

The **Charity**
Commission
for Northern Ireland



Annual report and accounts
2014-2015

**The Charity Commission for Northern Ireland
annual report and accounts
for the year ended 31 March 2015**

The Accounting Officer authorised the financial statements for issue on
18 May 2015

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

on

4 June 2015

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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.

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This publication is also available at www.charitycommissionni.org.uk. Any enquiries regarding this document should be sent to the Commission at the contact details above.

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Directors' report

1. The report of the Chief Charity Commissioner and Chief Executive

The Charity Commission for Northern Ireland prides itself on being a strong, proportionate and independent regulator, working to build public trust and confidence in Northern Ireland's charities. We are pleased to report on another busy year, which has seen significant progress across all areas of our work.

We moved into our second year of compulsory charity registration in Northern Ireland in December 2014, with a notable increase in the volume of registration applications being received. We are delighted to announce that we met our revised target of over 1,300 charities registered and listed on the public *register of charities* by the end of March 2015.

We also produced our first research report on data from the new register, and continued during the year to adapt and develop the range of free guidance we produce to support charities through the registration process. As borne out by our experience so far, our library of guidance is a vital resource for all charities, providing the information and advice they need for registration.

That brings us to another important step in charity development - and one we have continued to highlight as the year has progressed - the importance of good governance.

Good governance is an integral part of any organisation's success and, with charity registration and annual reporting requirements now live, is a key element for all charities. As a first step, good governance will support charities in meeting their duties to register and report annually to the Commission on their resources, activities and finances. Secondly, and equally importantly, good governance will ensure that charities are operating as they should be, in accordance with the law, best practice recommendations and the expectations of the public.

Of the 116 concerns about charities we received during 2014-15, the majority involved minor governance issues, easily put right with the correct guidance. On the other end of the scale, we also successfully dealt with more serious issues of mismanagement and misconduct. We published three statutory inquiry reports during 2014-15, highlighting that we will not hesitate to take the action required to restore a charity to good governance.

As Northern Ireland's charity regulator, we understand the responsibility which has been placed in our hands. The people of Northern Ireland put a great deal of trust and confidence in their charities,

supporting them with time, money and loyalty. We hope, as we move into the next era of charity regulation in Northern Ireland, that trust and confidence will grow as more and more people make use of the new checks and measures which are now in place to ensure charities are open, accountable and complying with the law. We need the public to be our eyes and ears and use the information we make available to ensure that the charities they choose to support are operating effectively and openly.

Finally, as we reflect on our achievements over the past year, we would like to take a moment to thank our staff, our Commissioners and our stakeholders for their ongoing hard work and commitment - we greatly value their input and belief in the future of charity regulation in Northern Ireland.



Frances McCandless

Chief Executive
Charity Commission
for Northern Ireland

Tom McGrath

Chief Commissioner
Charity Commission
for Northern Ireland

2. Introduction

The Charity Commission for Northern Ireland (“the Commission”) is the independent regulator of Northern Ireland charities, as created by the Charities Act (Northern Ireland) 2008 (the Charities Act).

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

The working relationship between DSD and the Commission is extremely important and the full implementation of the Charities Act requires close co-operation between both parties. The Commission does, however, exist as an independent organisation, working to further its aims and objectives, as set out in the Charities Act.

This annual report and statement of accounts encompasses two elements:

- documenting the work of the Commission in 2014-15 (pages 5-49)
- providing financial statements for 2014-15 (pages 50-73).

The Charities Act introduced a new regulatory framework for the charitable sector in Northern Ireland. The previous framework was “light touch” in nature, with only limited provisions for enforcement and no form of charity registration. The main objective of the Charities Act was to introduce an integrated system of registration and regulation as well as support for, and supervision of, registered charities.

The Commission works to provide and implement the structures and processes through which charities can demonstrate their contribution to society and the public can be assured that charitable resources are being properly applied.

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. He reports his findings to the Northern Ireland Assembly. The Certificate of the Comptroller and Auditor General is set out at pages 50-51.

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.



OUR VISION

“A dynamic and well governed charities sector in which the public has confidence, underpinned by the Charity Commission for Northern Ireland’s effective delivery of its regulatory role”

4. Objectives

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

Public confidence

To increase public trust and confidence in charities

Public benefit

To promote awareness of the need to demonstrate public benefit

Accountability

To enhance accountability to donors, beneficiaries and the public

Charitable resources

To promote the effective use of charitable resources

Compliance

To ensure proper management and administration of charities



5. The Board of the Charity Commission for Northern Ireland



Chief Charity Commissioner
Tom McGrath

(reappointed on 1 June 2014 for a five year term of office)



Charity Commissioner
Philip McDonagh

(reappointed for three years from 1 June 2012)



Deputy Chief Commissioner
Walter Rader

(appointed on 7 May 2013 for a five year term of office)



Charity Commissioner
Brenda Maitland

(appointed for three years from 7 May 2013)



Charity Commissioner
Norman Bennett

(appointed for three years from 1 September 2012)



Charity Commissioner
Geraldine Donaghy

(appointed for three years from 7 May 2013)



Legal Commissioner
Rosemary Connolly

(reappointed for three years from 2 November 2012)

There were no changes to the Board during 2014-15.





Ballykelly Parent Teacher and Friends Association (NIC100368)



Mourne Mountain Rescue Team (NIC100396)



Little Orchids (NIC100096)



Cancer Lifeline (NIC100002)

Management commentary

6. The year at a glance

- The new financial year began with around 30 charities on the public *register of charities*.
- The interim reporting programme for registered charities commenced.
- In association with the Developing Governance Group, the Commission embarked on a series of Good Governance events across Northern Ireland.
- The Commission continued to host registration workshops, offering face-to-face support to charity registration applicants.
- The Minister for Social Development announced the reappointment of Tom McGrath CBE as Chief Commissioner.

April 2014

June 2014

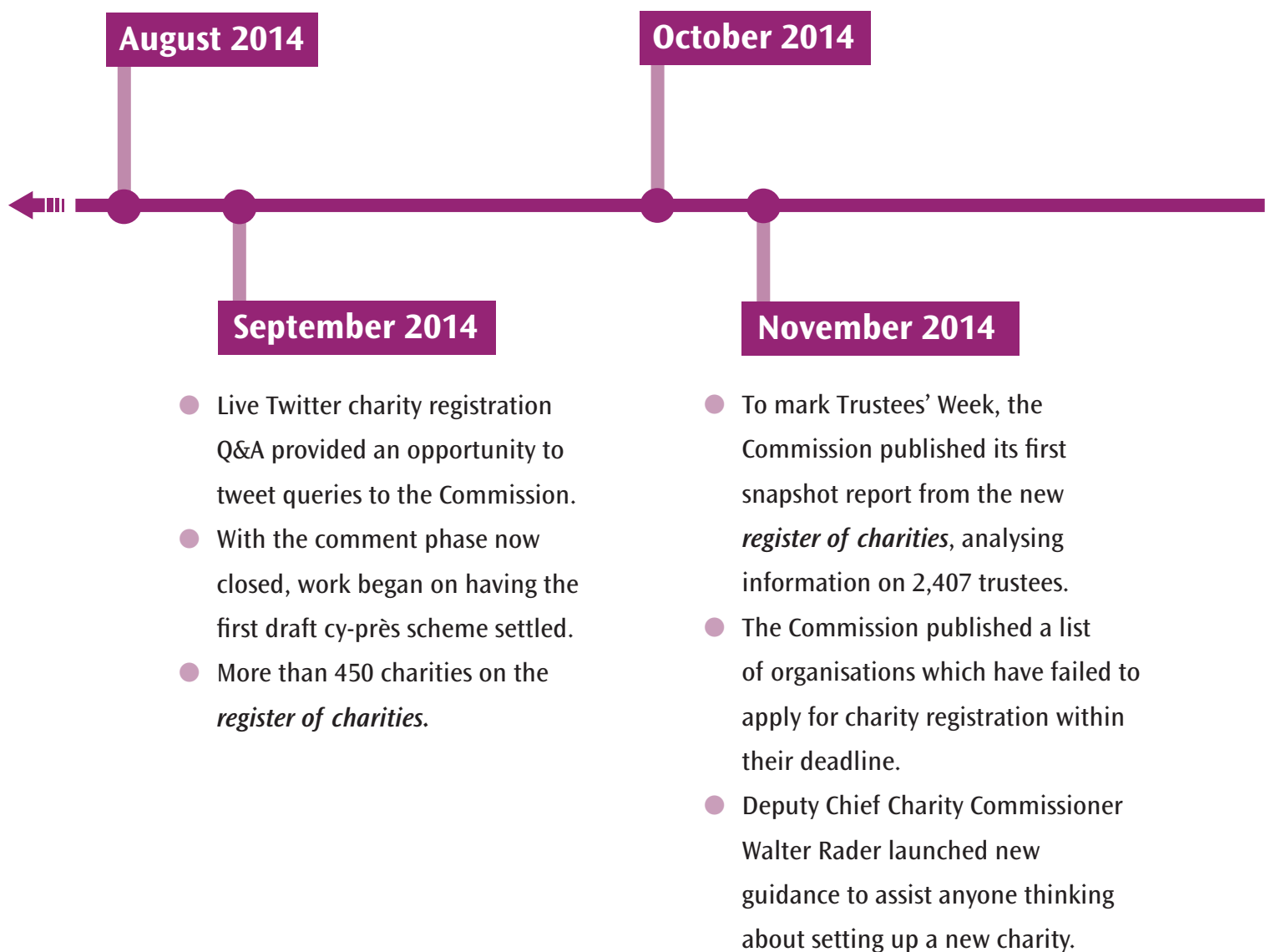
May 2014

July 2014

- Chief Executive Frances McCandless addressed The Wheel's National Conference 2014 in Dublin on *Lessons from introducing charity regulation in Northern Ireland*.
- A public consultation on the Commission's draft *Participation strategy* opened.
- The Commission published its approved *Corporate Plan 2014-17* and *Business Plan 2014-15*.
- The publication of model governing documents aimed to support anyone setting up a new charity.
- New guidance to support eligible, non-company charities in drafting receipts and payments accounts published.

