



Department for
Communities

An Roinn

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Department for

Commonities

www.communities-ni.gov.uk



Charitable Donations and Bequests

Annual Report and Accounts
for the year ended 31 March 2023



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Charitable Donations and Bequests

for the year ended 31 March 2023

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

12 April 2024

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Statement of Accounting Officer's Responsibilities

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

- i) where donations are transferred by the existing charity trustees under Section 15 of the 1964 Act
 - ii) when there is uncertainty concerning the continued operation of the charity concerned
 - iii) where the trusteeship of the Commissioners of Charitable Donations and Bequests was transferred to the then Ministry of Finance in 1922 on the setting up of the Northern Ireland Government.
- include the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
 - make judgements and estimates on a reasonable basis
 - state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the accounts
 - prepare the accounts on a going concern basis
 - confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

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

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

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

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

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

Governance Statement

Introduction

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

Governance Framework

Overview of Arrangements

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

The Department ordinarily operates under the direction and control of the Minister for Communities, who 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. Since 28 October 2022 when Ministers ceased to hold office I, as the administrative Head of the Department and the Departmental Accounting Officer, have made decisions in accordance with the guidance and principles laid out in The Northern Ireland (Executive Formation etc) Act 2022.

Management and Organisation of the Department

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

The Board is supported in its role by a Departmental Audit and Risk Assurance Committee (DARAC) and a number of Sub-Committees - the Departmental Information Assurance Committee (DIAC), the Policy & Strategy Sub-Committee (PSSC) and the People & Resources Sub-Committee (PRSC).

Board Performance and Effectiveness

Minutes of Board meetings are available at: <https://www.communities-ni.gov.uk/publications/departmental-management-board-minutes>

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

The Board undertakes an annual review of effectiveness in line with the Corporate Governance Code and its Operating Framework. Reviews consider the Board Operating Framework, the effectiveness of the Board's oversight of the important issues facing the Department and the quality of information available to the Board. Oversight of performance and Board culture are considered and reviews provide an opportunity for Board member self-assessment. Reviews also consider risk management arrangements in line with the requirement for annual review and the principle of comply or explain set out in the 'HM Government Orange Book: Management of Risk – Principles and Concepts.'

In line with best practice, the Board secures external input for the review of Board effectiveness every three years. External input on Board effectiveness was provided by a

Senior Civil servant during 2022-23 with positive findings presented to the Board. The annual review for 2022-23 confirmed Board effectiveness, compliance with the Board Operating Framework and the mandatory requirements of the HM Government Orange Book: Management of Risk – Principles and Concepts'.

