



Annual report and accounts 2021-22

**The Charity Commission for Northern Ireland
annual report and accounts
for the year ended 31 March 2022**

*Laid before the Northern Ireland Assembly
under the Charities Act (Northern Ireland) 2008
by the Department for Communities
on 14 July 2022*

The Charity Commission for Northern Ireland is the independent regulator of charities in Northern Ireland, a non-departmental public body sponsored by the Department for Communities.

Further information on our activities is available from:

The Charity Commission for Northern Ireland
Marlborough House
Central Way
Craigavon
BT64 1AD

www.charitycommissionni.org.uk

Email: admin@charitycommissionni.org.uk

Tel: 028 3832 0220

Fax: 028 3834 5943

TextPhone: 028 3834 7639

Follow us on Twitter **@CharityCommNI**

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Performance report

The purpose of this performance report is to provide the reader with an outline of the Commission’s vision, objectives and activities during the 2021-22 year. This includes a summary of its performance against key indicators as well as an overview of the challenges and key risks faced in delivering its main objectives and strategies; and the likely developments in the coming year.

1. Overview

Statement from the Chief Charity Commissioner and Chief Executive



More than ever before, this year has been one of reflection and learning – as well as one of much anticipated development and growth, a year in which we embarked on the next chapter in our evolution as Northern Ireland’s charity regulator.

We were delighted that the Charities Bill (Northern Ireland) 2022 received Royal Assent on 30 March, passing into law as the Charities Act (Northern Ireland) 2022. While this news came at the very end of the financial year, the announcement was certainly one of the biggest highlights of the year with staff working hard behind the scenes in readiness. This work included the commencement of a communications campaign that involved writing to every charity trustee listed on the *register of charities* to highlight the new Act and the changes it will bring in.

Long awaited both inside and outside the Commission, the Act makes lawful just over 7,200 decisions which had been made in good faith by Commission staff prior to May 2019. This effectively reinstates the full *register of charities*, giving certainty to charities, the public, funders and others as to which organisations are registered charities in Northern Ireland. The Act will also re-instate annual reporting duties for all registered charities, supporting the public and others in undertaking checks on the charities they support.

This year also saw the completion of the Independent Review of Charity Regulation established by the Minister, which considered the Charities Act (Northern Ireland) 2008 and the roles of the Commission and the Department thereunder. Separate to that, the Board of the Commission also appointed an independent Counsel to conduct a review of complaints arising from the Commission's regulation of the charities, Lough Neagh Rescue Ltd and Disabled Police Officers' Association of Northern Ireland (DPOANI). This was intended to establish whether there were lessons which could be learned from the handling of the cases, which had not yet been learned. Later, in this report, further detail is given on how we, the Commission, is addressing recommendations made as a result of it.

While the Ministerial review of regulation was much wider in its breadth and scope, both independent reviews have, and will continue, to play a vital role in the learning and development of the Commission. Work has commenced on action plans to consider the findings in full and implement the recommendations as we continue to listen to our stakeholders and grow for the future.

Demonstrating our commitment to that ethos, we established a new stakeholder engagement forum, which held its first meeting in September 2021 with a 14 strong membership drawn from across the charity sector. The new forum is aimed at supporting and improving communications on issues around charity law, regulation and trends, with Deputy Chief Charity Commissioner, Gerard McCurdy, acting as the main link between the forum and the Commission's Board.

The reviews have, of course, been the "headline" news, but behind the scenes work is continuing as always, aimed at supporting charities in understanding and complying with their legal duties as well as demonstrating to their own stakeholders the good work they are doing. It has not been an easy year for the sector. Thankfully, we are moving on

from the severe restrictions and anxieties of the COVID pandemic but many are still feeling the ramifications of that time – particularly as we all deal with the cost of living crisis. Now, more than ever, charities, voluntary and community groups across Northern Ireland are not only greatly needed but are once again rising to challenges they may never before have encountered.

It is a difficult and worrying time for all at present. However, with the new Charities Act (Northern Ireland) 2022 now in place, we hope both the Commission and the sector we regulate will be able to move forward with a renewed confidence, openness and stability, with the regulator acting as an enabler to underpin the vital work of charities. We appreciate all the hard work of those involved in the charity sector, as well as that of our own staff and Commissioners, and we thank you all for your ongoing endeavours and commitment. In particular, we would highlight our appreciation of our staff's hard work throughout the pandemic, a time which has been particularly challenging for everyone and which saw our staff go above and beyond their duties to ensure the work of the Commission continued.

We would like to finish by acknowledging the support given to us by our Minister and her Department during this challenging year. We thank her and her Department for the efforts which have been made to assist us deliver the necessary regulation for the charity sector and we look forward to working closely with our Departmental colleagues to deliver on the recommendations made by the Ministerial Review.



Frances McCandless
Chief Executive



Nicole Lappin
Chief Charity Commissioner

Statement of the Commission's vision, objectives and activities

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 Communities (DfC). The working relationship between the sponsor department 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 regulatory body, working to further its aims and objectives.

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.

Our objectives

The objectives of the Commission are set out in the Charities Act.

- **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.

Our activities

The Charities Act introduced a regulatory framework for the charitable sector in Northern Ireland. The previous framework, dating back to the 1960s, 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.

During the year under review our strategic themes were:

1. developing compliance regarding the use of charitable resources
2. progressing charity registration to enhance accountability
3. demonstrating the public benefit arising from charitable giving and activities
4. developing as a properly governed, transparent and independent decision making regulator.

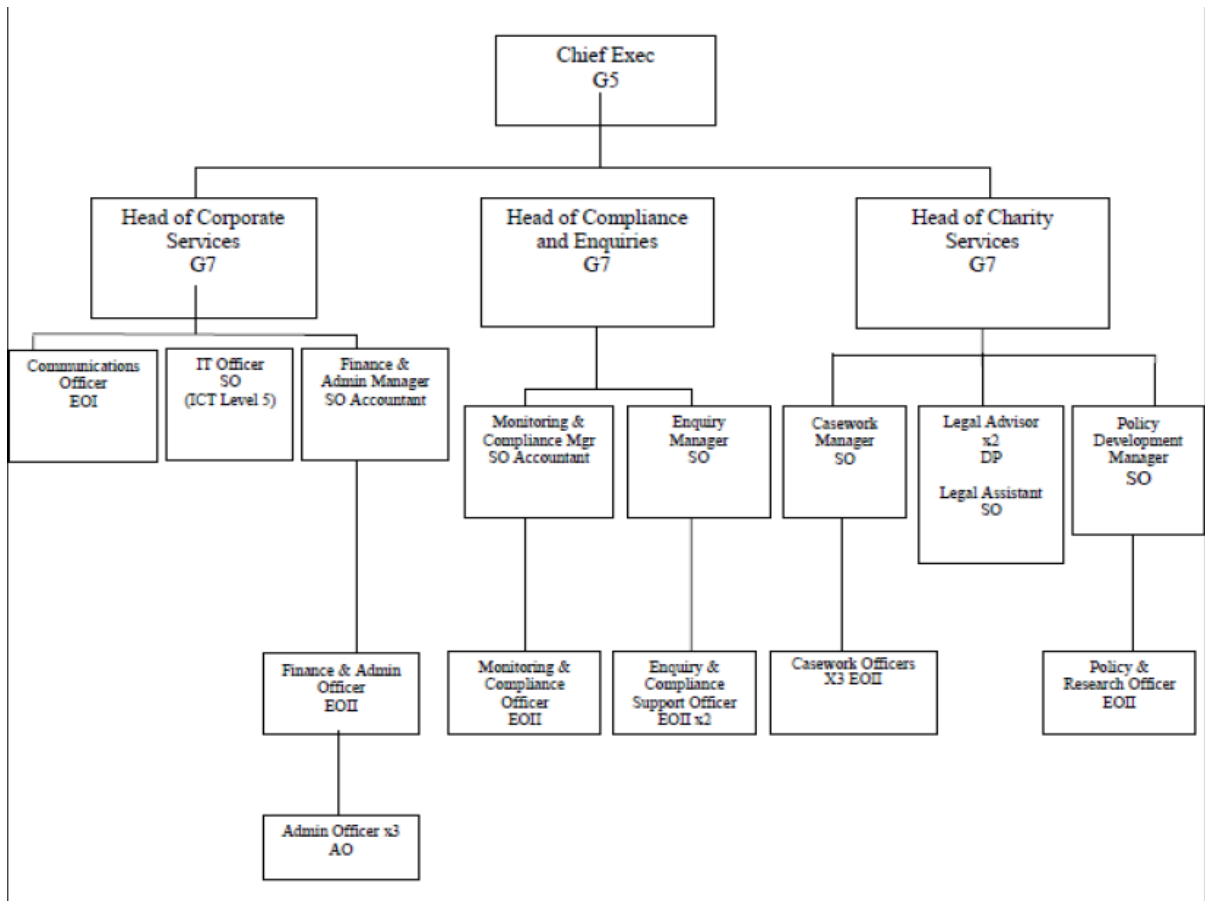
To achieve these, the Commission’s activities during 2021-22 have included the following.

- The ongoing maintenance and population of an accurate and up-to-date public register of all charities by progressing compulsory charity registration in Northern Ireland.
- Identifying and investigating apparent misconduct or mismanagement in the administration of charities and taking remedial or protective action in connection with any misconduct or mismanagement.
- While there was no legal obligation for charities registered prior to May 2019 to report annually to the Commission this year, the facility to do so remained open, allowing charities to make their accounts and reports available to the public.
- Supporting charities in implementing the proper governance procedures and policies and, where appropriate, providing legal consents for trustees to make changes to their charity.

- Publishing guidance on a wide range of matters relating to charity trustees' duties

The Board and Senior Management Team

Organisation structure



The Board



Chief Charity Commissioner, Nicole Lappin



Deputy Chief Charity Commissioner, Gerard McCurdy



Legal Commissioner (from 1 June 2021), Patricia Kelly



Charity Commissioner, Kieran Donaghy



Charity Commissioner (from 1 February 2022), Alan Hunter



Charity Commissioner (to 30 November 2021), Carmel Mullan



Charity Commissioner, Seamus Magee



Charity Commissioner, Hugh McKeag

On 30 November 2021, Carmel Mullan stepped down from the role of Charity Commissioner. The Commission would like to thank Ms Mullan for her hard work, support and commitment during her time with the Commission and wishes her every success in her future endeavours.

Two new members subsequently joined the Board during the year, with Patricia Kelly appointed Legal Commissioner from 1 June 2021 for a term of five years, and Alan Hunter appointed Charity Commissioner from 1 February 2022, also for a term of five years.

The Board register of interests for the Board is available on the Commission's website at: www.charitycommissionni.org.uk/about-us/about-the-charity-commission/our-governance/register-of-interests/.

The Commission has a conflicts of interest policy which provides details on how to avoid conflicts of interest and how to act appropriately if a conflict of interest does develop when carrying out their duties and responsibilities. In accordance with the policy, registers of interest for staff and Commissioners are maintained, with declarations reviewed annually. Each Board and committee meeting includes a declaration for all attendees regarding conflicts of interest.