- The Commission published a range of new guidance for charities, including new *Charities and politics* guidance.
- The Commission called for comments on its first draft cy-près scheme.

- The new look website www.charitycommissionni.org.uk went live on 1 October 2014.
- External engagements included presentations to the All Party Group on Ethnic Minority Communities, Chartered Accountants Ireland and the ongoing series of registration workshops.





- The *Lessons learned: Focus on charity trustees* report, detailing some of the common concerns about charities, launched.
- December marked the one year anniversary of compulsory charity registration beginning in Northern Ireland - over 700 charities listed on the online register.
- Information postcards issued across Northern Ireland to build awareness and understanding of charity registration.

- The Commission launched a 12-week public consultation on its draft *Equality guidance for charities in Northern Ireland*.
- Chief Executive Frances McCandless confirmed the Commission will be hosting the 2015 International Charity Regulators' Forum, in conjunction with the Irish Charities Regulatory Authority, in November 2015.
- History was made with the Commission registering its 1000th charity - the Ulster Local History Trust (NIC101555).

December 2014

February 2015

January 2015

March 2015

- The Commission called on all charities to ensure they are included on the online registration list.
- The Commission published its first statutory inquiry report, marking the conclusion of one of the biggest charity investigations undertaken to date.
- Belfast's Lyric Theatre (NIC100173) became one of the latest charities to be registered.

- The Commission published a research report on the first 786 charities to register in Northern Ireland.
- The Corrymeela Community (NIC101597), which was celebrating its 50th anniversary, became one of the latest charities registered.
- The Commission published a further two statutory inquiry reports, providing a statement on the results of investigations it has undertaken.
- 1,337 charities registered by the Commission since registration began.

7. The year in figures

84,273

unique visits to our website
www.charitycommissionni.org.uk

1,306

charities registered during the year

51.4%

of online sessions were by new visitors to our website, equating to 76,253 online sessions

10,290

general telephone enquiries answered, average of 857 per month

674,985

page views of our website

116

concerns about charities received

1,090

followers of @CharityCommNI on Twitter

102

concerns concluded at year end

83

engagement events with key stakeholders

6

inquiry reports published (three statutory inquiry reports and three thematic reports)

46

Assembly Questions answered

94.5%

of concerns risk assessed within 30 days

96

section 96 consents granted

13

pieces of external guidance published

769

attendees at 32 registration workshops

1,212

views of the online *Running your charity* guidance



The Charity Commission Board holds the organisation to account through regular reporting on progress against the annual business plan.

For 2014-15 the following performance was reported against key indicators:

1. Website visits - 84,273 visits (target 60,000)
2. Decisions on charity registrations:
 - Called forward - 4,867 (target 4,800)
 - Applications received - 2,658 (target 2,300)
 - Decisions made - 1,306 (target 1,900^{*1})
3. Number of queries dealt with - 10,290 (target 600)
4. Number of concerns received about charities - 116 (target to process up to 130)
5. Concerns risk assessed within 30 days of receipt of final information - 94.5% (target 80%)
6. Reports on the findings of our investigations work - 6 (target 6)
7. Pieces of external guidance - 13 (target 13)
8. Satisfaction with public benefit guidance - 91% (target 75% ^{*2})
9. Staff sick leave - 6.6% (target <3%)
10. Creditors' invoices paid within 10 working days - 98% (target 90%)
11. Budget spend year end - 97% total spend, broken down as 97% revenue 100% capital (target 99% of overall budget)

^{*1} Mid year internal adjustment to 1,300 registrations target, ^{*2} post registration questionnaire

8. The developing context

During 2014-15, the Commission entered the second year of compulsory charity registration, marking another step forward in building a new regulatory environment for Northern Ireland's charity sector.

By 31 March 2015, the public *register of charities* held the details of 1,337 registered charities - with over 1,000 applications in progress. This growing register will provide a vital, new resource for the public whereby they can undertake simple assurance checks on any charity operating in Northern Ireland. It is envisaged that the register will be of particular interest to individuals and organisations providing support for local charities, with bodies such as local councils and funding organisations expected to use a registration check as part of their grant assessment criteria.

In the meantime, as registration progresses, the Commission has published an online list of all charities it is aware of for registration. This list, available on www.charitycommissionni.org.uk, also details if an organisation has closed or been refused registration. As an interim checking measure for the public, the registration list provides a means by which anyone can ensure the Commission knows about a charity.

While registration has been to the fore over the past year, the Commission has also seen a year of rapid progress across other areas of its work. As of 1 April 2014, all charities registered with the Commission fall under the interim reporting arrangements and by law must report to the Commission on the first full, post-registration financial period after this date. Annual reporting is a key element of the Commission's regulatory and monitoring work, and is essential for keeping the *register of charities* up to date. A great deal of groundwork has been required to prepare for annual reporting, both prior to 1 April 2014 and over the past year. The interim reporting policies and processes are firmly in place and a new online annual return form has been tested and is now available alongside a series of support tools and resources on www.charitycommissionni.org.uk

Casework is another area which saw progress during the year, with the Commission now exercising a range of powers that will support charity trustees in ensuring their charities are operating in line with modern expectations and requirements.

On the other side of the coin is the Commission's role in charity compliance, tasked with identifying and investigating alleged misconduct or mismanagement in the administration of charities and taking remedial or protective action. February 2015 marked the fourth anniversary of receiving investigatory powers and, as this year has demonstrated, we are continuing to make progress in this area. Our investigatory policies, processes and assessments are bedded in and we made strides in the work we do to help charities understand, and avoid, the mistakes others have made, supporting all charities in putting the right governance procedures in place.

9. Progress and delivery

Events and engagement

The hosting of Commission information sessions and events, as well as engagement with our stakeholders via external presentations, seminars, meetings and workshops remained a firm focus for the Commission during 2014-15, providing a vital means of educating, informing and raising awareness of our work to build trust and confidence in the charity sector.

It is particularly important to the Commission that we work, where possible, to bring our key messages and information out to charities across Northern Ireland, meeting face-to-face with the people who are undertaking charity activities within the community. In association with the Developing Governance Group, this year saw the Commission embark on a series of free Good Governance events in Belfast, Cookstown, Omagh, Enniskillen, Downpatrick, Dungannon, Newry, Ballymena and Derry/Londonderry. We also hosted 32 registration workshops in locations including Belfast, Derry/Londonderry, Newry, Lisburn, Lurgan, Antrim, Omagh, Coleraine, and Enniskillen. The workshops were attended by a total of 769 people, representatives of charities who had been called forward to apply for charity registration and who will bring their learning from the workshops back to their organisations and communities.

“On behalf of Antrim Community Choir, I would like to thank The Charity Commission for Northern Ireland, for their advice, support and guidance, that helped the choir achieve a positive outcome from our application to try and become a registered charity. We are delighted and look forward to the future with a spring in our step, and plenty of songs in our hearts.”

Antrim Community Choir (NIC101327)

In fact, 2014-15 proved to be a busy year for the Commission with 83 engagement meetings undertaken, including presentations at events hosted by the Church of Ireland, SportNI, Enterprise NI, NI Environment Link, Chartered Accountants Ireland, Investec, the NI Trusts Group, the University of Ulster and the All Party Group on Ethnic Minority Communities, to name but a few. The Commission also hosted three public events as part of the public consultations on our draft *Participation strategy* and draft *Equality guidance for Northern Ireland charities*. We met with political representatives, including local councillors and MLAs, submitted information for Assembly Questions and produced a briefing to the Social Development Committee on the Commission’s investigative process. Further to this political and legislative engagement, in December 2014 the Commission submitted evidence to the Westminster Joint Committee on the draft Protection of Charities Bill. This written evidence is available to view online at <http://www.parliament.uk/documents/joint-committees/draft-protection-of-charities/evidence-volume-protection-of-charities.pdf>

As always, we continued to work closely with other regulatory bodies, including Her Majesty's Revenue and Customs (HMRC) and our counterparts in Scotland (the Office of the Scottish Charity Regulator), England and Wales (the Charity Commission for England and Wales) and the Republic of Ireland (the Charities Regulatory Authority). Such relationships are an important aspect of our work, providing established and new opportunities for learning and development, as well as supporting the sharing of information, knowledge and experience.

