



**DfC**

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



# Charitable Donations and Bequests Annual Report

for the year ended 31 March 2018



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**Department for Communities**

**Charitable Donations and Bequests  
for the year ended 31 March 2018**

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

23 August 2018



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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.

Under the Government Resource and Accounts Act (NI) 2001, the Department of Finance (DoF) has directed the Department

for Communities (DfC) to prepare 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:

- observe the Accounts Direction issued by DoF, 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 FReM have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

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/her stewardship, for keeping proper records and for safeguarding assets of the Department, are set out in Managing Public Money Northern Ireland (MPMNI) published by DoF.

# 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 is in line with the 'Corporate Governance in Central Government Departments: Code of Good Practice NI 2013' and is available at [www.communities-ni.gov.uk/publications/dfc-corporate-governance-framework](http://www.communities-ni.gov.uk/publications/dfc-corporate-governance-framework)

The Department operates under the direction and control of the Minister for Communities. The Minister is responsible and accountable to the Assembly for the policies, programmes and actions of the Department. As Permanent Secretary for DfC I am the Minister's principal adviser as well as the administrative head of the Department and the Departmental Accounting Officer.

The NI Assembly was dissolved from 26 January 2017 with an election taking place on 2 March 2017, on which date Ministers

ceased to hold office. An Executive was not formed following this election. As a consequence there has been no Minister for Communities during 2017–18.

I am required to disclose where I, as Accounting Officer, have sought formal Ministerial Direction to proceed where I believe I am being asked to take a course of action that could potentially result in irregular expenditure, impropriety or poor value for money. I can confirm that in the absence of a Minister for Communities no such direction was sought or given.

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 as a collegiate committee under my leadership.

The Board is supported in its role by a Departmental Audit and Risk Assurance Committee (DARAC) and an Information Assurance Committee (DIAC).

### 2.2 Board Performance and Effectiveness

Minutes of Board meetings are available at [www.communities-ni.gov.uk/publications/departmental-management-board-minutes](http://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.

Evaluation of Board effectiveness was undertaken following the end of 2017–18 in accordance with the Corporate Governance Code and the Board’s Operating Framework. The Board Effectiveness review encompassed: Performance Management; Control and Risk; Information; and Culture. It included assessment of the quality of information used by the Board and identification of areas for improvement.

The 2017–18 effectiveness review confirmed Board oversight of the important issues facing the Department, the quality of information available to the Board and Board compliance with the Corporate Governance Code.

### **2.3 DARAC Review of Effectiveness**

DARAC also undertook a review of effectiveness at the end of 2017–18 in line with recommended best practice. The review was undertaken using the NAO Audit and Risk Assurance Committee Effectiveness Checklist. This confirmed DARAC’s compliance with good practice and the strength of the DfC committee arrangements.

## **3. Risk Management Arrangements**

### **3.1 Overview**

DfC’s Risk Management Framework forms part of its corporate governance system and facilitates compliance with the Corporate Governance Code.

The Board considers its Risk Appetite against a range of risk categories on an annual basis. This allows Risk Owners to establish controls and manage risks in line with Board

expectations. The Board agrees the risks to be included in the Department’s Corporate Risk Register and assigns ownership for each corporate risk. The Corporate Risk Register is presented at each Board meeting and reviewed in detail on a quarterly basis.

### **3.2 Assurance Framework**

Part of the Department’s Risk Management process is an agreed Assurance Framework. This includes provision of quarterly Assurance Statements by Deputy Secretaries on their risk management processes and internal control arrangements. Deputy Secretaries use their Assurance Statements to identify any exceptions/material concerns within their Groups or the Arm’s Length Bodies (ALBs) for which they are responsible.

This integrated assurance process informs the work of the Department’s Governance Unit and supports the reporting process for DARAC.

### **3.3 Fraud and Whistleblowing Arrangements**

The Department’s Fraud Policy details responsibilities regarding the prevention of fraud, bribery or serious irregularity within the Department and its ALBs. The procedures to be followed in the event of any fraud being detected or suspected are detailed in the supporting Departmental Fraud Response Plan. Cases under enquiry or investigation are reported to DARAC and the Board on a quarterly basis.

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 sponsored bodies. DARAC and the Board are updated on Raising Concerns (whistleblowing) on a quarterly basis.