Senior Management Team



Chief Executive, Frances McCandless



Head of Charity Services, Punam McGookin



Head of Corporate Services, Aubrey McCrory



Head of Compliance & Enquiries, Rossa Keown

Highlights from the year

- ✓ An official launch of the Commission's public trust and confidence in charities research also took place in June 2021, including a Q&A session with a Commission panel. The online session was recorded and shared with the public for future reference.
- ✓ In September 2021, Chief Commissioner, Nicole Lappin, and Chief Executive, Frances McCandless, addressed the Communities Committee to provide a briefing on the Charities Bill 2021 - a piece of legislation which has a fundamental impact on our work in regulating charities across Northern Ireland.
- ✓ A new stakeholder forum aimed at supporting and improving two-way communications on how charity regulation is implemented in Northern Ireland was launched by the Commission in September 2021. Deputy Chief Charity Commissioner, Gerard McCurdy, acted as the main link between the forum and the Commission's Board and Charlene Brooks, Chief Executive of Parenting NI and deputy chair of NICVA's executive committee, was appointed as the first independent chair of the forum.
- ✓ The Commission welcomed the publication in January 2022 of the report following the Independent Review of Charity Regulation in Northern Ireland, established by the Minister for Communities. In its statement, the Commission said it "looks forward to working with the Department for Communities and the charity sector to implement the recommendations made and continuing to build a robust and supportive regulatory framework for charities, in which the public can have trust and confidence."
- ✓ The Charities Bill 2021 finished its progress through the Assembly on 8 February 2022, before proceeding forward for Royal assent, the final stage in the legislative process and becoming the Charities Act (Northern Ireland) 2022. In preparation for the new law, the Commission began a communications campaign to inform charity trustees and others of the changes the legislation will bring in.
- ✓ In February 2021, the Commission appointed an independent Counsel to conduct a review of complaints arising from the Commission's regulation of the charities Lough Neagh Rescue Ltd

and Disabled Police Officers' Association of Northern Ireland (DPOANI) in its early years. The review was intended to establish whether there were lessons which could be learned from the handling of the cases, which had not yet been learned. The review was completed during the year and a summary report published, providing an overview of the review and its recommendations. The Commission also published an action plan, which will be largely delivered in 2022-23, and which Commissioners are monitoring regularly to ensure progress. Since the majority of the actions have an indicative timeframe which falls later in the year, progress in the first few months of 2022-23 may appear minimal. However, discussions have been ongoing with teams to ensure that the Commission is well placed to achieve the targets moving through the year and relevant actions are incorporated into the new business plan.

- ✓ During the year, the Commission completed the planned move into new offices at Marlborough House in Craigavon. This was a complex and challenging operation which involved the secure movement of office equipment and information, as well as ensuring the new premises had the correct IT infrastructure, systems and space required for work purposes.
- ✓ With the war in Ukraine having arisen very quickly, many people and organisations looked to offer support to the people of Ukraine. Highlighting the importance of support, whether that is money, goods or time, being used as it should be, the Commission published advice for those wishing to help or donate during the crisis.

Key issues and risks

A series of risks related to delivery of the Commission's objectives were managed during the year, including a small number in the highest category in the risk register. These related to the outworking of the February 2020 Court of Appeal decision and the outcomes of the Independent Review of Charity Regulation in Northern Ireland potentially leading to uncertainty and damage to public confidence in the Commission. Other external factors such as COVID-19 also had the potential to impact on service in a way that was not anticipated, leading

to challenges in managing resources, including people, premises and finances, potentially leading to reduced quality or levels of service and reputational damage.

For further details of these risks and information on the Commission's risk and control framework, please see the *Corporate Governance report* section of this annual report.

Going Concern

The Charity Commission for Northern Ireland is an Executive Non-Departmental Public Body, sponsored by the Department for Communities (DfC), having been established by statute under the Charities Act (NI) 2008. The Commission received its core resource and capital funding from the DfC during 2021/22, and an indicative budget allocation letter was received from DfC for 2022/23. While the financial environment is challenging, the Commission is of the opinion that the going concern basis of preparation of the Annual Report and Accounts is appropriate. The Commission is not aware of any events which would impact upon the entity's status as a going concern.

Performance summary

During the year, the Commission achieved 90% of its corporate key performance indicators (KPIs) and 83% of business plan actions and milestones. This included the following achievements:

External KPIs

- 422 registration application decisions made (target: 360).
- 95% of registration applications were processed within six months of receiving a complete application (target: 60%).
- 100% of concerns about charities received an initial risk assessment within 30 days (target: 80%).
- 87% of enquiry cases were processed to closure within 12 months of receiving a concern about a charity (target: 60%).
- 100% of initial compliance assessments done within 30 days (target: 50%).
- 100% pre-registration closures reviewed and action taken (target: 60%).

Internal KPIs

- 95.2% of creditors' invoices paid within 10 working days (target: 90%).
- total budget managed within 100% (target: 99%).
- staff absence levels managed within 3.56% (target: 3%).

For further information on the Commission's performance during the year, including key indicators and actions progressed, see the *Detailed analysis* section of this annual report.

2. Performance analysis

The performance analysis below highlights some of our achievements.

Key indicators

Strategic Aim 1: Progressing charity registration and casework to enhance accountability

- 422 registration decisions were made by Commissioners.
- 411 charities registered.
- 11 charity registration refusals.
- 1,447 letters issued to organisations to call them forward to apply for registration during the 2021-22 year.
- 649 new applications for charitable status received
- As the Commission's decision review process was temporarily removed for consideration, following the February 2020 legal ruling, no decision reviews were completed relating to decisions to refuse registration (nb. the decision review process has now been reinstated following the Charities Act (Northern Ireland) 2022).
- 364 expressions of intent added to the Commission's published combined list. An expression of intent form is received from an organisation to notify the Commission of its existence and that it should be called forward to apply for registration in due course.
- 195 casework applications/notifications received.
- 159 casework processes completed, including 52 statutory decisions made by Commissioners (remainder are administrative functions carried out by staff). Please see the casework section for more information.

- The Commission's top five webpages were: *COVID-19 guidance for charities*, *Update your charity's details*, *Annual reporting*, *Contact us* and *Manage your charity*.

Strategic Aim 2: Developing compliance regarding the use of charitable resources

- 114 concerns about charities opened
- 129 concerns about charities progressed to conclusion.
- One statutory inquiry was opened (a statutory inquiry is the highest level of investigation the Commission may open; only concerns that identify the most serious risks to a charity, its assets or beneficiaries will be dealt with through the opening of a statutory inquiry).
- No statutory inquiries needed to be opened for default cases (this refers to charities which have failed to submit accounts and reports, and are therefore in default of their annual reporting duty) as annual reporting requirements were suspended.
- 4,101 annual monitoring returns received voluntarily.
- Four concerns received from the public about charity accounts
- No section 23 or section 65 orders issued in relation to charities in default (section 23 orders are where a charity has been ordered to supply accounts and reports to the Commission, section 65 is an order to a charity to undertake an audit).
- Regulatory guidance was offered in eight cases, seven related to enquiries and one related to monitoring and compliance issues.
- 17 matters of material significance were received during the year but none presented an adverse qualification (an adverse qualification is an opinion made by an auditor indicating that a company's financial statements are misrepresented, misstated or inaccurate).
- No directions were issued by the Commission (a direction is a legal document issued when the Commission requires a specific action to be undertaken, for example, to provide the Commission with particular information or documents, or to attend a meeting. Serious legal consequences arise if recipients do not comply with a Direction of the Commission).
- 23 orders issued (orders may be used in many circumstances, for example, to authorise trustees to do something that their trusts don't otherwise allow, or to do something which is in the interest of the charity. They can also be used to protect charities and their

property. Serious legal consequences may arise if charity trustees do not comply with an order).

- 84 organisations notified the Commission they had closed prior to being registered.
- 90 charities notified the Commission they had closed since their registration.

Strategic Aim 3: Demonstrating the public benefit arising from charitable resources and activities

- 363,129 unique website visitors.
- 20,429 page views of the *Annual reporting* webpage.
- 7,067 page views of *Combined list and expression of intent form* webpage.
- 1,835 page views of the *Concerns about charities guidance* web page.
- 10,857 page views of the *Registration support* webpage.
- One piece of guidance published.

Strategic Aim 4: Developing as a properly governed, transparent and independent decision-making regulator

- 24 engagement events attended.
- 95.2% creditor invoices paid within ten working days (target 90%).
- No thematic reports published.
- 6,922 calls and emails dealt with.
- Five challenges made via Charity Tribunal or court.

Detailed analysis

Our vision is for 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.

We work to achieve this aim through:

- **Registration:** the building of a comprehensive and accurate *register of charities*, which provides the public with detailed information on the thousands of charities in Northern Ireland.

- **Annual reporting:** supporting charities in being open and accountable to the public by publishing their annual accounts and reports online.
- **Enquiries:** taking proportionate and robust action to set things right where mismanagement or misconduct has occurred within a charity, giving the public confidence that a strong and decisive regulator is in place.
- **Casework:** providing the legal consents required for charities to ensure charities can be managed effectively.
- **Engagement and guidance:** educating and raising awareness amongst the charity sector of legislation and best practice.

The analysis on the following pages provides a deeper insight into our progress in each of these areas.

Registration

Charity registration remains a key priority for the Commission, which ended the year with 6,737 charities listed on the *register of charities*, and 1,563 organisations on the public combined list potentially requiring a call forward in future from the regulator to apply for registration.

However, there have been a number of setbacks to progressing registration. These have included the High Court judgment in May 2019 and subsequent Court of Appeal ruling of February 2020 which impacted on the Commission's decision-making procedures, including those related to registration.

The Charities Act (Northern Ireland) 2022 brings a resolution to registration decisions made prior to May 2019, reinstating them and, thereby, the full *register of charities*. This is a welcome step forward, giving an assurance to charities, the public, funders and others that all they need to do is undertake a quick check on the register to find out which organisations are registered charities in Northern Ireland.

However, while all registration decisions are now valid, the judgment continues to have an impact on how the commission makes decisions on whether an organisation should, or should not, be registered as a charity.

A permanent solution to this issue is being sought via a new scheme of delegation to allow registration to progress in an efficient manner again. In the meantime, the Commission has introduced interim procedures to ensure registration decisions can be taken in compliance with the judgment. This means that registrations have continued during the year but the volume of decisions has been temporarily reduced from most previous years.

The Commission continues to work to mitigate this where possible, with a new, streamlined registration pilot having commenced during the year aimed at speeding up the registration process. The pilot successfully delivered 99 registration decisions more than had originally been expected in the year.

During the year, the Commission also began to contact charities in tranches to apply for registration once again. The regulator had previously put in place a hold on large scale "call forwards" to apply for registration due to both the impact of the COVID-19 pandemic, when many charities would have been coping with additional demands, and as a result of the changes to the Commission's decision-making processes following February 2020 Court of Appeal ruling.

In total, 1,447 organisations were contacted to apply for charity registration during 2021-22, and 422 registration decisions were made against a performance target of 360 decisions. The number of registrations processed within six months of a completed application being received was 95% against a target of 60%.

Annual reporting

Another key area for the Commission as well as charities and those who support them, is annual reporting. Under the annual reporting programme, registered charities are legally required to submit to the Commission their annual accounts, their trustees' annual report and an independent examination or audit, as applicable. This information, once submitted, is then displayed on the charity's register entry, where the public and organisations such as funders can undertake their own checks.

As a result of the February 2020 Court of Appeal judgment, there was no legal requirement for charities registered prior to the end of May 2019 to file annual reporting information with the Commission, until the Charities

Act 2022 came into force. While this was awaited, charities were encouraged to voluntarily file their annual monitoring return with the Commission where possible, as submitting accounts and reports in accordance with the regulations is a matter of good practice.

In 2021-22 there were 36 charities that were registered after May 2019 which were due to submit their annual report and accounts for their first full financial year after being registered. Of that number, 30 (83%) filed by their 10 month deadline date and six (17%) charities remained overdue at the year end.

A significant number (4,101) of charity annual report and accounts were voluntarily submitted to the Commission during 2021-22. The overall percentage of charities that voluntarily filed their annual returns during the year was 58%. In fact, of the 4,101 charities, 45% (2,727) filed their information with the Commission within 10 months of their financial year end.