Online support and guidance

The Commission is also committed to sharing our learning and knowledge with the charity sector by developing our online library of guidance and support tools. In October 2014 we launched a new, updated version of our website, www.charitycommissionni.org.uk, which acts as an online information hub where charities and the public can quickly and easily access all our publications, guidance, forms and resources as well as a wide range of information on the Commission itself. Our website attracted 84,273 unique visits during 2014-15, an increase of around 14,000 visits when compared to the previous year. We also produced three thematic reports, providing anonymous case studies on common concerns received about charities, coupled with advice on how charity trustees can learn from these experiences and maintain or improve their own governance. We added new guidance and information to the website on our powers and processes in relation to mergers and closures, starting a charity, and name change. We finalised and published our *Participation strategy*, *Research and information management strategy*, *Publishing our decisions* policy and a series of model governing documents. We also added to the *Charity essentials* section of our website with our *Charities and politics* guidance, providing information and advice for charities in Northern Ireland on political purposes, political activity and campaigning.

With charity registration remaining to the fore, we continued to develop and update the wide range of bespoke registration guidance we offer to support applicants through the charity registration process - and took measures to highlight how important it is that charities use this guidance and attend a workshop when applying. While we understand charity registration is a new process, and may still be daunting to some, our guidance works to demystify the legal basis of the application process and provide useful advice, information and insight on how a charity can both prepare in advance and submit a strong application. In fact, our registration support section remains one of our most popular webpages with 13,966 visits since the new website went live at the beginning of October.

“Thank you for your help and support with this process. Your help and assistance has made it a positive experience.”

**Northern Ireland Community Addiction Services (NICAS, trading as Addiction NI)
(NIC100628) on the charity registration process.**

Annual reporting by registered charities

The beginning of 2014-15 marked a new chapter for the Commission, as the interim reporting programme for registered charities went live. A great deal of preparatory work had gone into ensuring the Commission was ready for this date, with work continuing apace over the 2014-15 year to further develop, implement and test the integrated IT systems which will support the online reporting process. This has included developing a bespoke, online annual return form, incorporating a series of questions, checks and measures against information held within the online *register of charities*.

Under the interim reporting requirements, all charities registered with the Commission must by law report to the Commission annually on their finances, activities and resources. The programme will remain in place until full accounting and reporting regulations, developed by the Department for Social Development (DSD) are commenced.

The programme marks an important step in charity regulation, providing a new means by which the *register of charities* may be kept up to date and accurate, as well as supporting the Commission's monitoring and compliance work. Furthermore, interim reporting will provide charities with a phased approach to annual reporting, allowing them to get used to reporting to the Commission and become familiar with the annual return. The annual return will remain a permanent feature of annual reporting during both the interim and full reporting programmes.

“@CharityCommNI contacted you today and got excellent advice. Efficient and professional service. Many thanks”

@FosterRoisin. Roisin Foster, Chief Executive of Cancer Focus Northern Ireland (NIC101307)



Friends of Nigeria – RV Save a Heart Foundation (NIC100026)

Investigatory work

The 2014-15 year also saw the Commission receive the 400th concern about a charity in Northern Ireland, with the public remaining the largest source of information on concerns. As always, the Commission has noted that many of the concerns received involved minor governance issues which could be corrected with the right advice or guidance. The Commission seeks to work with charities, where possible, to improve governance and help resolve issues which have arisen. However, each concern received by the Commission is risk assessed in order to determine the best action to take to rectify the situation, based on the seriousness of the concern and the risk involved. The Commission has taken, and will continue to take, the required action to deal with more serious cases of mismanagement and misconduct in the administration of charities using its more stringent powers under the Charities Act (Northern Ireland) 2008.

In January 2015 the Commission published its first statutory inquiry report. The report marked the conclusion of the Commission's inquiry into the charity Lough Neagh Rescue Ltd (NIC101051), one of the Commission's biggest investigations to date. As well as providing an overview of the results of the inquiry, the report provided important lessons for other charities. A further two statutory inquiry reports were published later in the year, leaving the number of statutory inquiries ongoing at the end of the year at three.

As well as statutory inquiry reports, the Commission published three thematic reports during the year, providing anonymous case studies and learning from the concerns received by the Commission. The reports provide a useful tool for all charities, offering advice and highlighting common governance issues. The latest reports, available on www.charitycommissionni.org.uk, are listed below.

- 400 concerns about charities (March 2015).
- Whistleblowing in charities (March 2015).
- Lessons learned: Focus on charity trustees (December 2014).

“Our trustees fully endorse the role of the charity regulator and, with Charity Commission for Northern Ireland guidance they have ensured full compliance with both company and charity law. The USPCA board took all the steps necessary to ensure the exemplary standards of good governance required by the regulator were met and implemented.”

Ulster Society for the Prevention of Cruelty to Animals (USPCA) (NIC102755)



The register of charities

Compulsory charity registration has been a focal point of the Commission's work over the past year and we have registered just over 1,300 charities during the 12 months. In fact, by 31 March 2015, the online *register of charities* contained the details of 1,337 registered Northern Ireland charities, with more added to the list on a weekly, sometimes daily, basis. Overall, during the year the Commission called forward 4,867 organisations to apply for registration. In addition to charities registered by the end of the year:

- three organisations failed to demonstrate they met the legal requirements to be registered as a charity
- 434 charities informed the Commission they had closed and were entered into the process by which the Commission verifies the closure
- over 1,000 applications were being processed by the Commission.

However, the registration process has been slower than anticipated and, due to the poor quality of many of the applications received, has necessitated a greater volume of support and follow up work by Commission staff than had been initially predicted. The Commission has taken proactive measures to address this issue by strongly encouraging applicants to use the registration guidance to prepare in advance, as well as submit timely applications of a higher standard, including all required information and documentation.

The Commission has also called on all charities to ensure we have their contact details for registration, publishing an online registration list which details the names of all charitable organisations which the Commission is aware of at present. This list, which is updated monthly and includes information on the charity's status, provides an important, interim checking mechanism while the register is populated. Charities can check the list to ensure the Commission has their details to call them forward for registration. The public can also use the list, alongside the growing register, to ensure a charity is in line to meet their legal duties in relation to registration.

Once the *register of charities* is complete, anticipated to be in three to four years time, it will operate as a standalone tool by which anyone, anywhere in the world can undertake simple checks to ensure a charity is open, accountable and in compliance with the law. The register will also provide a range of invaluable information on the charity sector in Northern Ireland, a useful and unique research and measuring tool. The importance of this information was demonstrated by the Commission's March 2015 report *What do charities look like in Northern Ireland*, analysing information on the first 786 charities registered.

“Delighted @GEMSNI now registered Charity in Northern Ireland we got great help/ guidance from @CharityCommNI during registration process”
@SusanRussam. Susan Russam, Chief Executive, GEMS NI (NIC101125)

Casework

The Commission has also continued over the year to develop and implement its internal processes and policies for the management of its casework programmes.

During 2014-15 the Commission granted 96 consents under section 96 of the Charities Act (Northern Ireland) 2008 for regulated alterations to objects, dissolution clauses or authorisations for benefits to directors in a company’s governing document. If an application under section 96 is approved, the Commission’s decision is published in the *Our regulatory work* section of www.charitycommissionni.org.uk. Another new decision area was cy-près, which refers to the Commission’s powers to make a scheme to change, replace or extend the purposes of a charity. During the year the Commission opened for comment, and subsequently made, its first sealed scheme on 25 November 2014. This scheme is also available to view in the *Our regulatory work* section of the Commission’s website.

Organisational development

No longer considered the “new regulator”, the Commission has continued to implement and monitor the core operational policies and procedures, which are essential for any public body, ensuring the internal processes and checks which are in place remain up to date and fit for purpose. The DSD Internal Audit Unit independently examined aspects of the Commission’s core business systems, including risk management, registration of charities and premises security, providing a ‘satisfactory assurance’ rating. This reflects the view that management had established a satisfactory system of internal controls to mitigate risks relating to the activities examined.

A permanent staff complement of 25 is in place, with an additional four casework officers seconded from DSD to support progress within the registration and casework team. With a programme of training in place for staff and Commissioners, alongside the knowledge, skills and increasing experience of staff, the Commission is confident it has the resources in place for the purpose of regulating the Northern Ireland charity sector. The Commission was also pleased to note that the results from the annual staff survey were very positive, with comments and suggestions received. In March 2015 the Northern Ireland Executive launched a voluntary exit scheme, which was aimed at reducing the paybill within the Northern Ireland Civil Service (NICS). As a non departmental public body (NDPB), the Commission was not covered by the NICS business case for voluntary exit. The Commission did not take steps to implement a voluntary exit scheme during 2014-15.

