



Department for
Communities
www.communities-ni.gov.uk

An Roinn
Pobal

Department für
Commonities



Charitable Donations & Bequests

Annual Report and Accounts to 31 March 2019



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Charitable Donations and Bequests

for the year ended 31 March 2019

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

18 March 2021

Charitable Donations and Bequests Accounts for the year ended 31 March 2019

Contents	Page
Statement of Accounting Officer's Responsibilities	1 - 2
Governance Statement	3 - 9
Certificate and Report of the Comptroller and Auditor General	10 - 13
Account of Receipts and Payments for year ended 31 March 2019	14
Notes to the Account	15 - 16

CHARITABLE DONATIONS AND BEQUESTS ACCOUNT 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

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:

- observe the Accounts Direction, 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
- 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

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

The Accounting Officer confirms that, as far as she is aware, there is no relevant audit information of which the Department's auditors are unaware, that she has taken all the steps necessary to make herself aware of any relevant audit information and to establish that the Department's auditors are aware of that information.

Governance Statement

Introduction

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 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 Northern Ireland Assembly was dissolved on 26 January 2017. An Executive was not formed following the 2 March 2017 election, and from this date Ministers ceased to hold office. As a consequence, no Minister has been in place in the department during 2017-18 and 2018-19.

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 (NEBMs) 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).

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.

An independent evaluation of Board effectiveness was undertaken following the end of 2018-19. This was conducted in accordance with the Corporate Governance Code and the Board's Operating Framework. The review considered: performance management, control and risk, communication and reporting, and culture. It also included an independent review and benchmarking of DfC framework documents as well as assessment of the quality of information provided to the Board.

DARAC Review of Effectiveness

DARAC also undertook a review of effectiveness at the end of 2018-19 in line with recommended best practice. The review was undertaken using the National Audit Office (NAO) 'Audit and Risk Assurance Committee Effectiveness Checklist', and was also considered as part of the wider Board Effectiveness review carried out by Ernst & Young, as outlined above. Both confirmed DARAC's compliance with best practice and ratified the strength of the DfC committee arrangements.

Risk Management Arrangements

Overview

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

Risk Management is embedded into the Department's business planning process at both strategic and operational levels in line with the guidance and approach set out in the HM Treasury Orange Book 'Management of Risks – Principles and Concepts'. The system of internal control is designed to maintain risk at a manageable level (based on the risk appetite agreed annually by the Board) in order to provide reasonable assurance of effectiveness.

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. A detailed review of the Corporate Risk Register is undertaken by the Board on a quarterly basis.

Assurance Framework

Overview

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.

Sponsorship arrangements are in place for each of the Department's ALBs. These arrangements, together with the ALB Assurance process, inform and support Deputy Secretary Assurance Statements.

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

The Board receives a robust assessment of the reliability and effectiveness of assurances available following each DARAC meeting in the form of a report from the DARAC Chair. The Chair's report provides an overview of each quarterly meeting, key papers and an assessment of assurances available. Minutes of DARAC meetings are also provided for Board scrutiny.

In addition, the DARAC Chair also 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 Chair's annual report for 2018-19 provided positive assurance to the Board and Accounting Officer.

Fraud and Whistleblowing Arrangements

The Department's Fraud Policy details responsibilities in respect of the prevention of fraud, bribery or serious irregularity within the Department and its ALBs. The procedures to be followed in the event of fraud being detected or suspected are detailed in the supporting 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 ALBs. DARAC and the Board are updated on Raising Concerns (whistleblowing) on a quarterly basis.

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 2018-19, the HIA provided an overall satisfactory opinion on the Department's arrangements.

Progress against the Annual Internal Audit Plan is monitored by DARAC. HIA attendance at Group Management Board meetings and a Business Plan target for implementation of audit recommendations, with reporting to the Board, are some of the measures used to ensure strong focus on 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, which for 2018-19 is **'Satisfactory'**.

Key Risks and Issues

Overview

The Department's integrated assurance process facilitates the capture and reporting of exceptions/material concerns for both the Department and its ALBs. As Accounting Officer, I receive a quarterly report of matters raised through the assurance process, including issues highlighted in the 2017-18 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.

The Board receives quarterly and annual reports from the DARAC Chair outlining his assessment of the assurances available and highlighting areas for continued scrutiny. For the 2018-19 year the DARAC Chair has confirmed that he is satisfied that risk management, control and governance in the Department has been adequate and effective. Areas highlighted for on-going assurance were: oversight of ALBs, resourcing within Internal Audit, the more timely implementation of Internal Audit recommendations, information security, business case compliance and approval and assurance arrangements where there is reliance upon third parties.

There were no significant issues relating to the Charitable Donation & Bequests Accounts in 2018-19.

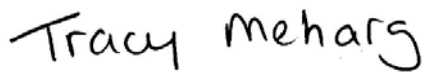
Public Appointments

The absence of a Minister for Communities has continued to impact appointment decisions however, the introduction of the Northern Ireland (Executive Formation and Exercise of Functions) Act 2018 during the year has enabled me to make a number of public appointment decisions where it has been demonstrated that it is in the public interest to do so. In all cases the Department has engaged with the Commissioner for

Public Appointments NI, with the Commissioner approving Departmental action as necessary so that Boards remain quorate.

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.

A handwritten signature in black ink that reads "Tracy Meharg". The signature is written in a cursive, slightly slanted style.

Tracy Meharg

Accounting Officer

Department for Communities

5 March 2021

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 2019. 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 for Communities 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.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs(UK) require me to report to you were:

- the Charitable Donations and Bequests use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Charitable Donations and Bequests has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charitable Donations and Bequests' ability to continue to adopt the going concern basis.

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.

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. This description forms part of my certificate.

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.

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.

A handwritten signature in black ink that reads "K J Donnelly". The signature is written in a cursive style with a long, sweeping underline.

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

15 March 2021

Account of Receipts and Payments for the year ended 31 March 2019 of the Department for Communities in connection with the administration of Charitable Donations and Bequests

	2018-19	2017-18
	£	£
<u>Receipts</u>		
Northern Ireland Central Investment Fund for Charities dividends	246,230	298,712
<u>Payments</u>		
Payments to trustees, social administrators, beneficiaries and others	(243,417)	(296,736)
Excess of receipts over payments/(excess of payments over receipts)	2,813	1,976

	2018-19	2017-18
	£	£
<u>Statement of Balances</u>		
Opening Bank balance	8,957	6,981
Closing Bank balance	11,770	8,957
Excess of receipts over payments/(excess of payments over receipts)	2,813	1,976

NOTES TO THE ACCOUNT

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 2019 in connection with the administration of Charitable Donations and Bequests:

Northern Ireland Central Investment Fund for Charities 481,511 shares with a value of £6,336,347.70 (31 March 2018: 649,373 shares with a value of £8,057,744.87).

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 these charities, and as a result of this has determined that they are not trustee of a number of these charities. The relevant charities have subsequently been transferred into the main NICIFC fund (167,862 shares).

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 are not paid out until the Voluntary and Community Sector Engagement 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 2018: two charities suspended).

5.2 Following the ongoing assurance exercise to validate the funds within the CDB, there are currently 18 funds that have not replied with an assurance statement. As a result of this their future dividend payments have been suspended pending further investigation.

5.3 The current balance of suspended dividends is:

	2018-19 £	2017-18 £
Opening Balance	8,281.29	6,310.50
Dividend Movement	2,895.52	1,970.79
Closing Balance	11,176.81	8,281.29

6. Events after the Reporting Period

The Accounting Officer authorised the issue of these financial statements on 15 March 2021.

Available in alternative formats.

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