The requirements around annual reporting for charities registered prior to the end of May 2019 will now change with the Charities Act (Northern Ireland) 2022, as highlighted below.

Annual reporting deadline if your charity was registered **BEFORE** May 2019?

If your financial year start is:	1st financial period that is legally required to be submitted	10 month deadline date after financial period end
1 April	1 April 2022 – 31 March 2023	31 January 2024
1 May	1 May 2022 – 30 April 2023	28 February 2024
1 June	1 June 2022 – 31 May 2023	31 March 2024
1 July	1 July 2022 – 30 June 2023	30 April 2024
1 August	1 August 2022 – 31 July 2023	31 May 2024
1 September	1 September 2022 – 31 August 2023	30 June 2024
1 October	1 October 2022 – 30 September 2023	30 July 2024
1 November	1 November 2022 – 31 October 2023	31 August 2024
1 December	1 December 2022 – 30 November 2023	30 September 2024
1 January	1 January 2023 – 31 December 2023	31 October 2024
1 February	1 February 2023 – 31 January 2024	30 November 2024
1 March	1 March 2023 – 28 February 2024	28 December 2024

Annual reporting deadline if your charity was registered **AFTER** May 2019?

Charities registered after the end of May 2019 are not affected by the new Act. Charity trustees have a legal requirement to prepare and submit their annual return, accounts and reports for their first full financial year after registration and every year after that.

Enquiries

One of the most high profile areas of the Commission’s work is enquiries, where the regulator is tasked with investigating concerns received about charities, assessing serious incident reports (SIRs) and reviewing the reporting of matters of material significance (MOMs).

Concerns about charities range from minor issues where self-regulatory guidance can provide the right support, through to the most serious of cases which require the opening of a statutory inquiry by Commissioners. MOMs are issues which independent examiners and auditors must report to the Commission should they encounter them while reviewing the accounts of a charity. The Commission regards a serious incident as an adverse event, whether actual or alleged, which results in, or risks, a

significant loss of charity money or assets, damage to charity property and/or harm to the work of the charity, its beneficiaries or reputation.

During 2021-22, the enquiries team received a total of 203 cases, which can be broken down into:

- Concerns received: 114 (150 cases were concluded during the year)
- SIRs received: 72 (89 closed)
- MOMs received: 17 (22 closed)

In April 2021, the Commission announced the opening of a statutory inquiry into Foyle Youth & Community Association. The inquiry relates to concerns regarding the governance and administration of the charity and was ongoing at year end.

In June 2021, the Commission announced the closure of a statutory inquiry into the Minnowburn Trust. The inquiry, which related to concerns into the governance and administration of the Minnowburn Trust, was opened on 13 May 2019 under section 22 of the Charities Act (Northern Ireland) 2008. Having worked with the charity to address the governance issues identified, the Commission is content that the associated risks have been mitigated.

The Commission also closed its statutory inquiry into Woodvale & Shankill Community Housing Association Ltd. The statutory inquiry was opened in January 2020 and, over the past two years, the Commission's enquiries team has undertaken a thorough investigation, and worked with the charity's trustees to address a number of issues related to the governance and financial control of the charity. The Commission is satisfied that the issues identified have now been addressed, potential risks have been mitigated and the charity is maintaining effective governance.

Under its concerns work during the past year the Commission's enquiries team also issued twelve orders for the protection of charities, including the appointment of five charity trustees, the appointment of an interim manager, three orders to individuals not to part with charity property and three further orders to restrict charity transactions.

Casework

The Commission's casework team processes applications whereby charity trustees require approval from the Commission to make a change or

undertake an action or transaction. These legal processes support the charity in ensuring it is well managed, is aware of and complies with the requirements of the law and is keeping its procedures and policies up to date. However, as with registration, the method of making casework decisions has been affected by the court judgment referred to above, with an interim process introduced to ensure work can continue in line with the law.

During the 2021-22 year, 195 casework applications/notifications were received of these 159 casework processes were completed by year end. This included 52 statutory decisions taken by a committee of Commissioners and 107 being administrative functions completed out by staff.

In a first for the regulator, the Commission settled a scheme for a charity under section 32 of the Charities Act (Northern Ireland) 2008 during the 2021-22 year.

A scheme is a legal document that changes, replaces or extends the trusts of a charity. It may be a fully regulating scheme, covering all aspects of a charity's administration and purposes, and replacing the previous governing document, or it may be a scheme that adds to or alters some part of the governing document. In this case, an administrative scheme has been made in relation to the charity, Presbyterian Widows' Fund Association.

The charity was incorporated by statute under the Presbyterian Widows' Fund Association Act 1852 (as amended). Where a charity is established by statute, the Commission has the power under section 32 of the 2008 Charities Act to draft and 'settle' a scheme, which will take effect either by an order of the Department or by resolution of the Assembly.

In May 2021, the Commission settled a scheme to wind up and apply the assets of the charity under section 32 of the Act. This is the first scheme that has been settled by the Commission under that power. The order giving effect to the scheme was made by the Department for Communities and came into effect on 23 February 2022.

Engagement and guidance

While remaining online, the Commission's external engagement work slowly began to rebuild during the year following as the restrictions of the

COVID-19 pandemic began to ease. During the 2021-22 year the Commission participated in 24 engagement events, including speaking at the launch of the Code of Good Governance, undertaking a webinar for Fraud Advisory week in conjunction with the Fraud Advisory Panel and a guest lecture at the Accounting: Not-for-Profits centre at Queens University Belfast. An official launch of the Commission's public trust and confidence in charities research also took place in June, including a Q&A session with a Commission panel on the statistics gathered and how charities may make the best use of the data.

A particular highlight at the end of the year was a visit from The Hon Dr Gary Johns, Commissioner of the Australian Charities and Not-for-profits Commission (ACNC), on a fact finding visit. Dr Johns, who leads the Australian regulator of charities, met with Chief Charity Commissioner, Nicole Lappin and Commission Chief Executive, Frances McCandless as well as a number of staff across the Charity Services, Compliance and Enquiries teams to share knowledge and experience of introducing charity regulation.

During the year the Commission's website had 363,129 unique website visitors and the Commission's Twitter feed ended the year with 3,911 followers. The Commission dealt with 6,992 calls and email enquiries during the year, and responded to 61 information requests (made under access to information legislation such as the Freedom of Information Act 2000). Of that number, information was disclosed fully or partially in 43 cases.

The Commission has also published an online library of information and advice for charities, offering advice and guidance on trustees' legal duties. Overall, there are 86 pieces of guidance available on the Commission's website.

Financial Performance

Budget

The Commission has a key performance indicator of achieving a budget spend within 99% of overall budget, which for 2021-22 was set at £2,186,000. The resource budget was £2,093,000 and the capital budget was £93,000.

During 2021-22, the Commission reported a 99.2% total spend, broken down as 99.2% of resource budget and 100% of capital budget.

Statement of Comprehensive Net Expenditure

Total expenditure for the year excluding asset revaluations has increased by £47k from £2.129m to £2.176m. This is mainly due to the increase in legal and professional costs throughout the year compared to the previous year.

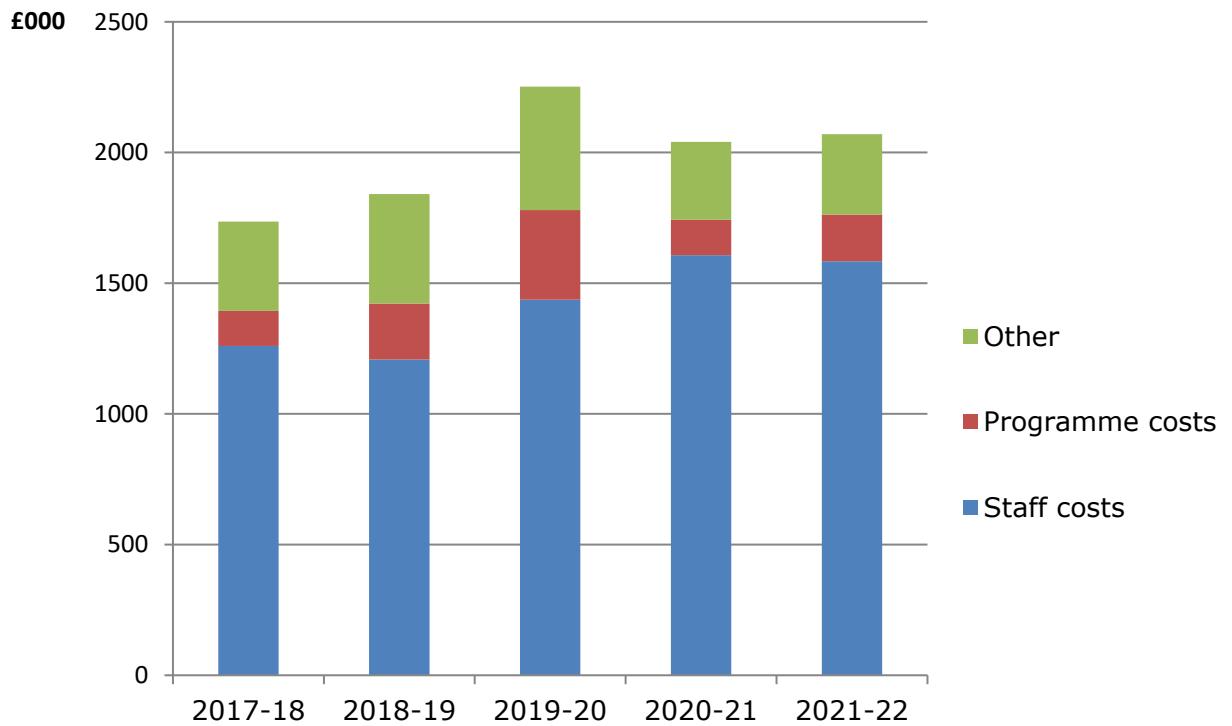
Statement of Financial Position

Non-current assets at the year-end were £623k, an increase of £6k on 2020-21.

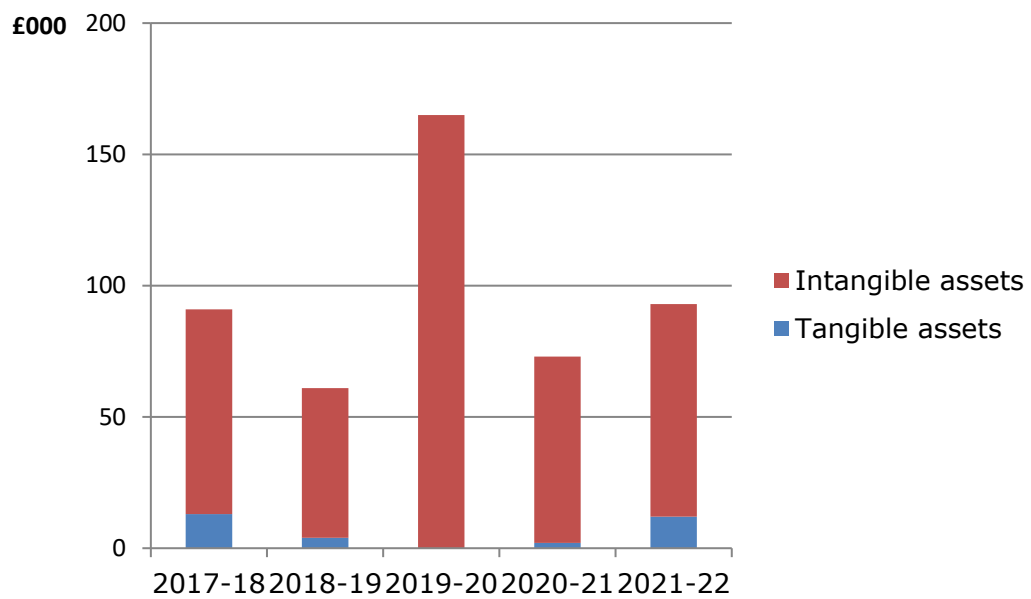
Financial results and position are set out in detail in the financial statements at page 73 and page 74 respectively.