During the year staff sickness absence rate was 6.6 per cent, set against a 3 per cent business plan target. As a small organisation, the Commission remains vulnerable to staff turnover and absence, a risk we continue to monitor and manage closely.

In accordance with its progress to date, the Commission also implemented a new programme during 2014-15 to develop and implement an organisation-wide culture, which is in keeping with the Commission's core values:

- **Independent:** we will maintain independence in our decision making, acting without fear or favour, in the public interest.
- **Accountable:** we will be proactive in accounting to all our stakeholders, which will include involving others on a continuous and appropriate basis and taking responsibility for our decisions.
- **Proportionate:** our actions, procedures and culture will be proportionate to the burden of regulation on charities of different sizes, to the degree of risk involved and to the potential impact within the resources available to us.
- **Impartial:** we will exercise our powers and discretion in a way which is non-partisan and even-handed.
- **Transparent:** we will communicate with and listen to our stakeholders and will be clear about our actions, intentions and expectations.
- **Consistent:** we will act consistently in our decision making.

Complaints about our services

The Commission has published information on its complaints policy, including how to submit a complaint and the Commission's approach for dealing with complaints received about service standards, in the *About us* section of www.charitycommissionni.org.uk. During the 2014-15 year, the Commission received seven complaints which were dealt with in accordance with the Commission's published policy. One complaint was ineligible for consideration, one complaint was not upheld following investigation and the remainder were resolved informally. All complaints received were progressed to conclusion during the year.

The monitoring of complaints received by the Commission forms an important part of the Commission's quality assurance process, providing a means by which trends and common issues about service delivery may be identified and resolved. It also allows the Commission to determine how successfully it has dealt with the complaints. The Commission monitors complaints and these are reported through the Chief Executive's report to the Board.

The Commission is also committed to a process of continuous learning and development, with complaints providing an important means by which stakeholders may share their views and feedback with the Commission and, where appropriate, lessons may be learned for the future.

Sustainability

The Commission is aware of its environmental responsibilities and follows Northern Ireland civil service practices regarding recycling. Given the size of the organisation, the Commission has considered the need for a sustainability report and believes an in depth report would not be of benefit to the readers of the accounts at this time.

Equality and diversity

The Commission's *Equality scheme and action plan 2012-2017*, which is available to view on www.charitycommissionni.org.uk, demonstrates our firm commitment to promoting equality, diversity and accessibility across all aspects of our work. In keeping with this commitment, the Commission has undertaken a range of activities during 2014-15 aimed at mainstreaming equality and good relations considerations into all aspects of our activities.

Those activities have included the following.

- Establishing an internal system to monitor the implementation of the Commission's integrated *Equality scheme and action plan 2012-17* and how we work with charities and the public.
- Publishing quarterly screening decisions on the *Equality* page of the Commission's website.
- Equality awareness training for all staff was undertaken in the autumn of 2014-15, empowering staff to understand more about equality, diversity and good relations.



10. Future focus

As we move into the new financial year, we are starting to notice a slight shift in public perception of charity regulation - a move away from viewing charity registration as a new process and a growing interest in the question “what comes next?” It is envisaged that annual reporting and good governance issues will come increasingly to the fore as the year progresses.

With the internal and external processes and policies now firmly in place, we look forward to receiving our first submission from a registered charity under the new interim reporting requirements. However, we also bear in mind that the interim requirements mark only phase one of the introduction of annual reporting with the full annual reporting regulations to be developed by the Department for Social Development (DSD). Again, the Commission will play an integral role, working alongside DSD to implement the full regulations as well as producing comprehensive guidance and information on the requirements for the charity sector.

As a public body, the Commission is committed to working in an open, transparent and accountable way, demonstrating the good governance levels it expects to see across Northern Ireland’s charity sector. We will continue working to promote good governance and build on the support tools we offer to help trustees run their charities. Overall, we plan to publish 10 pieces of guidance over the next year, receive 75,000 visits to our website and continue our stakeholder engagement work. Our calendar of activities and events is already beginning to fill up with particular highlights being our first annual public meeting in September 2015, where members of the public will have an opportunity to meet with our seven Commissioners. Another highlight, and one we have already begun planning for, will be the 2015 International Charity Regulators’ Forum, which we are delighted to be hosting in conjunction with the Irish Charities Regulatory Authority, in November 2015. As always, we will also continue to work with other organisations and public bodies to provide workshops, presentations and lectures on specific areas of charity regulation where we can.

Of course, as registration progresses, the Commission will also continue to develop and update the wide range of free guidance and support we provide for charities across Northern Ireland. Our registration workshops will continue and we plan to develop our online registration tutorial and update our *Purposes and public benefit toolkit* with real life case studies, providing further support for registration applicants. Alongside this we will develop new guidance and information for charities, covering vital areas such as monitoring and compliance, trustee remuneration and equality considerations.

Our organisational development will also remain a priority, with the next year seeing the Commission begin a three year strategic planning exercise to reconsider our vision, purpose and values and adapt



the organisation from a primary focus on registration to its long term compliance monitoring role.

As highlighted at the beginning of this report, 2014-15 has been a year of progress for the Commission, one which has brought with it new challenges, new learning and new achievements. We have set a steady pace for development and, as we prepare for the year ahead, we will continue this pace, working to implement charity registration as well as to educate, to raise awareness and to listen to our stakeholders.





11. Remuneration report

Remuneration policy

The Commissioners and the Chief Executive of the Charity Commission for Northern Ireland 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, sets performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use of public monies.

Service contracts

The Chief Commissioner and Deputy Chief Commissioner have been appointed for a five year term of office. Five Commissioners have been appointed for a three 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.

Remuneration (audited information)

Commissioners	2014-15		2013-14	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Tom McGrath, Chief Commissioner	5-10	Nil	5-10	Nil
Walter Rader, Deputy Chief Commissioner	0-5	Nil	0-5	Nil
Brenda Maitland, Commissioner	0-5	Nil	0-5	Nil
Rosemary Connolly, Legal Commissioner	0-5	Nil	0-5	Nil
Geraldine Donaghy, Commissioner	0-5	Nil	0-5	Nil
Norman Bennett, Commissioner	0-5	Nil	0-5	Nil
Philip McDonagh, Commissioner	0-5	Nil	0-5	Nil

Senior management	2014-15		2013-14	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Chief Executive Frances McCandless	65-70	Nil	65-70	Nil
Head of Charity Services Punam McGookin	45-50	Nil	45-50	Nil
Head of Corporate Services Aubrey McCrory	45-50	Nil	45-50	Nil
Head of Compliance and Enquiries Myles McKeown	45-50	Nil	45-50	Nil

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the Commission in the financial year 2014-15 was £65k-£70k (2013-14, £65k-£70k). This was 2.6 times (2013-14, 2.5) the median remuneration of the workforce, which was £25,871 (2013-14, £26,151).

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

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments.

Benefits in kind

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

Pension benefits (audited information)

No Commissioners received pension benefits. In the 2012-13 year, Department for 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. Details of the Commission's pension benefits and entitlements are detailed as follows.



Pension entitlements

Officials	Accrued pension at age 60 as at 31/3/15 and related lump sum £'000	Real increase in pension and related lump sum at age 60 £'000	CETV at 31/3/15 £,000	CETV at 31/3/14 £,000	Real increase in CETV £,000	Employer contribution to partnership pension account Nearest £100
Frances McCandless Chief Executive (Nuvos Scheme)	15-20 plus lump sum of nil	0-2.5 plus lump sum of nil	172	147	12	-
Aubrey McCrory Head of Corporate Services (Premium Scheme)	0-5 plus lump sum of nil	0-2.5 plus lump sum of nil	41	30	7	-
Punam McGookin Head of Charity Services (Premium Scheme)	5-10 plus lump sum of nil	0-2.5 plus lump sum of nil	111	95	9	-
Myles McKeown Head of Compliance & Enquiries (Classic Scheme)	10-15 plus lump sum of 35-40	10-15 plus lump sum of 2.5-5	163	136	19	-

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 the Assembly 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.

A new pension scheme, alpha, will be introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements will move to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is also a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate will be 2.32%. CARE pension benefits are increased annually in line with increases in the CPI.

For 2015, public service pensions will be increased by 1.2% for pensions which began before 6 April 2014. Pensions which began after 6 April 2014 will be increased proportionately.