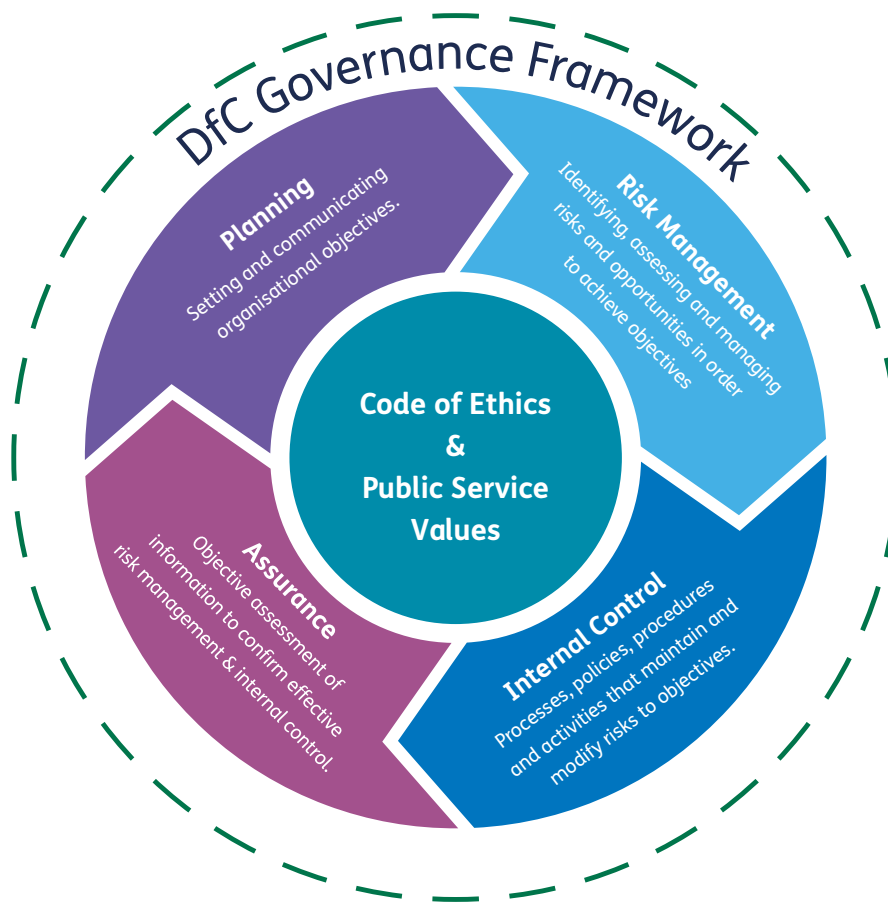
DARAC Review of Effectiveness

DARAC undertakes an annual review of effectiveness in line with recommended best practice. The 2022-23 review was undertaken using the NAO Audit and Risk Assurance Committee Effectiveness Checklist. DARAC met on 25 April 2023 to consider the Checklist, the impact and effectiveness of the Committee and compliance with good practice. The review allows DARAC to strengthen its approach, confirm best practice and focus on areas of greatest importance for the Department. The review confirmed DARACs effectiveness with some enhancement actions agreed.

Planning, Risk Management, Internal Control and Assurance

Planning, Risk Management, Internal Control and Assurance are interconnected components of the Department's governance arrangements with Code of Ethics and public service values at the centre of everything the Department does.

DfC Governance Framework



The Board has determined its risk appetite for each category of risk, taking account of the need for a balanced view to managing opportunity and risk, while recognising that Public Sector organisations cannot be successful if they are entirely risk averse.

The Department’s system of internal control is designed to maintain risk in line with the Board’s risk appetite in order to provide reasonable assurance of effectiveness.

Risk management and internal control arrangements are underpinned by a well-established Assurance Framework. This includes provision of quarterly Assurance Statements from Deputy Secretaries on their

risk management processes and internal control arrangements. Deputy Secretaries use their Assurance Statements to identify exceptions/material concerns within their Groups or the NDPBs for which they are responsible. Sponsorship arrangements are in place for each of the Department’s NDPBs and these arrangements, together with the NDPB biannual Assurance process, inform and support Deputy Secretary Assurance Statements.

DfC risk management arrangements are in line with the ‘HM Government Orange Book: Management of Risk – Principles and Concepts’ and the Corporate Governance Code with no departures to disclose.

Arrangements have been in place throughout 2022-23 and have operated up to the date of approval of the annual report and accounts.

The senior members of staff who lead the Department's approach to risk management are:



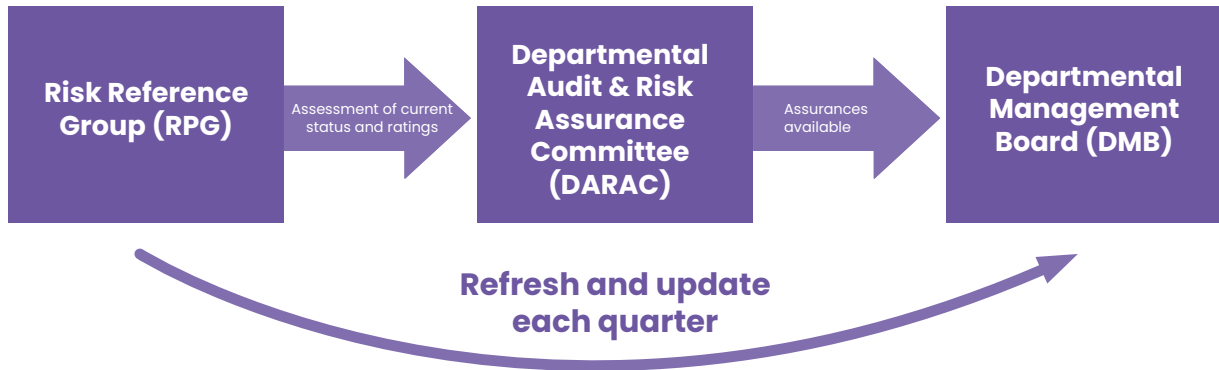
The main role of the Risk Reference Group is to support the identification, evaluation and management of the Principal and emerging

risks faced by the Department. Its functions include the following:

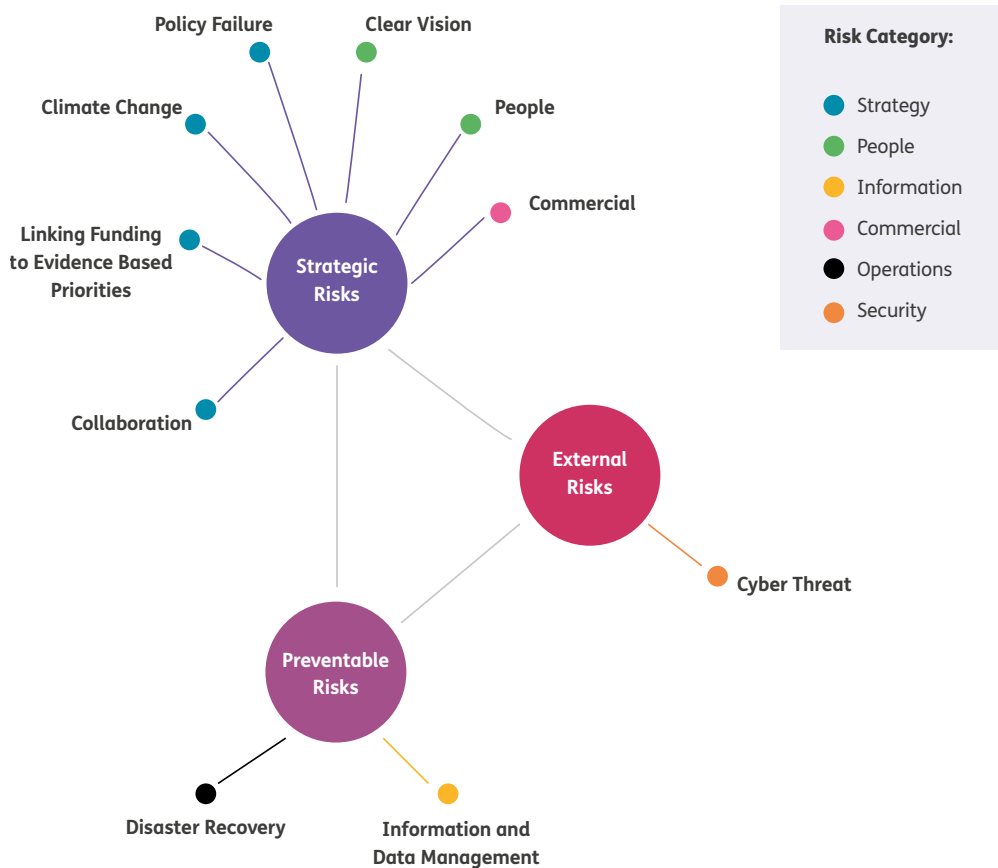


The Board undertakes a quarterly review of Principal risks, supported by the Risk Reference Group with DARAC providing an assessment of the effectiveness of risk

management arrangements and the adequacy and effectiveness of control processes for Principal risks.