Long-term expenditure trends

Resource expenditure over the last five years was as follows:



Capital expenditure over the last five years was as follows:



Complaints about our services

The Commission has published information on its complaints policy, including how to submit a complaint, and its approach for dealing with complaints received about service standards, in the *About us* section of the Commission's website www.charitycommissionni.org.uk.

During 2021-22, the Commission received eight complaints. Of the complaints received, one was upheld, three complaints were not upheld; one complaint was partially upheld. Two complaints were ongoing at year end and one complaint was ineligible with an explanation provided to provide clarity on the issue raised. The Commission did not receive any complaints in relation to the information available about charities on its website.

The monitoring of complaints received by the Commission forms an important part of our 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. We monitor complaints and these are reported regularly 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 us and, where appropriate, lessons may be learned for the future. In the coming year the Commission will develop a revised complaints policy.

Sustainability

The Commission is aware of its environmental responsibilities and follows Northern Ireland Civil Service practices regarding recycling.

Open Data

The Commission is committed to sharing as much of the data it holds as possible. The Commission publishes the *register of charities* using the Open Government Data License on data.nicva.org and www.opendatani.gov.uk, in line with the Department of Finance's Open Data strategy for the Northern Ireland public sector.

Equality and diversity

The Commission's published *Equality scheme and action plan* demonstrates our commitment to promoting equality, diversity and accessibility across our work.

In keeping with this commitment, the Commission undertakes a range of activities during the year aimed at ensuring equality and good relations are integrated into all our activities. During 2021-22, these activities included:

- ongoing implementation of internal systems to monitor the Commission's integrated *Equality scheme and action plan* and how the Commission works with charities and the public.
- annual equality awareness training for all staff on 30 March 2021, supporting understanding of equality, diversity and good relations.

The Commission's *Equality scheme and action plan* is available to view on www.charitycommissionni.org.uk.

3. Future focus

The Commission embraces the opportunity the review recommendations present to reset the culture of regulation and move into our next chapter as we evolve as a more collaborative and enabling regulator. In the coming year the Commission will develop a new three year strategic agenda for 2023 to 2026, working closely with our sponsor department and wider stakeholders through a new engagement strategy.

The Commission aims to implement as many of the recommendations from the Ministerial Review of Charity Regulation, where they apply to the Commission, as resources made available by sponsor department will allow. Not all of the Review's many recommendations can be delivered at once, and, while we intend to make a start this year, we would seek to manage expectations that everything can be delivered quickly.

To create capacity for, and manage, change efficiently some strategic choices are being made. Our focus will be on registration, this could mean casework decisions such as schemes and consents take longer than the Commission would ideally wish. A range of process developments will also be delayed slightly until the scheme of delegation envisaged under the Charities Act (NI) 2022 is finalised and correct processes can be put in place. In line with the related Ministerial Review conclusion, all pre and post registration closure checks will be stood down for a period of time.

In the absence of Executive agreement the Commission has been given an indicative budget for the year. Finalisation of resourcing for 2022/23 and adoption of the Ministerial Review will be subject to the outworking of the May 2022 Assembly Elections. This poses some major uncertainty but the Commission will continue to deliver ongoing regulatory work and progress changes to a range of priority areas that are within our own control. The Commission has adapted to change and development since its inception and anticipates responding with support from its sponsor department.

This Performance report was signed by the Accounting Officer of the Charity Commission for Northern Ireland on 27 June 2022.



Frances McCandless
Chief Executive,
Charity Commission for Northern Ireland

Accountability report

4. Corporate governance report

Directors' report

The Charity Commission for Northern Ireland is the regulator of charities in Northern Ireland, a non-departmental public body sponsored by the Department for Communities.

The Chief Charity Commissioner is Nicole Lappin and the Chief Executive is Frances McCandless.

The Board of the Charity Commission comprises a Chief Charity Commissioner, a Deputy Chief Charity Commissioner and five Charity Commissioners. Legislation determines that at least one Commissioner must be a barrister or solicitor of at least seven years standing.

The *Register of interests* for the Commission Board can be viewed at: <http://www.charitycommissionni.org.uk/about-us/about-the-charity-commission/our-governance/register-of-interests/>

During 2021-22, the Commission did not formally report any personal data related breaches to the Information Commissioner's Office (ICO). The Commission takes its data processing responsibilities extremely seriously and as a statutory body maintains appropriate data management procedures in accordance with the law, including vetting and security.

Statement of Accounting Officer's responsibilities

Under Schedule 1, Section 8(2), of the Charities Act (Northern Ireland) 2008, the Department for Communities, with the approval of the Department of Finance, 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, Statement of Financial Position, 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 the Department for Communities, 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.
- Prepare the financial statements on a going concern basis.

The Accounting Officer of the Department for Communities 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 the Department of Finance.

As the Accounting Officer of the Commission, the Chief Executive confirms that:

- As far as she is aware, there is no relevant audit information of which the entity's auditors are unaware.
- She has taken all steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.
- The annual reports as a whole are fair, balanced and understandable.
- She takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance statement 2021-22

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 its sponsor department, the Department for Communities, and the Northern Ireland Assembly.

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 assessment of its governance is informed by various internal and external opinions including those of auditors, other stakeholders, such as service users, staff, fellow regulatory bodies, the Charity Tribunal and the courts.

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 2022. 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 A.3.1*, the relevant NI Audit Office fact sheet and feedback from governance experts so as to tailor the disclosure to the organisation and its features during 2021-22.

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 (NDPB), established by Royal Assent to deliver the legislative requirements of the Charities Act (Northern Ireland) 2008 as amended. It is sponsored by the Department for Communities. 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. It is impossible to eliminate all risk of failure to achieve policies, aims and objectives and 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 Commission since establishment and is published on the Commission's website. During 2021-22 the Board reviewed its own Standing Orders and operating policies.

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 operational management and performance. The Board comprises a Chief Commissioner, a Deputy Chief Commissioner and up to five Charity Commissioners, all on a part-time basis. At least one Charity Commissioner must be a barrister or solicitor of at least seven years' standing. Appointments of Charity Commissioners, who constitute the Board, are required to be made by the Minister for Communities in accordance with the Northern Ireland Code of Practice for Ministerial Appointments to public bodies issued by the Commissioner for Public Appointments. All Board positions were filled at year end, in accordance with the statute, with one Commissioner resigning during the year and two new Commissioners appointed.

The Board acts independently of senior management in line with a formal governance agreement known as the Management Statement and Financial Memorandum (MSFM). This was last reviewed with DfC and a new version agreed and signed during August 2016. Work was begun over two years ago to develop a new Partnership Agreement which will

replace the MSFM. This has not yet been formally agreed. It is the responsibility of the Board members to ensure the Commission continues to act within the law and 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.

The role of the Board changed following a High Court ruling in May 2019 and a Court of Appeal ruling upholding the High Court position in February 2020 when the Court delivered its judgment in the case of [*McKee & Others v Charity Commission for Northern Ireland*](#). This upheld a legal challenge to the delegation of decision-making powers by the Commission to members of staff. The case addressed a technical point of law, namely that all Commission orders and decisions must be made by the Board of Commissioners or a committee to include Commissioners with delegated authority, rather than Commission staff following manuals approved by Commissioners. New decision-making procedures were put in place at that time and remain in place at year end. As a result of the ruling, the Board extended the range of its decision making to include all statutory decisions under the Charities Act (Northern Ireland) 2008, in addition to its normal governance role.

Following the judgment the Minister for Communities appointed an Independent Review Panel to carry out a review of the legal and regulatory framework within which the Commission operates and of the Commission's relationships with stakeholders. The independent review reported in early 2022 and made a number of recommendations for both the Commission and its sponsor department. These will form the basis of the Commission's future plans.

In February 2022 the NI Assembly passed the Charities Act (Northern Ireland) 2022. Royal Assent was given on 30 March 2022. This new legislation gives retrospective effect to the vast majority of past decisions made by staff and also makes provision for a future scheme of delegation to be made by the Department for Communities. While the independent review report and the legislation were awaited, the Commission's work and oversight of the charity sector continued using the adjusted procedures which comply with the court judgment. 'Schedule 1 committees' operated to make a range of statutory decisions. Further details on the Schedule 1 committees is included below. This meant that, like last year, some Commission decisions were delayed and the volume of decisions made temporarily reduced, although work on applications, requests and queries continued to be ongoing and efficiencies in the

decision-making arrangements were sought. A pilot approach to speeding up registration of charities through Schedule 1 committees was put in place when additional resources were provided by DfC and this resulted in a higher number of decisions than originally planned by year end.

The Board and its Committees operated remotely during the year, as did all staff, in line with government guidance. Meetings continued to be held to schedule, despite the pandemic, and the Board fulfilled its role as normal.

During the year the Board undertook its responsibilities by:

- starting to prepare a new annual business plan for departmental approval with a series of targets and outputs within the policy and resources framework determined by the sponsor department and the Charities Act (Northern Ireland) 2008. Since the draft was largely dependent on the independent review report, it was agreed with DfC that it would be submitted outside the normal timeframe specified by the MSFM, to allow for consideration of the review recommendations after publication in January 2022.
- ensuring the sponsor department was kept informed of developments, changes in assumptions and 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. Three accountability meetings took place involving Senior Management Team and senior officials from the sponsor branch, along with one formal liaison meeting and frequent informal meetings with departmental officials during the year.
- 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 a review of the terms of the MSFM. This was done twice during the year and found full compliance, as no breaches had been identified.
- 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, or take appropriate alternative action in an open and timely manner.

- 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 an annual Board effectiveness review to inform the strategic governance agenda, including agreeing an associated action plan, and reviewing the Board's *Standing Orders, Operating Framework* and *Code of Conduct*.
- operating a live *Register of interest* on the Commission's website, with conflicts a standing agenda item at Board.
- having in place a Chief Executive and 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 sub-committees, and ensuring that the recommendations from these sub-committees receive properly proposed and recorded approvals by the Board itself.
- taking account of fraud awareness reports from the Department of Finance as appropriate.
- undertaking ongoing work on fraud, including reviewing the policy and the organisational bribery assessment.
- 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.
- ensuring that effective implementation of GDPR continued throughout the year.
- taking forward minor elements of a transformation project, streamlining decision-making processes and developing a risk assessment framework project to help the Commission to focus its resources on regulatory interventions where risks are highest. Due to the change in decision-making processes following the February 2020 Court of Appeal judgment, elements of this project related to streamlining decision-making processes were placed on hold.
- Monitoring the arrangements in place in response to Covid-19 and government guidance on working practices.
- Putting in place and publishing an action plan in response to a review commissioned in the previous year by independent counsel of two early statutory inquiries to attempt to resolve a number of complaints

and to underpin assurances requested by the sponsor department in relation to how the Commission has conducted inquiries, dealt with complainants and learned any relevant lessons.