Employee contribution rates for all members for the period covering 1 April 2015 - 31 March 2016 are as follows:

Scheme year 1 April 2015 to 31 March 2016

Pay band - assessed each pay period		Contribution rates - classic members	Contribution rates - classic plus, premium, nuvos and alpha
From	To	From 01 April 2015 to 31 March 2016	From 01 April 2015 to 31 March 2016
£0	£15,000.99	3%	4.6%
£15,001.00	£21,000.99	4.6%	4.6%
£21,001.00	£47,000.99	5.45%	5.45%
£47,001.00	£150,000.99	7.35%	7.35%
£150,001.00 and above		8.05%	8.05%

Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 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. The normal pension age in alpha will be linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension 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 NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 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 and 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 performance pay, bonus scheme, overtime or private office allowances.

Compensation payments

No compensation payments were made in the 2014-15 financial year.

Ex-gratia payments

One ex-gratia payment has been made in the 2014-15 financial year.

Exit packages

No exit packages were awarded in the 2014-15 financial year.

Signed

Frances McCandless

Chief Executive

Date: 19 May 2015

12. Responsibilities of the Commission and Chief Executive

Under Schedule 1, Section 8(2), of the Charities Act (Northern Ireland) 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 2014-15

Introduction

As a regulator the Charity Commission for Northern Ireland is dedicated to operating to the highest standards of corporate governance. The Commission's Board is accountable to the sponsor department, the Department for Social Development (DSD), and the Northern Ireland Assembly for good corporate governance.

The Commission's arrangements to meet that commitment are detailed in a formal corporate governance framework which brings together a variety of related policies and procedures. The Commission's view of its governance is informed by various internal and external opinions including those of auditors, other stakeholders such as service users and staff, fellow regulatory bodies that oversee aspects of its work, and the Charity Tribunal.

In this statement the Board and Accounting Officer outline how they have discharged their responsibilities to manage and control the Charity Commission for Northern Ireland's resources throughout the financial year ended 31 March 2015. As indicated in last year's governance statement, it is for the Accounting Officer, with Board support and input, to decide the format and content of this governance statement. In developing this statement the Accounting Officer has considered guidance set out in DAO (DFP) 10/12, Managing Public Money NI Annex 3.1, the relevant NI Audit Office fact sheet (2014) and feedback from governance experts so as to tailor the disclosure to the organisation and its features during 2014-15.

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 allow the organisation to operate 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.

A governance framework has been implemented within the Charity Commission for Northern Ireland since establishment. During the year the Board reviewed its own operating policies and, in December 2014, adopted a formal corporate governance framework which collated various governance policies and procedures.

The Charity Commission for Northern Ireland's governance framework

Board

The Board provides strategic leadership and directs the Commission's strategic planning, financial and operational management, governance and risk assessment to ensure that statutory obligations are met. The Board provides strategic direction, challenge and oversight to the senior management team which is responsible for management and performance. The Board comprises a Chief Commissioner, a Deputy Chief Commissioner and up to five Commissioners, all on a part-time basis. At least one Commissioner must be a barrister or solicitor of at least seven years standing. Appointments of Commissioners, who constitute the Board, are required to be made by the Minister for Social Development 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 agreement known as the Management Statement and Financial Memorandum (MSFM). It is the responsibility of the Board members 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 the Board undertook these responsibilities by:

- submitting a rolling three year corporate and an annual business plan for departmental approval to chart the overall strategic direction of the Commission within the policy and resources framework determined by the sponsor Department and the Charities Act (Northern Ireland) 2008. At year end the plans for 2015-18 were awaiting formal Ministerial approval

- ensuring the sponsor department was kept informed of developments, changes in assumptions and departmental policy which were likely to impact on the strategic direction of the Commission or on the attainability of its targets, and determining the steps needed to deal with such changes through sharing of Board information including: business plan progress reports and the corporate risk register, an annual meeting between the Chief Commissioner and the Minister (this year also including other Commissioners), bi-annual meetings between the Accounting Officer and the Permanent Secretary of the sponsor Department and bi-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 Board operated within the limits of its statutory authority and any delegated authority agreed with the sponsor department through six-monthly reviews of the terms of the MSFM. These found full compliance, as no breaches had been identified, and noted special attention had been given to business cases 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 Assurance committee and Board meeting, and quarterly business plan progress reports which provided positive assurance to the sponsor department that performance was being assessed and appropriate action was being taken to meet performance commitments
- demonstrating high standards of corporate governance at all times, including using an independent Audit and Risk Assurance Committee member to help the Board address the key financial and other risks facing the Commission
- undertaking a Board effectiveness review and revision of its governance framework to inform the strategic governance agenda including the Board's Terms of Reference, Standing Orders and Code of Conduct
- undertaking an organisation-wide programme to review and develop the Commission's culture to inform the governance agenda
- 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 and, in consultation with the sponsor department,

annually setting performance objectives for the Chief Executive which give due weight to the proper management and use of public monies

- receiving reports at meetings from its Audit and Risk Assurance and Human Resources and Remuneration sub-committees, and ensuring that the work being carried out by those sub-committees receive properly proposed and recorded approvals by the Board itself
- taking account of fraud awareness reports from the Department of Finance & Personnel as appropriate
- ongoing work on fraud including reviewing the policy and updating the organisational bribery assessment to reflect new statutory remits that came into effect; and
- ensuring an effective risk management process is in place, annually updating the policy and setting a risk appetite, and reviewing the corporate risk register at each Board meeting following its prior assessment by the Audit and Risk Assurance committee.

Attendance at Board meetings during the year:

Board member	Number of meetings attended
Tom McGrath, Chief Commissioner	7 out of 7
Walter Rader, Deputy Chief Commissioner	7 out of 7
Norman Bennett, Commissioner	6 out of 7
Rosemary Connolly, Legal Commissioner	6 out of 7
Geraldine Donaghy, Commissioner	7 out of 7
Brenda Maitland, Commissioner	7 out of 7
Philip McDonagh, Commissioner	7 out of 7



Board performance and assessment of its own effectiveness

In 2014-15 the Board met seven times, the Audit and Risk Assurance Committee four times, and the Human Resources and Remuneration Committee three times. Board and committee minutes are published regularly on the Commission's website. The annual planner, set at the start of the year for committee and Board meetings and agenda items, was implemented.

Shortly before year end a self-assessment review of the Board's effectiveness was carried out. The responses indicated that the Board was satisfied overall with its own effectiveness. On a scale of 1 to 5 for each assessment question, the Board scored an average of 4.1 out of 5 overall, indicating a high level of satisfaction with effectiveness. In specific areas scores ranged from 3.4 to 4.5, with opportunities for improvement in environmental scanning, reporting progress using the new CRM system, Board members championing particular areas of work, refreshing committee membership, and more interaction with staff. In previous years it had been agreed to take action on any issue scoring 3 or less. In relation to 2014-15 no questions scored 3 or less.

Key decisions of the Board in 2014-15

The Board's main focus in the year under review included progressing charity registration and compliance work. 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 (including governance statement) and accounts to the Assembly
- a refreshed risk appetite linked to the business plan
- a focus of resources on achieving registration targets and a revised target which was realistic but stretching
- changes to the terms of reference of the Audit and Risk Assurance (A&RA) committee
- approval of the annual internal audit plan
- adoption of a formal Corporate Governance Framework
- revised finance and a variety of human resources policies and procedures
- adopted a three year communications strategy and an ICT strategy
- agreed MOUs with a range of other regulators and charity sector umbrella bodies
- approved a series of amendments to existing manuals following commencement of statutory powers for charity registration to reflect the Commission's enhanced remit, for example the investigations manual
- approved procedures relating to registration, legal work, and casework covering mergers/closures, name change
- interim monitoring policy and programme requirements and amendments to interim reporting requirements to comply with new SORP from January 2015.

In addition, Board members were updated at each Board meeting throughout the year on the use of the Commission's statutory powers relating to specific casework, including the completion of four inquiries under section 22 of the Charities Act (Northern Ireland) 2008, as well as the first use of cy-près powers and first refusals of charity registration applications. During the year the Board made use of various Task and Finish groups comprised of Commissioners and staff to look in detail at the development of policies and procedures including risk management.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee was established in June 2009. The committee supports the Board and the Accounting Officer in their responsibilities regarding issues of risk, control and governance, and associated assurances. During the period under review its oversight role included, but was not limited to, internal and external audit, the Commission's financial statements, and risk management. The executive reports risks to the Audit and Risk Assurance Committee who review and challenge the assessment and planned measures before reporting to the Board on governance matters and, in particular, risk management issues. Risk is reviewed and discussed at each meeting by the Audit and Risk Assurance Committee and, in turn, they inform the Board of any emerging issues which are then discussed.

The committee undertook its annual self-assessment in November 2014 using the National Audit Office Checklist. In broad terms the committee were content with their approach and were aware the process for a replacement independent member was underway by DSD. In terms of areas under their control, the committee noted various conclusions and recommendations on the checklist and a number of actions were identified including:

- further work required on articulating risks and a Task and Finish group was proposed to focus on articulation of risks and outcomes in the corporate risk register, and improving focus on a number of key risks
- a list of action points should be circulated to members by email within three working days of a committee meeting
- to consider over next 12-18 months what would deliver sufficient IT assurance via Audit and Risk Assurance to the Board
- increasingly tight timeframes make it difficult to view audit strategies before external audit work commences, but the committee noted the willingness of external auditors to continue to share information at meetings as and when relevant.

