



Department for  
**Communities**  
[www.communities-ni.gov.uk](http://www.communities-ni.gov.uk)

# **CHARITABLE DONATIONS**

## **AND BEQUESTS**

**Annual Report**

***to 31 March 2017***

# **Charitable Donations and Bequests**

**for the year ended 31 March 2017**

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

15 March 2018



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## **Charitable Donations and Bequests Accounts for the year ended 31 March 2017**

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# **CHARITABLE DONATIONS AND BEQUESTS ACCOUNT**

## **STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES**

### **Foreword**

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

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

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

### **Statement of Responsibilities of the Accounting Officer**

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

The relevant responsibilities of the Department's Accounting Officer, including his responsibility for the propriety and regularity of the finances for which he is

answerable and for keeping of proper records are set out in the Accounting Officer's Memorandum issued by the Department of Finance (Northern Ireland) and published in *Managing Public Money Northern Ireland*.

# **GOVERNANCE STATEMENT**

## **1 Introduction**

The Governance Statement for DfC has been compiled from work throughout the year to support stewardship, management and control of the Department. It supplements the annual accounts and explains the framework of governance and risk management operated in support of my role as Departmental Accounting Officer.

## **2 DfC Governance Framework**

### **2.1 Overview of Arrangements**

DfC has a corporate governance framework which specifies organisation and governance structures; roles and responsibilities of those charged with governance; and key internal control, risk management and assurance arrangements. The framework reflects the key principles of good practice set out in "Corporate Governance in Central Government Departments: Code of Good Practice NI 2013" (the Corporate Governance Code).

The Department operates under the direction and control of the Minister for Communities. The Minister is responsible and accountable to the Assembly for the policies, programmes and actions of the Department. As Permanent Secretary for DfC I am the Minister's principal adviser as well as the administrative head of the Department and the Departmental Accounting Officer. As Accounting Officer I am personally responsible and accountable for the effective management and organisation of the Department, the efficient and effective use of its resources and the stewardship of its assets.

I am assisted in my role as Accounting Officer by a Departmental Management Board. The Board is supported in its role by a Departmental Audit and Risk Assurance Committee and an Information Assurance Committee.

### **3 Risk Management Arrangements**

#### **3.1 Overview**

DfC's Risk Management Framework forms part of the Department's corporate governance system and facilitates compliance with Corporate Governance Code. The framework outlines the Department's approach to risk management and sets out key roles/ responsibilities, risk management processes and reporting procedures.

The framework assists the Department with the identification and management of issues which may hinder the achievement of objectives. It provides a systematic approach that supports improved decision-making, accountability and performance as well as fostering an environment of 'no surprises'. The risk management process is integrated with normal management processes and informs the annual business planning cycle linking risk management and internal control with the Department's ability to fulfil its business objectives.

The Board has agreed its risk appetite which is reflected in risk management tools that are used within the Department. This allows risk owners to establish controls and manage risks in line with Board expectations. The Department maintains risk registers at branch, divisional and corporate level and adopts an escalation methodology informed by the significance of the risk.

### **4 Significant Issues**

The DfC Head of Governance provides a quarterly Risk & Assurance Report to DARAC. The report summarises key risks and issues across the Department along with exceptions/material concerns identified through the Department's integrated assurance process. The Department's integrated assurance process facilitates the capture of exceptions/material concerns both within the Department and in respect of ALBs. Limited audit opinions and outstanding PAC recommendations are also monitored along with fraud and whistleblowing cases.

The most significant issues during 2016-17 related to the areas detailed below:

#### Northern Ireland Central Investment Fund for Charities (NICIFC)

The Department is responsible for administering the NICIFC which, as a charity, is required to register with the Charity Commission for Northern Ireland (CCNI). DfC is the sponsor Department for CCNI.

The Department has engaged with CCNI during 2016-17 on arrangements for managing any perceived conflict of interest in respect of the Department's role as sponsor for CCNI. Pending this no new members have been admitted to the NICIFC.