Attendance at Board meetings during the year:

Board member	Number of meetings attended
Nicole Lappin, Chief Commissioner	8 out of 8
Gerard McCurdy, Deputy Chief Commissioner	8 out of 8
Patricia Kelly, Legal Commissioner (appointed June 2021)	7 out of 8
Séamus Magee, Commissioner	8 out of 8
Kieran Donaghy, Commissioner	8 out of 8
Carmel Mullan, Commissioner (resigned November 2021)	4 out of 8
Hugh McKeag, Commissioner	7 out of 8
Alan Hunter (appointed February 2022)	1 out of 8

Board performance and assessment of its own effectiveness

In 2021-22 the Board met eight times, rather than the usual seven. This included one extraordinary meeting to consider legal advice received in response to claims arising from the Court of Appeal Decision and also the charity registration pilot exercise. The Board also met outside of formal board meetings on a number of occasions, including in a workshop with the sponsor department and charity stakeholders to discuss the outcomes of the independent review and its implementation and a session with the independent review panel. The Audit and Risk Assurance Committee met four times, and the Human Resources Committee met 4 times. Board and committee minutes are published regularly on the Commission's website. Following the High Court ruling on the interpretation of the Charities Act (NI) 2008, committees continued to operate to make statutory decisions under Schedule 1 of the Act.

The Board continued its own development in this year by undertaking training on specific parts of the Charities Act.

Commissioners were subject to annual appraisal and the results were reported to the sponsor department. During the year the Board undertook a self-assessment exercise which identified enhanced training and additional expertise to support the Board, potentially sourced through co-option to committees, as a potential area for improvement.

Full induction processes were carried out with the two new Commissioners appointed during the year.

Key decisions of the Board in 2021-22

The Board's main focus in the year under review was continuing to build the Register of Charities, using the new Schedule 1 decision-making mechanisms in place following the High Court and Court of Appeal decisions, responding to the Independent Review of Charity Regulation, considering the new Charities Bill and responding to the review by independent counsel, commissioned in the previous year. Normal work on checking charity accounts and annual returns remained suspended following the Court of Appeal judgement. The Board receives regular performance and other data during the year and is satisfied with the quality and robustness of the information received from staff, underpinned by internal audit checks. In addition to standing item discussions of budget and finance, business plan performance and risk management, other issues considered and agreed during the year included the following:

- Annual Report (including governance statement) and Accounts to the Assembly.
- A review of the charity registration process to speed up decision making via Schedule 1 committee, including amending their terms of reference and operating procedure.
- Two major submissions to the Independent Review of Charity Regulation.
- Issues arising from the Charities Bill and materials for the consideration of the Communities Committee.
- Issues arising from the report by independent counsel, including agreement of assurances provided to the sponsor department on related issues.
- A move to new premises designated by the Department for Communities.
- Legal advice relating to claims arising from the Court of Appeal ruling.
- Agreement of a settlement to bring to an end two long standing statutory inquiries and related High Court action.
- New MOUs with the Housing Regulator in DfC and the Irish Charities Regulatory Authority
- Consideration of other legal issues, ongoing litigation and related risks and feedback from its Legal Advisory Group.
- A report on lessons learned arising from a Charity Tribunal case.

- Consideration of feedback from the Commission's newly-established Stakeholder Forum.
- Review of finance and complaints policies, a response to the NIPSO consultation on public sector complaints policies, reinstatement of the decision review policy which had been suspended following the court judgments, amendment of the Freedom of Information process and review of the social media policy.
- Approval of the two Assurance Statements submitted to the Department for Communities during the year.
- Approval of amendments to a number of procedures and policies relating to casework and registration.
- Approval of the Commission's annual equality report.
- Consideration of the outcomes of extensive research into Public Trust and Confidence in charities in Northern Ireland and in the Commission.
- Consideration and monitoring of staff wellbeing, including a staff survey, new working arrangements, an updated staff Code of Conduct and a People Strategy and Action Plan.
- Approval of changes to a number of HR policies to bring them in line with central NICS policies.

During this year the Board participated for a fifth time in the Boardroom Apprentice Scheme, to demonstrate its commitment to increasing the diversity of candidates for public and charity appointments in Northern Ireland.

Audit and Risk Assurance Committee

The Audit and Risk Assurance (A&RA) 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 budgetary control system, the Commission's financial statements, and risk management. At each meeting the Commission's Chief Executive and Head of Corporate Services report risks to the Committee, which reviews and challenges assessments and planned actions, and identifies its own view on emerging issues and the organisational risk agenda. The Committee, in turn, reports to the Board on governance matters and informs the Board of any emerging issues which are then discussed.

The committee undertook an annual self-assessment in October 2021 using the National Audit Office Checklist. In broad terms the committee were content with their approach. They noted that it would be useful to do a deep dive into one of the risks on the register at each meeting, to interrogate the risk approach. The committee also undertook an annual review of its *Terms of Reference*.

The committee undertook reviews of a number of key policies as part of its annual schedule. This work covered Finance Procedures, the Business Continuity Plan and a Review of the Internal Audit Plan. The committee also received updates on cyber security.

Also during this period the committee received independent assurance from Internal Audit which was provided by the Internal Audit function of the Department for Communities. Representatives of Internal Audit attended all four Audit and Risk Assurance Committee meetings during 2021-22.

The committee agreed a four year Internal Audit strategy two years ago which was supported in this year by an audit plan for 2021-22 that included two phases of audit work during the year. This co-ordinated with the work of external audit. The areas audited during the year in line with the agreed audit plan for 2021-22 were as follows.

Phase 1 – Provision of Advice & Guidance; Provision of Legal Advice; Business Planning & Performance Measurement Processes; Records Management; and User Access to IT Systems.

Phase 2 – Business Cases & Post Project Evaluation; Information Security; Implementation of Independent Counsel Review Recommendations; CCNI Complaint Investigation Process; and the implementation of previously accepted audit recommendations.

The Head of Internal Audit (HIA) provides an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Commission's framework of governance, risk management and control. Based the work performed to deliver the 2021-22 internal audit plan, the HIA provided an overall satisfactory opinion on the Commission's arrangements. There were no category one recommendations.

During the year under review the Northern Ireland Audit Office (NIAO) attended all four committee meetings. The committee considered the *2020-21 NIAO Report to Those Charged with Governance* which indicated an unqualified audit opinion, without modification, on the 2020-21

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 made no recommendations. The Commission’s annual report and accounts was laid before the Assembly on 9 July 2021.

As usual, the committee met during the year with both sets of auditors without staff present.

The membership of the committee was changed during 2021-22, with the resignation of Carmel Mullan and the appointment of Alan Hunter as Commissioners.

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

Séamus Magee, Chair	4 out of 4
Carmel Mullan	3 out of 3
Gerard McCurdy	4 out of 4
Caron Alexander Independent Member of committee	4 out of 4
Alan Hunter	1 out of 1

Human Resources Committee

The Human Resources Committee supports the Board in its responsibilities regarding issues of staff resource and staff performance including, but not limited to, recruitment, staff structure, human resource policies and practice and legislative compliance.

The committee met four times in 2021-22. During the year the committee considered: staff wellbeing and health & safety, amendments to a number of HR policies to bring them into line with centrally-agreed NICS policies, the outcome of staff surveys, evaluation of training provided, updates on HR-related audit recommendations, an office recovery plan and hybrid working policy, a People Strategy and action plan, a report on staff performance appraisal outcomes and a review of shared services arrangements. The Committee also reviewed its own Terms of Reference.

Attendance at Human Resources Committee meetings during the year was as follows.

Committee member	Number of meetings attended
Gerry McCurdy, Chair	4 out of 4
Hugh McKeag	4 out of 4
Kieran Donaghy	4 out of 4

Schedule 1 Committees

The Charity Commission for Northern Ireland has established Schedule 1 decision-making committees (the committees) to support it in the discharge of its statutory functions under the Charities Act (Northern Ireland) 2008. A committee is composed of at least one Commissioner and one other person. Contentious issues and matters of particular complexity may be referred to a Schedule 1 committee composed of two or more Commissioners. The role of the committees is to discharge certain functions of the Commission through a committee rather than through the full Board acting in a Board meeting. The committees' decisions do not require ratification by the full Board of Commissioners.

There were 20 Schedule 1 committees during the year, as follows:

Board member	Number of committees
Nicole Lappin, Chief Commissioner	8
Gerard McCurdy, Deputy Chief Commissioner	8
Patricia Kelly, Legal Commissioner (Appointed June 2021)	4
Séamus Magee, Commissioner	7
Kieran Donaghy, Commissioner	7
Carmel Mullan, Commissioner	5
Hugh McKeag, Commissioner	7

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 2021-22, the Commission continued to enhance the identification and consideration of risk within the organisation.

During the year a series of risks related to the delivery of the 2021-22 business plan were managed. These included a small number in the highest category in the risk register. Details on these issues are set out in the following section on significant control/governance issues. Staff time

and effort was given to addressing audit recommendations and updating the Audit and Risk Assurance and Human Resources Committee members 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/quarterly assurance reports and statements by management along with monthly review of risks by middle management relating to various project and programme team risk registers.
- twice-yearly assurance statements to the sponsor department which were informed by business level assurance statements and agreed by the Board, Chief Commissioner and the Audit & Risk Assurance Committee.
- regular review of the corporate risk register with sponsor branch at liaison meetings.
- consideration and updating of the risk register as a standing item at 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 programmes, which are informed by a review of strategic business risks.

As part of the Commission's business planning processes, the Commission identified the inherent risk appetite for each 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.

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 Operating Framework, 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.

The Commission has in place a 'Raising Concerns about the Commission' policy, formerly known as Whistleblowing. A Commissioner with special responsibility for this issue, Kieran Donaghy, was designated in March 2022. There were no issues raised under this policy during the year.

Significant control/governance issues

The Commission's assessment of the risk environment was reconfigured at the start of the year, in line with the 2021-22 business plan and reconsideration of the high level issues set out in the 2020-23 Strategic Plan. The inherent and residual risk assessments, and mitigating actions to reduce all risks, were regularly discussed by the Audit and Risk Assurance Committee and put into practice by the Senior Management Team.

A series of risks related to delivery of the business plan were managed during the year, including a small number in the highest category in the risk register. These related to:

- The outworking of the February 2020 Court of Appeal could lead to damage to public confidence in the Commission and to additional litigation, reduction in compliance behaviours by charities, and could require a restructuring of the Commission and its decision-making processes and systems, temporarily reducing our regulatory impact.
- Uncertainty regarding the outcomes of the Ministerial review, legislative amendment and review by independent counsel could lead to lack of progress in the transformation of services, require major change to decision-making processes or Commission structures and reduce regulatory outcomes.

Risks were substantially lowered at year end in relation to the above issues, following the publication of the Independent Ministerial Review of Charity regulation and the passing of the Charities Act (Northern Ireland) 2022. The fact that statutory regulatory decisions could only be made by Commissioners continued to mean that business targets relating to the registration of charities remained lower than in previous years, however, the efficiency of these processes was improved during the year.

As a result of the impact of the May 2019 McBride Judgment and the subsequent February 2020 Court of Appeal decision, the Commission has received claims for compensation from individuals connected to two charities which had been subject to statutory inquiries. At the year-end these claims were still being considered and assessed and as the matter has not been concluded on, an amount has been provided for in the accounts for some claims and with the remainder being included as contingent liabilities.

While awaiting the Charities Act (Northern Ireland) 2022, the Commission did not proceed with further development of its existing ICT systems planned as part of a major transformation project, as this could have led to nugatory work and expense to construct systems that would only be in use temporarily. To reduce risks to resourcing, DfC continued to provide additional funds to ensure the legislative ruling could be fully complied with in terms of operating decision making structures. This included additional remuneration for Commissioners for the additional time taken to make statutory decisions via Schedule 1 committees.

Although most elements in the corporate risk register did not materialise the Board and A&RA committee ensured relevant staff were continuously assessing and seeking to mitigate other risks.