### 3.4 Head of Internal Audit Opinion

The Head of Internal Audit (HIA) provides an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Department's framework of governance, risk management and control. For 2017–18, the HIA provided an overall satisfactory opinion on the Department's arrangements.

Progress against the Annual Internal Audit Plan is monitored by DARAC and an audit database is used to monitor the implementation of outstanding internal audit recommendations where a limited or unacceptable opinion has been reported. The HIA provides an overall opinion based on work undertaken during the year. The HIA opinion for 2017–18 is 'Satisfactory'.

### 3.5 Key Risks and Issues

The Department's integrated assurance process facilitates the capture and reporting of exceptions/material concerns for both the Department and its ALBs. I receive a quarterly report of matters raised, including matters highlighted in the 2016–17 Governance Statement, where they remain significant.

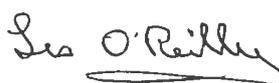
The Head of Governance provides a Risk and Assurance report which summarises key risks and issues, along with exceptions / material concerns identified through the assurance process, for DARAC consideration on a quarterly basis.

There was only one significant issue relating to the NICIFC in 2017–18:

The need for arrangements for managing any perceived conflict of interest in respect of the Department's role as sponsor for the Charities Commission and its responsibility for the Northern Ireland Central Investment Fund was highlighted in the 2016–17 Governance Statement. Arrangements are now in place and the "soft close" of the fund was lifted in October 2017 allowing new investments to be accepted.

### 3.6 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**  
**Department for Communities**

**18 July 2018**

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

## Opinion on financial statements

I certify that I have audited the financial statements of the Charitable Donations and Bequests for the year ended 31 March 2018 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.

In my opinion the financial statements:

- properly presents the receipts and payments of Charitable Donations and Bequests for the year then ended; and
- have been properly prepared in accordance with the Charities Act (Northern Ireland) 1964 and Department of Finance directions issued thereunder.

## 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.

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under

those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of Department for Communities in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, 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.

## Other information

The Accounting Officer is responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements described in the report as having been audited, and my audit Certificate and 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 Receipts and Payments Account for the financial year for which the financial statements are prepared is consistent with the financial statements.

## 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 give a true and fair view.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Charities Act (Northern Ireland) 1964. I am required to obtain 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

In addition, 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.

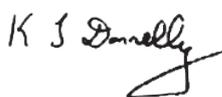
## Matters on which I report by exception

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 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.

## Report

I have no observations to make on these financial statements.



**KJ Donnelly**  
**Northern Ireland Audit Office**  
**Comptroller and Auditor General**  
**106 University Street Belfast**  
**BT7 1EU**

26 July 2018

# Account of Receipts and Payments for the year ended 31 March 2018 of the Department for Communities in connection with the administration of Charitable Donations and Bequests

<b>Receipts</b>	<b>2017-18 £</b>	<b>2016-17 £</b>
Repayment of temporary investments in Consolidated Fund	–	266
Northern Ireland Central Investment Fund for Charities dividends	298,712	266,373
	<b>298,712</b>	<b>266,639</b>
<b>Payments</b>		
Payments to trustees, social administrators, beneficiaries and others	296,736	265,768
<b>Excess of receipts over payments/(excess of payments over receipts)</b>	<b>1,976</b>	<b>871</b>

<b>Statement of Balances</b>	<b>2017-18 £</b>	<b>2016-17 £</b>
Opening Bank balance	6,981	6,110
Closing Bank balance	8,957	6,981
<b>Excess of receipts over payments/(excess of payments over receipts)</b>	<b>1,976</b>	<b>871</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.

## 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 2018 in connection with the administration of Charitable Donations and Bequests:

4.1 Northern Ireland Central Investment Fund for Charities 649,373 shares with a value of £8,057,744.87 (31 March 2017: £8,215,412.63).

## 5. Suspended Dividends

5.1 On the advice of Voluntary & Community Division, 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 Voluntary & Community Policy Division carry out a cy-pres scheme and advise the Department of the outcome. There are currently two charities whose funds are suspended (31 March 2017: two charities suspended).

	2017-18 £	2016-17 £
Opening Balance	6,310.50	5,430.61
Dividend Movement	1,970.79	879.89
<b>Closing Balance</b>	<b>8,281.29</b>	<b>6,310.50</b>





Available in alternative formats.



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