Principal Risks actively monitored during 2022-23 were as follows:



Head of Internal Audit (HIA) Opinion

The 2022-23 Internal Audit Plan was approved by DARAC in March 2022 and is focused on priorities and key assurance requirements. Progress against the Plan is monitored by DARAC over the course of the year. In addition to planned audit assignments Internal Audit have responded to a range of consulting requests, requests for advice and guidance and have attended project boards and provided post-audit support. All of this work informs the Internal Audit opinion.

The HIAs overall opinion is based on internal audit activity carried out during 2022-23 and cumulative assurances derived from internal audit activity during the previous three- year period, with an overall ‘Satisfactory’ opinion provided for 2022-23.

The HIA also provides an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Department’s framework of governance, risk management and control. For 2022-23, the HIA provided an overall ‘Satisfactory’ opinion on the Department’s arrangements.

Other Assurances

In addition to assurances received from my Deputy Secretaries and the HIA, I receive an annual and mid-year inter-departmental report from the DoF HIA on shared services provided to NICS Departments by DoF. Through this report I note the status of all DoF Internal Audits completed in respect of DoF shared services. Additionally the DoF HIA has confirmed that there are no Internal Audit recommendations directed specifically at DfC. The DoF HIA has provided an overall ‘Satisfactory’ audit opinion in respect of DoF as a whole, incorporating DoF Shared Service business areas.

Fraud and Whistleblowing Arrangements

The Department’s Fraud Policy and Response Plan outlines responsibilities in respect of the prevention of fraud, bribery or serious irregularity within the Department and its NDPBs. It outlines procedures to be followed in the event of fraud being detected or suspected. The number of cases under enquiry or investigation are reported bi-annually to DARAC. Separate arrangements are in place for benefit related fraud.

The Department’s Raising Concerns (Whistleblowing) guidance and procedures explain how workers can raise concerns about potential wrongdoing and how anyone who is not a member of staff can raise concerns about the proper conduct of public business by the Department or its NDPBs. The number of Raising Concerns (Whistleblowing) matters under review are reported bi-annually to DARAC. In January 2023, the Head of the Civil Service launched the NICS Raising a Concern Policy Framework to provide an overarching approach to dealing with concerns raised within the NICS. NICS departments will review their procedures and align with the NICS Policy Framework by summer 2023.

Effectiveness of the Department’s System of Internal Control

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

through the assurance process, for consideration at each DARAC meeting. The Board receives a report from the DARAC Chair following each DARAC meeting outlining his assessment of the reliability and effectiveness of assurances available and highlighting areas for continued scrutiny. In addition, the DARAC Chair provides an annual report to the Board outlining the work undertaken by the Committee during the year and his assessment of assurances available on the effectiveness of risk management, control and governance across DfC. The DARAC Chair's annual report for 2022-23 was presented to the Board in May 2023 and provided positive assurance to the Board and Accounting Officer. As DfC Accounting Officer I am required to assess the effectiveness of the Department's system of internal control and confirm that it has operated effectively throughout the 2022-23 year. My assessment is informed by the DARAC Chair's Annual Report, the annual opinion from the HIA and the summary of Systems of Internal Control provided by the Governance Unit. I have concluded that the DfC system of internal control is effective and has been in operation throughout the 2022-23 financial year.

Key Risks and Issues

The most significant issues relating to the Department's business in 2022-23 and the current position on any issues highlighted in the 2021-22 Governance Statement are detailed below:

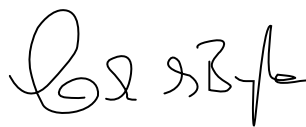
New Ways of Working and Post Pandemic Recovery

The Department has implemented the NICS Hybrid Working Policy which is now in operation across the business supported by new IT infrastructure and office environments.

Assurance and Recovery Arrangements have been established for DfC Covid Support Schemes. An implementation team is in place and work will be undertaken during 2023-24.

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.