The committee also undertook its annual review of its Terms of Reference in light of new HM Treasury Audit & Risk Assurance Committee Handbook. A revised Terms of Reference was submitted to and agreed by the Board at its meeting in March 2015.

During the year the Committee received independent assurance from Internal Audit which was provided by the Internal Audit function of the Department for Social Development (DSD). Representatives of Internal Audit attended all four Audit Committee meetings during the 2014-15 year.

This was the second year of a three year Internal Audit Strategy, which was supported by an Audit Plan for 2014-15, that included two phases of audit work during the year. This coordinated with the work of external audit. The areas audited during the year in line with the agreed Audit Plan for 2014-15 were:

- **Phase 1** - Risk Management, Information Risks, Advice and Guidance, Investigations and the organisation's core systems in relation to the Commission's finance function.
- **Phase 2** - IT Development and Service Migration, Registration of Charities, Compliance and Monitoring and Previous Recommendations.

At the time of compiling this statement Internal Audit had concluded their report on their 2014-15 audit work. All reports received included findings of a 'satisfactory assurance' rating, reflecting the view that management had established a satisfactory system of internal control to mitigate risks relating to the activities examined. There were no category 1 recommendations.

Although the Audit and Risk Assurance Committee may commission reports on specific issues, this was not felt necessary during the year under review. The Audit and Risk Assurance Committee also considered the systems and controls in place to protect information and no data handling issues that required notification to the regulator were identified. Quarterly information assurances were completed and forwarded to the Departmental Senior Information Risk Officer and an annual SMRO report was submitted to DSD to inform the overall report to the Cabinet office on Information Risk Management.

During the year under review the NIAO attended all four committee meetings. The committee considered the 2013-14 NIAO Report to Those Charged with Governance which indicated no significant audit judgements were made in reaching their audit opinion on the 2013-14 financial statements. Having reviewed the accounting policies, the NIAO were content at their appropriateness, no significant issues were identified regarding regularity, and the audit did not identify any significant internal control weaknesses. The report also stated that in the NIAO opinion, in all material respects expenditure and income had been applied to the purposes intended by the Assembly and the financial transactions conformed to the authorities which govern them. The 2013-14 financial statements were laid before the Assembly in July 2014.

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

Committee member	Number of meetings attended
Philip McDonagh, Chair, Commissioner	4 out of 4
Norman Bennett Commissioner	4 out of 4
Brenda Maitland Commissioner	4 out of 4
Graeme Allen, NIHE Independent Member of Committee	2 out of 3
Kieran Donaghy, NIHE Independent Member of Committee	1 out of 1

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 oversaw the first phase of a strategic review covering the entire Commission staff handbook. The committee made recommendations to the Board on changes to existing human resources policies, in particular on attendance management, disciplinary, dignity at work, grievance and uniform appeals policies. The Committee reviewed HR support arrangements as the Commission does not have a dedicated HR resource inhouse and noted the risks posed to the organisation in having a bespoke set of policies and terms and conditions as outlined in the staff handbook. The committee also considered the results of the annual staff survey, staff appraisal scores, evaluation of training and development activities, and agreed a series of steps towards development of a HR strategy to underpin the medium to long term development of the organisation.

Attendance at Human Resources and Remuneration Committee meetings during the year was as follows:

Committee member	Number of meetings attended
Walter Rader, Chair, Commissioner	3 out of 3
Rosemary Connolly, Legal Commissioner	3 out of 3
Geraldine Donaghy, Commissioner	3 out of 3



Risk and control framework

The Commission's approach to risk management and internal control is proactive and reflects reviews and assurances at various levels within the organisation. During 2014-15, the Commission sought to enhance the top down/bottom up identification and consideration of risk within the organisation through wider application of assurance checking to reflect developments in the statutory remits of the Commission and development of a middle managers forum. In addition the Commission used its approach to risk management to ensure audit resources were detailed to areas of perceived serious and treatable risks. Significant time and effort was given to addressing all audit recommendations and updating the Audit and Human Resources and Remuneration Committees on progress. The systems in place included:

- a risk policy that specifically required identification of risks, an assessment of their impact and an action plan that accorded ownership, was time bounded and monitored regularly
- monthly review of the Corporate Risk Register by senior management team and sign off by the Chief Executive
- signed monthly assurance reports and statements by management along with monthly review of risks by middle management relating to various project and programme team risk registers
- quarterly stewardship statements to the sponsor department which were informed by business level assurance statements
- bi-monthly review of the Corporate Risk Register with sponsor branch at liaison meetings
- consideration and updating of the Risk Register as a standing item on Audit and Risk Assurance Committee and at subsequent Board meetings
- annual fundamental review of the risk policy and organisational appetite linked to Business Plan objectives
- assurance framework covering all policies and procedures subject to various monthly, quarterly and annual checks, which inform the overall stewardship statement by the Accounting Officer
- annual internal and external audit programme, which are informed by a review of strategic business risks.

Although the Corporate Governance in Central Government Departments Code of Good Practice (NI) 2013 is for central government departments, the Commission's own governance policies comply with the principles of this central government code. The Commission's Board Terms of Reference, Code of Conduct and Standing Orders, in conjunction with its MSFM, set out the roles, duties, procedures and values of the organisation's governance function. Ongoing training and development for Board members was undertaken during the year, including sessions on public accountability and governance, risk assurance and a legal symposium.

As part of the Commission's corporate planning process, the Commission identified the inherent risk appetite for each corporate objective. In addition it assessed each policy and procedure for impact and likelihood using a risk matrix to provide an overview of key areas of risk, and levels of assurance checking were assigned for progression and monitoring.

Significant control/governance issues

The Commission's assessment of the risk environment was significantly reconfigured at the start of the year, with only two out of twelve risks carried over into the register covering the 2014-15 business plan. The inherent and residual risk assessments, and mitigating actions to reduce all risks, were regularly discussed by the Audit Committee and put into practice by the executive.

During the year the register included a small number of risks in the highest category in the risk register. These related to overall budget (in the context of decreasing available government resources), development of ICT systems, and statutory charity registration and availability of adequate related resources. One of these materialised during the year ie the risk of insufficient progress on populating the charity register. The factors contributing to this included constraints on Commission staffing, lack of knowledge and preparation for registration on the part of charities and the significant impact of a large volume of delayed/poor quality applications. Following assessment and implementation of mitigation actions a mid-year revised management target of 1,300 decisions was met.

To address perceived risks arising from having adopted a bespoke set of HR policies and terms & conditions as set out in the staff handbook, the Audit and Risk Assurance Committee recommend to the Board that the Human Resources and Remuneration Committee examine the costs/benefits to the Commission of adopting terms and conditions that align as closely as possible with those used by the Northern Ireland Civil Service. Risks related to resourcing that the Audit Committee considered included delays in formal confirmation of the Commission's 2014-15 budget, and responding to potential resource reductions signalled by the sponsor department in light of public warnings about the Northern Ireland Executive's financial position. In relation to this risk the Audit Committee initiated a budget contingency plan exercise that was considered by the Board. Other risks that increased during the year included the development of the IT systems in light of delays experienced by the delivery partner in progressing their own initial development work upon which the Commission intended to piggy back. By year end actions to mitigate this proved effective.

As in the previous year, there was a significant risk to a business plan commitment to develop compliance monitoring, in light of the continuing absence of Departmental regulations on accounting and annual reporting for charities. During the year the Commission recommended to its sponsor branch that risks related to the absence of these regulations should be reflected in the Department's register. At year

end the Department confirmed it intended to put these much needed regulations in place in 2015-16. Although such external factors lie outside of the organisation's internal control mechanisms, the risk framework has included mitigating actions where feasible. These have included relying on the legal provision that allows the Commission to introduce an interim annual return requirement to enable ongoing work on compliance and charity governance.

Review of effectiveness of internal control

As Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, those within the organisation who have responsibility for the development and maintenance of the organisation's internal control framework, and comments made by external auditors in their Report to Those Charged with Governance.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In respect of 2014-15 I have been informed by internal audit on the adequacy and effectiveness of internal controls operating within the Charity Commission for Northern Ireland. In the internal auditors' report they have stated that, in their opinion, the Commission's internal control systems were adequate and operated effectively thereby providing satisfactory assurance regarding the effective and efficient achievement of the Commission's objectives.