Additional resourcing was secured through in year bids. Year end results show the organisation allocated resources effectively to achieve business plan targets where possible in light of legal issues; planning and budget processes were managed well and pressures escalated to sponsor department.

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 and Risk Assurance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

In respect of 2021-22 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. The internal control systems have been in place for the year under review and up to the date of approval of the annual report and accounts.

A handwritten signature in black ink, appearing to read 'Frances McCandless', is written over a light grey rectangular background.

Frances McCandless
Chief Executive
Date: 27 June 2022

5. Remuneration and staff report

Remuneration policy

The Commissioners of the Charity Commission for Northern Ireland are appointed by the Minister for Communities 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 Commission. In consultation with the sponsor department, the Board 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.

The pay remit for Northern Ireland (NI) public sector, including senior civil servants (SCS) in the NICS, is approved by the Minister of Finance. The Minister has set the 2021-22 NI public sector pay policy (March 2021). Annual NICS pay awards are made in the context of the wider public sector pay policy. The pay award for NICS staff, including SCS, for 2020-21 were paid in June and July 2021. The pay awards for 2021-22 were paid in September and October 2021. The pay of NICS staff is based on a system of pay scales for each grade, including SCS, containing a number of pay points from minimum to maximum, allowing progression towards the maximum based on performance.

Service contracts

The Civil Service Commissioners (NI) Order 1999 requires appointments to be made on merit on the basis of fair and open competition. The Recruitment Code published by the Civil Service Commissioners for Northern Ireland specifies the circumstances when appointments may be made otherwise.

The Chief Charity Commissioner and Deputy Chief Charity Commissioner are appointed for a five year term of office. Five Commissioners are normally appointed for a three to five year term. In 2021-22 two new Commissioners were appointed; one on 1 June 2021 and one on 1 February 2022, both were appointed for a term of five years. One Commissioner resigned in November 2021. The Chief Executive of the Commission, who is also the Accounting Officer, was appointed in April 2010 and this appointment is open-ended.

Further information about the work of the Civil Service Commissioners for

Northern Ireland can be found at www.nicscommissioners.org

Remuneration and pension entitlements

Emoluments of Commissioners, Chief Executive and senior management

The following sections provide details of the remuneration and pension interests of the most senior members of the Commission.

Remuneration and pension entitlements (Audited information)

Single total figure of remuneration				
Commissioners	2021-22		2020-21	
	Salary* £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Nicole Lappin, Chief Charity Commissioner (term began 01 August 2019)	25-30	n/a	20-25	n/a
Gerard McCurdy, Deputy Chief Commissioner (term began 01 March 2019)	10-15	n/a	10-15	n/a
Séamus Magee, Commissioner	10-15	n/a	10-15	n/a
Steven Cockcroft, Legal Commissioner (term ended 05 June 2020)	n/a	n/a	0-5 <i>(0-5 full-year equivalent)</i>	n/a
Kieran Donaghy, Commissioner (term began 01 March 2019)	10-15	n/a	10-15	n/a
Hugh McKeag, Commissioner (term began 01 September 2019)	10-15	n/a	10-15	n/a
Carmel Mullan, Commissioner (resigned 30 November 2021)	5-10	n/a	10-15	n/a
Patricia Kelly, Legal Commissioner (term began 01 June 2021)	5-10 <i>(5-10 full-year equivalent)</i>	n/a	n/a	n/a
Alan Hunter, Commissioner (term began 01 February 2022)	0-5 <i>(5-10 full-year equivalent)</i>	n/a	n/a	n/a

**The salary figure above includes payments made to Commissioner for Schedule 1 duties carried out in the year.*

The table below shows the Salary bands in relation to Schedule 1 duties only, and is presented for information purposes only.

Schedule 1	2021-22	2020-21
Nicole Lappin, Chief Commissioner	0-5	5-10
Gerard McCurdy, Deputy Chief Commissioner	5-10	5-10
Steven Cockcroft, Legal Commissioner (term ended 5 June 2020)	n/a	0-5
Seamus Magee, Commissioner	5-10	5-10
Kieran Donaghy, Commissioner	5-10	5-10
Hugh McKeag, Commissioner	5-10	5-10
Carmel Mullan, Commissioner (resigned 30 November 2021)	0-5	5-10
Patricia Kelly, Legal Commissioner (term began 1 June 2021)	0-5	n/a
Alan Hunter, Commissioner (term began 1 February 2022)	n/a	n/a

**The payments made to Commissioners for Schedule 1 duties, are paid in relation to time spent for each of the meetings including preparation for meetings. This can vary from meeting to meeting and between Commissioners depending on the complexity of papers being reviewed, individuals experience and knowledge and nature of decision to be made.*

Remuneration and pension entitlements (Audited information)

Single total figure of remuneration								
Senior Management	2021-22				2020-21			
	Salary	Benefits in kind	Pension Benefits*	Total	Salary	Benefits in kind	Pension benefits*	Total
	£'000	Nearest £100	£'000	£'000	£'000	Nearest £100	£'000	£'000
Chief Executive Frances McCandless	80-85	-	39	120-125	75-80	-	31	105-110
Head of Charity Services Punam McGookin	55-60	-	18	70-75	50-55	-	25	75-80
Head of Compliance and Enquiries Myles McKeown (left 17/04/2020)	-	-	-	-	0-5 <i>(50-55 full-year equivalent)</i>	-	1	0-5 <i>(50-55 full-year equivalent)</i>
Head of Compliance and Enquiries Sarah Finnegan (left 26/08/2021)	20-25 <i>(50-55 full-year equivalent)</i>	-	30	50-55 <i>(80-85 full-year equivalent)</i>	45-50 <i>(45-50 full-year equivalent)</i>	-	-1	45-50 <i>(45-50 full-year equivalent)</i>
Head of Compliance and Enquiries Rossa Keown (started 01/08/2021)	35-40 <i>(50-55 full-year equivalent)</i>	-	15	50-55 <i>(65-70 full-year equivalent)</i>	-	-	-	-
Head of Corporate Services Aubrey McCrory	55-60	-	22	75-80	50-55	-	25	75-80

**The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation and any increase or decrease due to a transfer of pension rights.*

Fair pay review disclosure (Audited information)

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 2021-22 was £80,000-£85,000 (2020-21: £75,000-£80,000). The relationship between the mid-point of this band and the remuneration of the organisation's workforce is disclosed below. The percentage changes in respect of the Commission are shown in the following table. It should be noted that the calculation for the highest paid director is based on the mid-point of the band within which their remuneration fell in each year.

	2021-22	2020-21
Band of highest paid director's total remuneration* (£000)	80-85	75-80
Percentage changes in the highest paid director's salary and allowances	5.95%	n/a
Percentage changes in the highest paid director's performance pay and bonuses payable	n/a	n/a
For employees the average percentages changes from the previous financial year of salary and allowances (excluding the highest paid director's)	0.41%	n/a
For employees the average percentages changes from the previous financial year of performance pay and bonuses payable (excluding the highest paid director's)	n/a	n/a

2021-22	25 th percentile	Median	75 th Percentile
Total remuneration (3)	26,295	26,575	34,570
Pay Ratio	3.1:1	3.1:1	2.4:1

2020-21	25 th percentile	Median	75 th Percentile
Total remuneration (£)	25,229	27,391	34,960
Pay Ratio	3.1:1	2.8:1	2.2:1

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

For 2021-22 and 2020-21, the 25th percentile, median and 75th percentile remuneration values consisted solely of salary payments.

Remuneration ranged from £22,519 to £82,500 (2020-21, £21,370 to £77,500)

Salary

'Salary' includes gross salary; 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 severance or ex gratia payments. This report is based on the accrued payments made by the Commission and thus recorded in these accounts.

Benefits in kind

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

Bonuses

The Charity Commission for Northern Ireland does not operate any form of performance pay, bonus scheme, overtime or private office allowances.

Pension benefits (Audited information)

No Commissioners received pension benefits. In the 2012-13 year, Department of Finance 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 (Audited information)

<u>Officials</u>	Accrued pension at pension age as at 31/3/22 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/22	CETV at 31/3/21	Real increase in CETV	Employer contribution to partnership pension account
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Frances McCandless Chief Executive <i>(alpha scheme)</i>	30-35 plus lump sum of Nil	0-2.5 plus lump sum of Nil	439	398	21	-
Punam McGookin Head of Charity Services <i>(alpha scheme)</i>	15-20 plus lump sum of Nil	0-2.5 plus lump sum of Nil	295	268	11	-
Aubrey McCrory Head of Corporate Services <i>(alpha scheme)</i>	10-15 plus lump sum of Nil	0-2.5 plus lump sum of Nil	172	152	12	-
Sarah Finnegan Head of Compliance and Enquiries <i>(alpha scheme)</i>	5-10 plus lump sum of Nil	0-2.5 plus lump sum of Nil	67	54	13	-
Rossa Keown Head of Compliance and Enquiries <i>(alpha scheme)</i>	5-10 plus lump sum of Nil	0-2.5 plus lump sum of Nil	84	74	5	-

Northern Ireland Civil Service (NICS) Pension Schemes

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP). The alpha pension scheme was introduced for new entrants from 1 April 2015. The alpha scheme and all previous scheme arrangements are unfunded with the cost of benefits met by monies voted each year. The majority of members of the Classic, Premium, Classic Plus and Nuvos pension arrangements (collectively known as the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)]) also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age did not move to alpha (full protection) 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 (tapered protection).

In 2018, the Court of Appeal found that the protections put in place in 2015 that allowed older workers to remain in their original scheme, were discriminatory on the basis of age. As a result, the discrimination identified by the Courts in the way that the 2015 pension reforms were introduced must be removed by the Department of Finance. It is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period. The different pension benefits relate to the alternative scheme e.g. legacy PCSPS(NI) 'Classic', 'Premium' or 'Nuvos' (legacy scheme) or alpha. Scheme regulations made in March 2022, closed the PCSPS(NI) to future accrual from 31 March 2022, and all remaining active PCSPS(NI) members (including partially retired members in active service) moved to 'alpha' from 1 April 2022. This completes Phase One to remedy the discrimination identified by the Courts. Any pension benefits built up in the legacy scheme prior to this date are unaffected and PCSPS(NI) benefits remain payable in accordance with the relevant scheme rules. Phase Two will see the implementation of the Deferred Choice Underpin. This is, giving eligible members a choice between legacy scheme and alpha scheme benefits for service between 1 April 2015 and 31 March 2022. At this stage, allowance has not yet been made within CETVs for this remedy. Further information on the remedy will be included in the NICS pension scheme accounts which are available at <https://www.finance-ni.gov.uk/publications/dof-resource-accounts>

Alpha 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 rate is 2.32%.

Currently new entrants joining can choose between membership of alpha or joining a 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

New entrants joining on or after 30 July 2007 were eligible for membership of the legacy PCSPS(NI) Nuvos arrangement or they could have opted for a Partnership Pension Account. Nuvos was also a 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%.

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). From April 2011, pensions payable under these arrangements have been reviewed annually in line with changes in the cost of living. New entrants joining on or after 1 October 2002 and before 30 July 2007 will have chosen between membership of Premium or joining the Partnership Pension Account.

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 8% and 14.75% (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 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Active members of the pension scheme will receive an Annual Benefit Statement. The accrued pension quoted is the pension the member is entitled to receive when they reach their scheme pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. The normal pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. The Scheme Pension age is 60 for any pension accrued in the legacy **Classic**, **Premium**, and **Classic Plus** arrangements and 65 for any benefits accrued in **Nuvos**. Further details about the NICS pension schemes can be found at the website: www.finance-ni.gov.uk/civilservicepensions-ni

All pension benefits are reviewed annually in line with changes in the cost of living. Any applicable increases are applied from April and are determined by the Consumer Prices Index (CPI) figure for the preceding September. The CPI in September 2021 was 3.1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2022.