Colum Boyle
Accounting Officer
Department for Communities
11 March 2024

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

Opinion on financial statements

I have audited the financial statements of the Charitable Donations and Bequests for the year ended 31 March 2023 by agreement with the Department for Communities. The financial statements comprise: the Receipts and Payments Account, Statement of Balances and the related notes, including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

In my opinion the financial statements:

- properly present the receipts and payments of the Charitable Donations and Bequests for the year ended 31 March 2023 and the balances held at 31 March 2023; and
- have been properly prepared in accordance with the Charities Act (Northern Ireland) 1964.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this audit report.

My staff and I are independent of Department for Communities in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Charitable Donations and Bequests' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

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

Other Information

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially

inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the information given in the Governance Statement and Statement of Accounting Officer's Responsibilities for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Charitable Donations and Bequests and its environment obtained in the course of the audit, I have not identified material misstatements in the Governance Statement and Statement of Accounting Officer's Responsibilities. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of the Accounting Officer Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements and for being satisfied that they properly present the receipts and payments during the year;
- such internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- assessing the Charitable Donations and Bequests' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by Charitable Donations and Bequests will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements of the Charitable Donations and Bequests' account by agreement with the Department for Communities.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement

when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Department for Communities through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included the Charities Act (Northern Ireland) 1964;
- making enquires of management and those charged with governance on Department for Communities compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of Charitable Donations and Bequests' financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular

areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud.;

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

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

In addition, 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.



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

10 April 2024

Account of Receipts and Payments for the year ended 31 March 2023 of the Department for Communities in connection with the administration of Charitable Donations and Bequests

	2022-23 £	2021-22 £
Receipts		
Northern Ireland Central Investment Fund for Charities dividends	216,406	216,406
Payments		
Payments to trustees, social administrators, beneficiaries and others	(212,232)	(227,603)
(Excess of payments over receipts) / Excess receipts over payments	4,174	(11,197)

	2022-23 £	2021-22 £
Statement of Balances		
Opening Bank balance	5,877	17,074
Closing Bank balance	10,051	5,877
(Excess of payments over receipts) / Excess receipts over payments	4,174	(11,197)

Notes to the Accounts

1. Accounting Basis

This account has been prepared on a cash basis.

2. Receipts

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

3. Payments

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

4. Securities held

4.1 The following securities were held at 31 March 2023 in connection with the administration of Charitable Donations and Bequests (CDB):

Northern Ireland Central Investment Fund for Charities 480,901 shares with a value of £7,035,389.27 (31 March 2022: 480,901 shares with a value of £7,576,787.62).

4.2 The Voluntary and Community Sector Engagement Unit within the Department has responsibility for the Charitable Donations and Bequests. This Unit is currently carrying out an assurance exercise, with regard to all of these donations and bequests.

As a result of this any donations and bequests that they determine they are not trustee of are transferred to their rightful trustee. There were no shares transferred between 1 April 2022 and 31 March 2023. (There were no shares transferred between 1 April 2021 and 31 March 2022).

5. Suspended Dividends

5.1 Dividend payments are suspended where the original nature of the donation or bequest has ceased to exist. The capital remains invested in the Fund and the dividends due are held by the Department until VCD carry out a cypres scheme and advise of the outcome. There are currently 4 charities whose funds are suspended (31 March 2022: 4 charities suspended). After consultation with VCD it was agreed that the suspended dividends would be reinvested back into the Northern Ireland Central Investment Fund for Charities.

5.2 Following the ongoing assurance exercise to validate the funds within the CDB, there are currently 18 funds (31 March 2022: 20 funds) that have been suspended pending further investigation.

5.3 The current balance of suspended dividends is:

	2022-23 £	2021-22 £
Opening Balance	5,282	16,479
Dividend Movement	4,174	(11,197)
Closing Balance	9,456	5,282

6. Events after the Reporting Period

The Accounting Officer authorised the issue of these financial statements on 10 April 2024.

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