Signed



Frances McCandless

Chief Executive

Date: 19 May 2015

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 2015 under the Charities Act (Northern Ireland) 2008. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the 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 audit, 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 Auditing Practices Board'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 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 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 2015 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 for Social Development 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

27 May 2015

15. Statement of comprehensive net expenditure

For the year ended 31 March 2015

		2014-15	2013-14
	Notes	£	£
Expenditure			
Staff costs	2a	1,173,125	995,416
Commissioners' remuneration	2b	20,700	19,921
Depreciation	3	76,035	64,952
Other expenditure	3	462,365	322,861
Notional costs	4	15,236	14,305
Net expenditure			
Reversal of notional costs	4	1,747,461 (15,236)	1,417,455 (14,305)
Other comprehensive expenditure		1,732,225	1,403,150
Net loss/(gain) on revaluation of property, plant and equipment	5	(2,822)	7,314
Net loss/(gain) on revaluation of intangible assets	6	(3,117)	14,669
Total comprehensive expenditure for the year ended 31 March 2015		1,726,286	1,425,133

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 56 to 72 form part of these accounts.

16. Statement of financial position

As at 31 March 2015

	Notes	2015 £	2014 £
Non-current assets:			
Property, plant and equipment	5	86,592	116,004
Intangible assets	6	471,238	363,074
<i>Total non-current assets</i>		557,830	479,078
Current assets:			
Trade and other receivables	8	14,537	18,867
Cash and cash equivalents	9	226,469	174,983
<i>Total current assets</i>		241,006	193,850
Total assets		798,836	672,928
Current liabilities			
Trade and other payables	10	(262,114)	(248,795)
Provisions	11	(38,353)	-
<i>Total current liabilities</i>		(300,467)	(248,795)
Non-current assets less net current liabilities		498,369	424,133
Total assets less liabilities		498,369	424,133
Taxpayers' equity			
Revaluation reserve		14,388	8,449
General reserve		483,981	415,684
		498,369	424,133

The financial statements on pages 52 to 55 were approved by the Board on 18 May 2015 and were signed on its behalf by:


Frances McCandless
 Chief Executive
 Charity Commission for Northern Ireland
 Date: 19 May 2015


Tom McGrath
 Chief Commissioner
 Charity Commission for Northern Ireland
 Date: 19 May 2015

17. Statement of cash flows

For the year ended 31 March 2015

		2014-15	2013-14
	Notes	£	£
Cash flows from operating activities			
Net expenditure		(1,732,225)	(1,403,150)
Adjustments for non-cash transactions			
(Increase)/Decrease in trade and other receivables		4,330	(7,296)
Increase/(Decrease) in trade and other payables		26,447	160,757
Increase/(Decrease) in provisions		38,353	
Depreciation charge	5+6	76,035	64,952
Net cash outflow from operating activities		(1,587,060)	(1,184,737)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(9,577)	(40,006)
Purchase of intangible assets	6	(139,271)	(332,402)
Increase/(Decrease) in Capital Payables	10.1	(13,128)	128,368
Net cash outflow from investing activities		(161,976)	(244,040)
Cash flows from financing activities			
Grants from sponsor Department - DSD		1,800,522	1,571,856
Net financing		1,800,522	1,571,856
Net Increase/(Decrease) in cash and cash equivalents in the period		51,486	143,079
Cash and cash equivalents at the beginning of the period		174,983	31,904
Cash and cash equivalents at the end of the period	9	226,469	174,983

The notes on pages 56 to 72 form part of these accounts.

18. Statement of changes in taxpayers' equity

For the year ended 31 March 2015

Notes	SoCNE reserve £	Revaluation reserve £	Total reserves £
Balance at 31 March 2013	246,978	30,432	277,410
Changes in Taxpayers' Equity 2013-14			
Total comprehensive expenditure	(1,403,150)	(21,983)	(1,425,133)
Total recognised income and expenditure for 2013-14	(1,403,150)	(21,983)	(1,425,133)
Grants from sponsor Department - DSD	1,571,856	-	1,571,856
Total grant from sponsor Department	1,571,856	-	1,571,856
Balance at 31 March 2014	415,684	8,449	424,133
Changes in taxpayers' equity 2014-15	(1,732,225)	5,939	(1,726,286)
Total comprehensive expenditure	(1,732,225)	5,939	(1,726,286)
Total recognised income and expenditure for 2014-15	(1,732,225)	5,939	(1,726,286)
Grants from sponsor Department - DSD	(1,800,522)	-	(1,800,522)
Total grant from sponsor Department	1,800,522	-	1,800,522
Balance at 31 March 2015	483,981	14,388	498,369

The notes on pages 56 to 72 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 2014-15 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 had been credited directly to the Income and Expenditure Reserve. Capital grant-in-aid has been credited to the Income and Expenditure Reserve.

1.3 Property, plant and equipment

Expenditure on property, plant and equipment of £1,000 or more is capitalised. On initial recognition, assets are measured at cost including any costs attributable to bringing them into working condition. Individual assets may be grouped together where deemed significant.

1.4 Intangible assets

Expenditure on intangible assets, which are primarily the Commission's database, CRM system and the online annual reporting application and the associated costs of implementation, are capitalised where the cost is £1,000 or more.



1.5 Depreciation

Non-current assets, with the exception of leased assets, are depreciated on a straight line basis in order to write off the cost, less estimated residual value of each asset over its expected useful life at the following rates.

●	Furniture, fixtures and fittings	20% per annum
●	Equipment	25% per annum
●	Information technology	25% per annum
●	Charity Commission database	10% per annum
●	CRM system	10% per annum
●	Annual reporting application	10% per annum
●	Leased equipment	Period of Lease
●	Buildings under lease	Period of Lease
●	Leasehold improvements	Period of Lease

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as non-current assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in current liabilities net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period. Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Impairments

The value of non-current assets is reviewed at the end of each full financial year after acquisition for evidence of reduction in value. Where impairment is identified that is attributable to the clear consumption of economic benefit, the loss is charged to the Statement of Comprehensive Net Expenditure. Impairment reviews will also take place in other periods if events or changes in circumstances occur which indicate that the carrying values may not be recoverable.

1.8 Foreign currencies

There were no foreign currencies purchased during 2014-15. Any monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. Translation differences are dealt with in the Statement of Comprehensive Net Expenditure.



1.9 Value added tax

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

1.10 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 of pensions can be found in the Remuneration Report and in the Notes to the accounts.

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 2015

The Commission has reviewed the standards, interpretations and amendments to published standards that became effective during 2014-15 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 2014, 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 2015. The reserves of the Commission are non-distributable.

1.18 Revaluation reserve

All property, plant and equipment and intangible assets are carried at fair value and any revaluation of assets are taken to the revaluation reserve. The Commission's assets are re-valued annually on the basis of appropriate indices from the Office for National Statistics.

1.19 Provisions

The Commission makes provision for liabilities and charges where, at the Statement of Financial Position date, a legal or constructive liability exists (that is a present obligation from past events), where the transfer of economic benefits is probable and a reasonable estimate can be made. IAS 37 requires that where the effect of the time value of money is material the amount of a provision should be the present value of the expenditures expected to be required to settle the obligation. Where cash flows have been adjusted for risk the standard requires the use of a risk free discount rate.

2. Staff numbers and related costs

2(a). Staff costs comprise:

	2014-15			2013-14
	Permanently employed staff £	Others £	Total £	Total £
Wages and salaries	893,110	79,316	972,426	841,019
Social security costs	61,972	-	61,972	47,540
Other pension costs	138,727	-	138,727	106,857
Total staff costs	1,093,809	79,316	1,173,125	995,416

During 2014-15 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). Other staff costs relate to temporary agency staff employed within the Commission during 2014-15.

2(b). Commissioners' costs comprise:

	2014-15			2013-14
	Permanently employed staff £	Others £	Total £	Total £
Commissioners' remuneration	20,700	-	20,700	19,921



2(c). Average number of persons employed

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

	2014-15			2013-14
	Permanently employed staff	Others	Total	Total
Directly employed	25	6	31	32

2(d). Pension

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes but the Commission is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2015.

For 2014-15, employers' contributions of £126,758 were payable to the NICS pension arrangements (2013-14 £92,545) at one of four rates in the range 18% to 25% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2015-16, the new rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £12,326 (2013-14 £10,940) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 13% (2013-14 3% to 13%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £954, 0.8% (2013-14 £907, 0.8%) of pensionable pay, were payable to the PCSPS(NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the reporting period date were £nil. Contributions prepaid at that date were £nil.



3. Other expenditure

Commission costs:	2014-15	2013-14
	£	£
Rent and service charges	34,093	34,093
Rates	10,251	9,308
Maintenance and repairs	5,815	9,005
Cleaning	6,007	5,980
Telephone and postage	23,979	16,056
Heat, light and power	6,956	5,948
IT Support	13,430	17,344
Stationery & consumables	13,872	8,551
Publicity, printing and advertising	4,559	12,786
Staff/Commissioners' training	57,204	19,688
Travel and subsistence	17,465	12,727
Conference fees	2,289	5,345
Recruitment costs	2,541	14,554
Events & hospitality	5,777	3,150
Legal & professional fees	175,012	70,556
Miscellaneous expenses	20	23
Membership and licence fees	8,554	5,553
Commission library costs	747	3,132
Charity register maintenance	61,620	52,830
Minor equipment	1,297	4,305
Computer software	1,170	230
Communication and research costs	9,707	11,697
Total	462,365	322,861
Non-cash items	76,035	64,952
Depreciation	538,400	387,813

4. Notional Costs

Notional costs incurred during the year relate to:	2014-15 £	2013-14 £
Audit fee	10,500	9,697
Internal audit Fee	4,736	4,608
Total	15,236	14,305

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.

