening Bank balance	16,954	12,323
Excess of receipts over payments/(excess of payments over receipts)	(14,468)	4,631
 <b>Closing Bank balance</b>	 <b>2,486</b>	 16,954



## NOTES TO THE ACCOUNT

### 1. Accounting Basis

1.1 This account has been prepared on a cash basis.

### 2. Receipts

2.1 Receipts comprise dividends received in respect of investment in the Northern Ireland Central Investment Fund for Charities and repayment of temporary investments in the Northern Ireland Consolidated Fund.

2.2 Interest is also received on balances deposited with the Consolidated Fund and from Consolidated Stock.

### 3. Payments

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

### 4. Securities held

The following securities were held at 31 March 2015 in connection with the administration of Charitable Donations and Bequests:

4.1 Consolidated Fund balance £768.92 (31 March 2014: £1,306.52)

4.2 Northern Ireland Central Investment Fund for Charities 649,690 shares with a value of £7,618,329.91 (31 March 2014: £7,189,575.84).

4.3 2 ½ % Consolidated Stock with a market value of £7,391.10 (31 March 2014: £4,446.67) was held by the Supreme Court of Judicature (Northern Ireland).

### 5. Suspended Dividends

5.1 On the advice of Voluntary & Community Policy & Innovation Unit 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 VCU Policy & Innovation 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 2014 six charities suspended).

	<b>2014-15</b>	2013-14
	£	£
Opening Balance	16,190.21	10,568.80
Dividends Paid Out (conclusion of cy-pres scheme)	(5,831.73)	
Reinvested into the Fund	(9,730.82)	
Additions (June & December Dividends)	1,091.84	5,621.41
Closing Balance	<u>1,719.50</u>	<u>16,190.21</u>