Employee contribution rates for all members for the period covering 1 April 2022 – 31 March 2023 are as follows:

Scheme Year 1 April 2022 to 31 March 2023

Annualised Rate of Pensionable Earnings (Salary Bands)		Contribution rates for All members
From	To	From 01 April 2022 to 31 March 2023
£0	£24,499.99	4.6%
£24,450.00	£56,399.99	5.45%
£56,400.00	£153,299.99	7.35%
£153,300.00 and above		8.05%

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 2015 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, 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. However, the real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Staff report

The Chief Executive has remuneration at senior civil servant band 5. The remuneration of all other staff follows that of the Northern Ireland Civil Service.

Staff costs (Audited information)

	2021-22			2020-21
	Permanently employed staff £	Other £	Total £	Total £
Wages and salaries	978,653	112,061	1,090,714	1,115,781
Social security costs	102,537	-	102,537	100,623
Other pension costs	303,383	-	303,383	300,174
Sub Total	1,384,573	112,061	1,496,634	1,516,578
Less recoveries in respect of outward secondments	-	-	-	-
Total net costs	1,384,573	112,061	1,496,634	1,516,578

During 2021-22, the Commission continued the employment of its permanent staff complement and provision of pension benefits through membership of the Principal Civil Service Pension Scheme (Northern Ireland) to the Chief Executive and staff. Other staff costs comprise temporary agency staff.

Pension

The Northern Ireland Civil Service main pension schemes are unfunded multi-employer defined benefit schemes but the Commission is unable to identify its share of the underlying assets and liabilities.

The Public Sector Pensions Act (NI) 2014 provides the legal framework for regular actuarial valuations of the public service pension schemes to measure the costs of the benefits being provided. These valuations inform the future contribution rates to be paid into the schemes by

employers every four years following the scheme valuation. The Act also provides for the establishment of an employer cost cap mechanism to ensure that the costs of the pension schemes remain sustainable in future.

The Government Actuary's Department (GAD) is responsible for carrying out scheme valuations. The Actuary reviews employer contributions every four years following the scheme valuation. The 2016 scheme valuation was completed by GAD in March 2019. The outcome of this valuation was used to set the level of contributions for employers from 1 April 2019 to 31 March 2023.

The 2016 Scheme Valuation required adjustment as a result of the 'McCloud remedy'. The Department of Finance also commissioned a consultation in relation to the Cost Cap element of Scheme Valuations which closed on 25 June 2021. The Cost Cap Mechanism (CCM) is a measure of scheme costs and determines whether member costs or scheme benefits require adjustment to maintain costs with a set corridor. By taking into account the increased value of public service pensions, as a result of the 'McCloud remedy', scheme cost control valuation outcomes will show greater costs than otherwise would have been expected. Following completion of the consultation process the 2016 Valuation has been completed and the final cost cap determined. Further information can be found on the Department of Finance website <https://www.finance-ni.gov.uk/articles/northern-ireland-civil-service-pension-scheme-valuations>

A case for approval of a Legislative Consent Motion (LCM) was laid in the Assembly to extent the Public Service Pensions and Judicial Offices Bill (PSP&JO) to Northern Ireland. Under the LCM agreed by the NI Assembly on 1 November 2021 provisions are included in the Act for the devolved schemes in NI. A second LCM was laid in the Assembly to implement the CCM changes in the Westminster Bill for devolved schemes. The second LCM, as agreed by the Assembly on 31 January 2022, ensured the reformed only scheme design and the economic check will now be applied to the 2020 scheme valuations for the devolved public sector pension schemes, including the NICS pension scheme. The PSP&JO Act received Royal Assent on 10 March 2022. The UK Act legislates how the government will remove the discrimination identified in the McCloud judgment. The Act also included provisions that employees will not experience and detriment if the adjusted valuation costs breach the set

cost cap ceiling but any breaches of the cost cap floor (positive employee impacts) in the completed valuations will be honoured.

For 2021-22, employers' contributions of £299,958 were payable to the NICS pension arrangements (2020-21: £294,209) at one of three rates in the range 28.7% to 34.2% of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account: a stakeholder pension with an employer contribution. Employers' contributions of £5,425 (2020-21: £5,833) were paid to one or more of the panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2020-21: 8% to 14.75%) of pensionable pay.

The partnership pension account offers the member the opportunity of having a 'free' pension. The employer will pay the age-related contribution and if the member does contribute, the employer will pay an additional amount to match member contributions up to 3% of pensionable earnings.

Employer contributions of £0, 0% (2020-21: £132, 0.5%) of pensionable pay, were payable to the NICS pension schemes 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.

0 persons (2020-21: 0 persons) retired early on ill-health grounds.

Commissioners' costs (Audited information)

	2021-22			2020-21
	Permanently employed staff £	Other £	Total £	Total £
Commissioners' remuneration	82,746	-	82,746	84,225
Social security costs	4,932	-	4,932	6,248
Total net costs	87,678	-	87,678	90,473

In addition to their salary, subsequent to the High Court ruling, commissioners are paid a fee for attendance at Schedule 1 Committee meetings. In 2021-22 the commissioners were required to work additional days over and above their contracted days, excluding Schedule 1 committee work, therefore additional Remuneration was paid to them for this work. The costs above include the total remuneration received throughout the year.

Average number of persons employed (Audited information)

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

	2021-22			2020-21
	Permanently employed staff	Other	Total	Total
Directly employed	35	3	38	33

Other employees relate to temporary agency staff.

Staff composition (Audited information)

At 31 March 2022 there were 29 staff employed and 3 temporary staff. The staff composition was as follows:

	Male	Female
Chief Executive (SCS)	-	1
Permanent staff	7	21
Other employees	-	3
Total staff composition	7	25

Sickness absence

The Commission has an attendance management policy and the monitoring and management of employee attendance is based on this. Sickness absence in 2021-22 was 3.56% (2020-21: 1.06%) against a target of 3%.

Staff turnover percentage

The staff turnover percentage in 2021-22 was 14.29%. (2020-21: 13.3%) This is calculated using the number of leavers in the period divided by the average staff in post in the period. This calculation is based on guidance issued from the Cabinet Office. The figures used are of those permanently employed and excludes other staff which refers to agency staff.

Staff policies

The Commission has an equal opportunities policy and is committed to a policy of equality of opportunity in its employment practices and aims to ensure that no actual or potential job applicant or employee is discriminated against, either directly or indirectly, on the grounds of gender, marital status, disability, race, community background or political persuasion, age, dependants, sexual orientation or trade union membership. The Commission is an Equal Opportunities Employer and all applications for employment are considered strictly on the basis of merit. The Commission continues to meet its statutory obligations under the Fair Employment & Treatment (NI) Order 1998, which includes submission of an annual Fair Employment Monitoring Return to the Equality Commission for NI (ECNI).

A training and development policy is also in operation. Each employee shall have equal opportunity for training and advancement on the basis of ability, qualifications and performance. This maximises the effective use of human resources in both the organisation and the individual's best interests. The policy includes discretion for managers to consider a range of training and learning support as well as funding of additional learning to enable employees with disabilities to continue employment.

The recruitment policy sets out that applicants are given the opportunity to advise the Commission of any reasonable adjustments that they may require. It also allows the desirable criteria to be set aside to enable candidates with disabilities to participate further in the recruitment process.

To facilitate equality of opportunity the Commission offers a range of family friendly policies.

To help ensure that we are meeting our equality of opportunity obligations, the Commission monitors the composition of employees and applicants. This monitoring helps to identify if any of our policies,

procedures or activities are operating to the detriment of any individual from any particular grouping within our diverse society.

Compensation payments (Audited information)

No compensation payments were made in the 2021-22 financial year.

Ex-gratia payments (Audited information)

No ex-gratia payments were made in the 2021-22 financial year.

Exit packages (Audited information)

No exit packages were awarded in the 2021-22 financial year.

Expenditure on consultancy

In line with the Department for Communities' guidance on classification of expenditure, in the 2021-22 financial year, no external consultancy was undertaken.

Expenditure on temporary staff

Total expenditure on temporary staff for 2021-22 was £112,061 (2020-21: £109,636). This was to progress additional work to address the strategic safeguarding risk facing the sector, address historic concerns, and support for litigation caseload, as well as support for a charity registration streamlining pilot programme.

Off-payroll engagements

There were no off-payroll engagements during the financial year (2020-21: Nil).

6. Assembly accountability and audit report

Assembly accountability disclosure notes

Regularity of expenditure

Losses and special payments (Audited information)

The Charity Commission for Northern Ireland has experienced no losses and has made no special payments during the financial year.

Remote contingent liabilities (Audited information)

In addition to contingent liabilities reported within the meaning of IAS 37, the Charity Commission for Northern Ireland had no remote contingent liabilities at 31 March 2022 (2021: £nil).

Notation of gifts (Audited information)

The Charity Commission for Northern Ireland made no gifts over the limits proscribed in Managing Public Money Northern Ireland during the financial year.

This *Accountability report* was signed by the Accounting Officer of the Charity Commission for Northern Ireland on 27 June 2022.



Frances McCandless
Chief Executive
Charity Commission for Northern Ireland

The Charity Commission for Northern Ireland

THE CERTIFICATE OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify I have audited the financial statements of the Charity Commission for Northern Ireland for the year ended 31 March 2022 under the Charities Act (Northern Ireland) 2008. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

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 2022 and of the Charity Commission for Northern Ireland's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Charities Act (Northern Ireland) 2008 and Department of Communities directions issued thereunder.

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.

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 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 the Charity Commission for Northern Ireland 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 Charity Commission for Northern Ireland's 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 on the Charity Commission for Northern Ireland's 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 Charity Commission for Northern Ireland 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 Commission and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements, the parts of the Accountability Report described in that report as having been audited, and my audit certificate and Report. The Commission and the Accounting Officer are responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with the Department of Communities directions made under the Charities Act (Northern Ireland) 2008; and
- the information given in the Performance Report and Accountability Report 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 Charity Commission for Northern Ireland and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report. 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 parts of the Accountability Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; 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 Commission and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer Responsibilities, the Commission and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- 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;
- assessing the Charity Commission for Northern Ireland's 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 the Charity Commission for Northern Ireland will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to examine, certify and report on the financial statements in accordance with the Charities Act (Northern Ireland) 2008.

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 Charity Commission for Northern Ireland 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) 2008;
- making enquires of management and those charged with governance on the Charity Commission for Northern Ireland's 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 the Charity Commission for Northern Ireland's 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. As part of this discussion, I identified potential for fraud in the posting of unusual journals and expenditure recognition;
- 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;
 - assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and

- investigating significant or unusual transactions made outside of the normal course of business; and

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 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.

Report

I have attached a follow up report to these financial statements on the consequences of the High Court decision into the delegation of decision making in CCNI. It can be found at page 95.