5. Property, plant and equipment

2014-15	Buildings £	Furniture & fittings £	Information technology £	Total £
Cost or valuation	134,872	37,918	36,825	209,615
At 31 March 2014	9,577	-	-	9,577
Additions	4,202	1,303	1,439	6,944
Revaluations				
At 31 March 2015	148,651	39,221	38,264	226,136
Depreciation				
At 31 March 2014	60,960	15,378	17,273	93,611
Charged in year	28,892	7,584	5,335	41,811
Revaluations	3,105	794	223	4,122
At 31 March 2015	92,957	23,756	22,831	139,544
Net book value at 31 March 2015	55,694	15,465	15,433	86,592
Net book value at 31 March 2014	73,912	22,540	19,552	116,004
2013-14	Buildings £	Furniture & fittings £	Information technology £	Total £
Cost or valuation				
At 31 March 2013	125,779	31,340	25,760	182,879
Additions	16,800	8,745	14,461	40,006
Revaluations	(7,707)	(2,167)	(3,396)	(13,270)
At 31 March 2014	134,872	37,918	36,825	209,615
Depreciation				
At 31 March 2013	36,767	8,880	12,729	58,376
Charged in year	27,677	7,377	6,137	41,191
Revaluations	(3,484)	(879)	(1,593)	(5,956)
At 31 March 2014	60,960	15,378	17,273	93,611
Net book value at 31 March 2014	73,912	22,540	19,552	116,004
Net book value at 31 March 2013	89,012	22,460	13,031	124,503

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 represent the integrated IT system in the Commission to facilitate the registration and regulation of charities. The integrated IT system comprises:

- the Commission's registration database
- a Customer Relationship Management (CRM) software package
- a new website
- an online application for submitting annual returns and the associated costs of implementation.

Database

The Commission's charity register database was brought into use in June 2011. Legislation amending the registration requirements was put in place in January 2013 and registration applications went fully 'live' in December 2013.

CRM

CRM was initially configured to manage registration workflows and this element of the software package was 'operational' during 2014-15 and was amortised in the 2014-15 financial year. Further development of CRM is ongoing to allow other workflows to be incorporated into the software package. At 31 March 2015 some of these workflows remained under development and have not been amortised in the 2014-15 financial year.

Annual return

The annual reporting module was developed during the year to allow organisations to submit returns using an online form. This remained under development at 31 March 2015 and as a result has not been amortised in 2014-15.

The outstanding CRM workflows and the annual reporting module were in development user testing at the year end, with plans to be operational in the 2015-16 financial year.

2014-15	Database	CRM operational	CRM in development	Annual return	Total £
Cost or valuation					
At 1 April 2014	217,542	204,033	-	-	421,575
Additions	-	22,709	64,562	52,000	139,271
Revaluations	2,254	2,349	-	-	4,603
At 31 March 2015	219,796	229,091	64,562	52,000	565,449
Amortisation					
At 1 April 2014	58,501	-	-	-	58,501
Charged in year	21,754	12,470	-	-	34,224
Revaluation	1,357	129	-	-	1,486
At 31 March 2015	81,612	12,599	-	-	94,211
Net book value at 31 March 2015	138,184	216,492	64,562	52,000	471,238
Net book value at 31 March 2014	159,041	204,033	-	-	363,074
2013-14	Database	CRM operational	CRM in development	Annual return	Total £
Cost or valuation					
At 1 April 2013	237,607	-	-	-	237,607
Additions	-	204,033	-	-	204,033
Revaluations	(20,065)	-	-	-	(20,065)
At 31 March 2014	217,542	204,033	-	-	421,575
Amortisation					
At 1 April 2013	40,137	-	-	-	40,137
Charged in year	23,761	-	-	-	23,761
Revaluation	(5,397)	-	-	-	(5,397)
At 31 March 2014	58,501	-	-	-	58,501
Net book value at 31 March 2014	159,041	204,033	-	-	363,074
Net book value at 31 March 2013	197,470	-	-	-	197,470

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 Commission's expected purchase and usage requirements and the Commission is therefore exposed to little credit, liquidity or market risk.

8. Trade and other receivables

Amounts falling due within one year:	2014-15	2013-14
	£	£
Prepayments and accrued income	14,537	16,153
Other receivables	-	2,714
Total	14,537	18,867

In September 2012, when the pension scheme began for the organisation, the Commission gained approval to pay employee backdated pension contributions on behalf of its staff. A repayment schedule was agreed and this was fully repaid during 2014-15. During 2014-15 an underpayment of employee national insurance contributions and pension payments relating to previous years were identified. The Commission paid these on behalf of its employees and a repayment schedule was agreed. These were fully repaid during 2014-15. Details of the amounts are included in note 14, Related party transactions.



9. Cash and cash equivalents

	2014-15 £	2013-14 £
Amounts falling due within one year:		
Balance at 1 April	174,983	31,904
Net change in cash and cash equivalent balances	51,486	143,079
Balance at 31 March	226,469	174,983
The following balances at 31 March were held at: Commercial banks and cash in hand	226,469	174,983
Balance at 31 March	226,469	174,983



10.1 Trade and other payables

Amounts falling due within one year:	2014-15	2013-14
	£	£
Trade payables	-	-
Capital payables	116,562	129,690
Pension	11,019	17,209
Other Tax and Social Security	18,614	-
Accruals and deferred income	115,919	101,896
	262,114	248,795

10.2 Public Sector payment policy - measure of compliance

The Department requires that the Commission pay their non Commission Trade Creditors in accordance with the Account NI Prompt Payment Code and Government Accounting Rules. The Commission payment policy is consistent with the Accounts NI Prompt Payment codes and Government Accounting rules and its measure of compliance for invoices paid 1 April 2014 to 31 March 2015.

	2014-15		2013-14	
Total invoices in accounting period	789		838	
Invoices paid within 10 days	772	97.9%	813	97%
Invoices paid 10 - 30 days	16	2.0%	25	3.0%
Invoices paid over 30 days	1	0.1%	0	0%

11. Provision for liabilities and charges

	2014-15	2013-14
	Legal Costs	Legal Costs
	£	£
Balance at 1 April 2014	-	-
Provided in the year	38,353	-
Provisions not required written back	-	-
Provisions utilised in the year	-	-
Balance at 31 March 2015	38,353	-

The Commission has included provisions for the future legal costs associated with existing legal cases that are listed with the Charity Tribunal.

12. Commitments under leases

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

	2014-15 £	2013-14 £
Buildings:		
Not later than one year	34,093	34,093
Later than one year and not later than five years	17,047	51,140
Later than five years	-	-
Total	51,140	85,233

	2014-15 £	2013-14 £
Other:		
Not later than one year	1,063	-
Later than one year and not later than five years	620	-
Later than five years	-	-
Total	1,683	-

The Charity Commission for Northern Ireland had no commitments under finance leases at the statement of financial position date (2014: £nil).

13. Capital commitments

The Charity Commission for Northern Ireland had no capital commitments at the statement of the financial position date (2014: £49,000).

	2014-15 £	2013-14 £
Property, plant and equipment	-	-
Intangible assets	-	49,000
Total	-	49,000



14. 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 £1,800,522 from the sponsor department. The Commission also paid £142,303 to DSD during 2014-15 for seconded staff members.

During the 2014-15 financial year the Commission had related party transactions with its staff for staff loan schemes relating to employee pension backdated payments and underpayment of National Insurance contributions. The loans for backdated employee pensions were necessary due to the delay in agreeing a pension scheme for employees and the outstanding contributions that had accrued as a result. The scheme included amounts to the Senior Management Team (SMT) and other employees. The underpayment in National Insurance contributions occurred when employees were categorised incorrectly. During the year £3,306 was loaned by the Commission and this was fully repaid at 31 March 2015.

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

15. Contingent liabilities

The Charity Commission for Northern Ireland had no contingent liabilities at 31 March 2015 (2014: £nil).

16. Losses and special payments

The Charity Commission for Northern Ireland has experienced no losses.

The Charity Commission made one ex gratia payment in 2014-15. Details of the payment have not been included in the accounts for confidentiality reasons. Managing Public Money (NI) specifies a limit, however, as the payment was for less than this a disclosure note has not been included.

17. Events after the reporting period

There were no events after the reporting period, as defined by IAS 10, between the statement of financial position date and the date the accounts were signed. The accounts were authorised for issue on 18 May 2015.

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. The Charity Commission for Northern Ireland shall prepare accounts for the financial year ended 31 March 2015 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 2015 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.





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