In order to demonstrate the segregation of duties within DfC and to mitigate the perceived conflict of interest a policy document was drafted which sets out the respective roles of the Financial Management Directorate (responsible for administering the NICIFC), the Voluntary and Community Directorate (sponsor body partner to CCNI) and CCNI with regard to sponsorship of charities and resolution of disputes. This document was approved by the CCNI board on 18 September 2017.

There are therefore no longer any obstacles to NICIFC registering as a charity with CCNI and the Fund was reopened to new investment on 11<sup>th</sup> October 2017.

## **5 Conclusion**

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



**Leo O'Reilly**  
**Accounting Officer**

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

I certify that I have audited the financial statements of the Charitable Donations and Bequests for the year ended 31 March 2017 under the Charities Act (Northern Ireland) 1964. The financial statements comprise: the Receipts and Payments Account, Statement of Balances and the related notes. These financial statements have been prepared under the accounting policies set out within them.

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

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they properly present the receipts and payments during the year. My responsibility is to audit, certify and report on the financial statements in accordance with the Charities Act (Northern Ireland) 1964. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the 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 Charitable Donations and Bequests' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Charitable Donations and Bequests; and the overall presentation of the 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 receipts and payments 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 receipts and payments 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 properly presents the receipts and payments of Charitable Donations and Bequests for the year then ended and the cash balances as held at 31 March 2017; and
- the financial statements have been properly prepared in accordance with the Charities Act (Northern Ireland) 1964 and Department of Finance directions issued thereunder.

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

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

- adequate accounting records have not been kept; or
- the financial statements 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'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*

*13 March 2018*

**Account of Receipts and Payments for the year ended 31 March 2017  
of the Department for Communities in connection with the  
administration of Charitable Donations and Bequests.**

	<b>2016-17</b>	2015-16
	£	£
<b><u>Receipts</u></b>		
Repayment of temporary investments in Consolidated Fund	266	503
Consolidated Stock interest	-	92
Northern Ireland Central Investment Fund for Charities dividends	266,373	279,367
Consolidated Fund interest	-	1
	<u>266,639</u>	<u>279,963</u>
<b><u>Payments</u></b>		
Payments to trustees, social administrators, beneficiaries and others	<u>265,768</u>	<u>276,338</u>
	<u>265,768</u>	<u>276,338</u>
Excess of receipts over payments/(excess of payments over receipts)	<u>871</u>	<u>3,625</u>
<b><u>Statement of Balances</u></b>		
Opening Bank balance	6,110	2,485
Excess of receipts over payments/(excess of payments over receipts)	<u>871</u>	<u>3,625</u>
<b>Closing Bank balance</b>	<b><u>6,981</u></b>	<b><u>6,110</u></b>

## NOTES TO THE ACCOUNT

### 1. Accounting Basis

1.1 This account has been prepared on a cash basis.

### 2. Receipts

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

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

### 3. Payments

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

### 4. Securities held

The following securities were held at 31 March 2017 in connection with the administration of charitable donations and bequests:

4.1 Consolidated Fund balance £0.00 (31 March 2016: £266.00).

4.2 Northern Ireland Central Investment Fund for Charities 649,373 shares with a value of £8,215,412.63 (31 March 2016: £7,152,307.27).

4.3 2 ½ % Consolidated Stock was redeemed by the Treasury in April 2015. The nominal value (£7,372.67) has been placed in the deposit account of the Supreme Court of Judicature (Northern Ireland) until further direction from the courts.

## 5. Suspended Dividends

5.1 On the advice of Voluntary & Community Policy & Innovation Unit dividend payments are suspended where the original nature of the donation or bequest has ceased to exist. The capital remains invested in the Fund and the dividends are not paid out until VCU Policy & Innovation Unit carry out a cy-pres scheme and advise the Department of the outcome. There are currently two charities whose funds are suspended (31 March 2016 three charities suspended).

	<b>2016-17</b>	2015-16
	£	£
Opening Balance	5,430.61	1,719.50
Additions (June & December Dividends)	1,830.89	1,985.53
Money returned from suspended fund bank account	951.00	1,725.58
Closing Balance	<u>6,310.50</u>	<u>5,430.61</u>