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

K J Donnelly

Comptroller and Auditor General

1 Bradford Court

Belfast

BT8 6RB

Date 28th June 2022

Financial Statements

7. Statement of Comprehensive Net Expenditure

for the year ended 31 March 2022

This account summarises the expenditure and income consumed on an accrual basis. It also includes other comprehensive expenditure, which include changes to the values of non-current assets and other financial instruments that cannot yet be recognised as expenditure

	Notes	2021-22 £	2020-21 £
Income			
Other operating income	5	16,291	-
Total operating income		16,291	-
Expenditure			
Staff costs	2	1,496,634	1,516,578
Commissioners' remuneration	2	87,678	90,473
Depreciation and amortisation	3	75,175	98,442
Provision expense	3	14,436	(11,538)
Other operating expenditure	3	498,959	434,573
Loss on Disposal	6	3,189	
Notional costs	4	24,970	23,840
Gross expenditure		2,201,041	2,152,368
Reversal of notional costs	4	(24,970)	(23,840)
Total operating expenditure		2,176,071	2,128,528
Net expenditure for the year		2,159,780	2,128,528
Other comprehensive net expenditure			
Net (gain)/loss on revaluation of property, plant and equipment	6	(106)	(41)
Net loss/(gain) on revaluation of intangible assets	7	8,432	1,090
Comprehensive net expenditure for the year		2,168,106	2,129,577

The notes on pages 78 to 94 form part of these accounts.

8. Statement of Financial Position

as at 31 March 2022


This statement presents the financial position of Charity commission for Northern Ireland. It comprises three main components: assets owned or controlled; liabilities owed to other bodies; and equity, the remaining value of the entity.

	Notes	2022 £	2021 £
Non-current assets:			
Property, plant and equipment	6	14,408	7,422
Intangible assets	7	608,442	609,117
Total non-current assets		622,850	616,539
Current assets:			
Trade and other receivables	9	21,991	23,544
Cash and cash equivalents	10	71,643	33,709
Total current assets		93,634	57,253
Total assets		716,484	673,792
Current liabilities			
Trade and other payables	11	(159,120)	(146,937)
Provisions	12	(50,000)	(35,564)
Total current liabilities		(209,120)	(182,501)
Total assets less current liabilities		507,364	491,291
Taxpayers' equity			
Revaluation reserve		65,146	75,441
General reserve		442,218	415,850
Total equity		507,364	491,291

The financial statements on pages 73 to 77 were approved by the Board on 27 June 2022 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Frances McCandless', written over a light grey rectangular background.

Frances McCandless
Chief Executive
Charity Commission for
Northern Ireland

A handwritten signature in black ink, appearing to read 'Nicole Lappin', written over a light grey rectangular background.

Nicole Lappin
Chief Commissioner
Charity Commission for
Northern Ireland

9. Statement of Cash Flows

for the year ended 31 March 2022

The Statement of Cash Flows shows the changes in cash and cash equivalents of the Charity Commission for Northern Ireland during the reporting period. The statement shows how the Commission generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of service costs and the extent to which these operations are funded by way of income from the recipients of services provided by the Commission. Investing Activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Charity Commission for Northern Ireland's future public service delivery.

	Notes	2021-22 £	2020-21 £
Cash flows from operating activities			
Net Operating Expenditure		(2,159,780)	(2,128,528)
<i>Adjustments for non-cash transactions</i>			
Decrease/(increase) in trade and other receivables		1,553	(4,358)
Increase/(decrease) in trade and other payables		12,183	(133,038)
Increase in provisions		35,083	(4,521)
Loss on disposal of assets	6	3,189	-
Use of provisions	12	(20,647)	(7,017)
Depreciation/amortisation	6,7	75,175	98,443
Net cash outflow from operating activities		(2,053,244)	(2,179,019)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(11,743)	(2,083)
Purchase of intangible assets	7	(81,258)	(70,598)
Decrease in capital payables		-	(59,095)
Net cash outflow from investing activities		(93,001)	(131,776)
Cash flows from financing activities			
Grants from DfC		2,184,179	2,099,839
Net Financing		2,184,179	2,099,839
Net increase/ (decrease) in cash and cash equivalents in the period		37,934	(210,956)
Cash and cash equivalents at the beginning of the period		33,709	244,665
Cash and cash equivalents at the end of the period	10	71,643	33,709

The notes on pages 78 to 94 form part of these accounts.

10. Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2022

This statement shows the movement in the year on the different reserves held by the Charity Commission for Northern Ireland. The Revaluation Reserve reflects the change in asset values that have not been recognised as income or expenditure. The General Reserve represents the total assets less liabilities, to the extent that the total is not represented by other reserves and financing items

	General Reserve	Revaluation Reserve	Taxpayers' Equity
	£	£	£
Balance at 31 March 2020	442,310	78,717	521,027
Grants from sponsor department - DfC	2,099,839	-	2,099,839
Comprehensive net expenditure for the year	(2,128,528)	-	(2,128,528)
Revaluation gains and losses	2,229	(3,276)	(1,047)
Balance at 31 March 2021	415,850	75,441	491,291
Grants from sponsor department - DfC	2,184,179	-	2,184,179
Comprehensive net expenditure for the year	(2,159,780)	-	(2,159,780)
Revaluation gains and losses	1,969	(10,295)	(8,326)
Balance at 31 March 2022	442,218	65,146	507,364

The notes on pages 78 to 94 form part of these accounts.

11. 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 2021-22 Government Financial Reporting Manual (FReM) issued by Department of Finance. 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 general reserve. Capital Grant-in-Aid has been credited to the general reserve.

1.3 Property, plant and equipment

Expenditure on property, plant and equipment of £1,500 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 £1,500 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 Online Services .	10-17% per annum
CRM system	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 2021-22. 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 Income

Income is accounted for on an accruals basis.

1.11 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.

1.12 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pensions Scheme (Northern Ireland) (PCSPS) (NI). Detailed information on pensions can be found in the Remuneration Report and in the notes to the accounts.

1.13 Accounting estimates

As a result of uncertainties in some business activities, some items in the financial statements cannot be measured with precision and can only be estimated, these include estimates for the useful lives of intangible assets and provisions. Where estimates have been required in order to prepare these financial statements in conformity with FReM, management have used judgements based on the latest available, reliable information. Management continually review estimates to take into account of any

changes in the circumstances on which the estimate was based or as a result of new information.

1.14 Financial instruments

The Commission does not hold any complex financial instruments. The only financial instruments in the accounts are receivables and payables (Notes 9 and 11). 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.

1.15 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.

1.16 Accounting standards, interpretations and amendments to published standards adopted to the year ended 31 March 2022

The Commission has reviewed the standards, interpretations and amendments to published standards that became effective during 2021-22 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.

1.17 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 2021, 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. IFRS 16 Leases replaces IAS 17 Leases and is effective with EU adoption from 1 January 2019. In line with the requirements of the FReM, IFRS 16 will be implemented, as interpreted and adapted for the public sector, with effect from 1 April 2022. The Commission holds an operating lease at 31 March 2022 for the premises it occupies, which has been assessed in accordance with the requirements of IAS 17, therefore the Commission will apply IFRS 16 to contracts that were previously identified as leases applying IAS 17. The lease will expire on 30 June 2024, and no decision has been taken in

relation to extending it beyond this time. From 1 April 2022 the Commission will recognise the cumulative effect of initially applying the asset, representing its right to use the underlying leased asset and a lease liability, representing our obligations to make lease payments. We shall measure the right to use asset at an amount equal to the lease liability, adjusted by the amount of a prepaid lease payment relating to the lease recognised in the statement of financial position immediately before the date of initial application. The lease liability will be discounted using the HM Treasury discount rate promulgated in PES papers as the incremental borrowing rate.

The impact of adopting IFRS 16 in 2022-23 will be:

SoCNE impacts IFRS 16	£
Depreciation expected -2022-23	37,407
Interest expense expected – 2022-23	800
IAS 17 basis Rental payments expected – 2022-23	38,000
Increased Expenditure	206
CSoFP Impacts IFRS 16	£
Right of use assets – 1 April 2022	84,165
Lease Liabilities – 1 April 2022	74,494

1.18 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 2022. The reserves of the Commission are non-distributable.

1.19 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.

1.20 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 costs

	2021-22	2020-21
	£	£
Wages and salaries	1,090,714	1,115,781
Social security costs	102,537	100,623
Other pension costs	303,383	300,174
	<u>1,496,634</u>	<u>1,516,578</u>

A breakdown of the above costs into permanent staff and others can be found in the staff report within the *Accountability Report*.

Commissioners' costs comprise:

	2021-22			2020-21
	Permanently employed staff	Others	Total	Total
	£	£	£	£
Commissioners' remuneration	82,746	-	82,746	84,225
Social Security costs	4,932	-	4,932	6,248
	<u>87,678</u>	<u>-</u>	<u>87,678</u>	<u>90,473</u>

In addition to their salary, subsequent to the High Court ruling, commissioners are paid a fee for attendance at Schedule 1 Committee meetings. In 2021-22 the commissioners were required to work additional days over and above their contracted days, excluding Schedule 1 committee work, therefore additional Remuneration was paid to them for this work. The costs above include the total remuneration received throughout the year.

3. Other operating expenditure

	2021-22	2020-21
	£	£
Rent and service charges	40,536	46,092
Relocation expenses	16,291	-
Rates	6,590	13,588
Security	14,941	35,384
Maintenance and repairs	6,262	3,490
Cleaning	4,613	3,521
Telephone and postage	15,980	18,085
Heat, light and power	15,638	2,742
IT network support	12,904	8,113
Stationery and consumables	2,358	2,538
Publicity, printing and advertising	93	4,929
Staff/Commissioners' training	19,425	27,174
Travel and subsistence	235	589
Recruitment costs	15,082	8,849
Events and hospitality	42	116
Legal and professional fees	210,971	143,785
Miscellaneous expenses	20	20
Membership and licence fees	14,563	13,839
Charity digital services maintenance	55,662	66,936
Minor equipment	1,310	945
Communication and research costs	45,443	33,838
Total	498,959	434,573
Non-Cash items:		
Loss on disposal of assets	3,189	-
Depreciation and amortisation	75,175	98,442
Provision expense	14,436	(11,538)
Total	92,800	86,904

4. Notional Costs

	2021-22	2020-21
Notional costs incurred during the year relate to:	£	£
NIAO audit fee	11,000	10,500
Internal audit fee	13,970	13,340
	24,970	23,840

During the year the Commission did not purchase any non-audit services from its auditor, the Northern Ireland Audit Office, and the notional cost above relates to the audit of the financial statements.

5. Other operating income

The Commission had other income during the year. The Commission moved location in July 2021. It was agreed with DfC that costs incurred in relation to the relocation would be reimbursed and would not be recorded as Grant in Aid income, this income has been classified as Relocation Income. The equal amount of expense in relation to this income is recorded in other expenditure as relocation expenses (see note 3). In 2021-22 there was no income relating to the outward secondment of staff.

6. Property, plant and equipment

2021-22	Buildings	Furniture & fittings	Information technology	Total
	£	£	£	£
Cost or valuation				
At 31 March 2021	163,217	43,407	37,360	243,984
Additions	-	-	11,743	11,743
Disposals	(163,217)	(39,380)	(20,783)	(223,380)
Revaluations	-	246	4	250
At 31 March 2022	-	4,273	28,324	32,597
Depreciation				
At 31 March 2021	159,363	41,528	35,671	236,562
Charged in year	665	201	808	1,674
Disposals	(160,028)	(39,380)	(20,783)	(220,191)
Revaluations	-	143	1	144
At 31 March 2022	-	2,492	15,697	18,189
Carrying amount at 31 March 2022	-	1,781	12,627	14,408
Carrying amount at 31 March 2021	3,854	1,879	1,689	7,422
2020-21				
	Buildings	Furniture & fittings	Information technology	Total
	£	£	£	£
Cost or valuation				
At 31 March 2020	163,114	43,376	48,203	254,693
Additions	-	-	2,083	2,083
Reclassifications	-	-	(12,922)	(12,922)
Revaluations	103	31	(4)	130
At 31 March 2021	163,217	43,407	37,360	243,984
Depreciation				
At 31 March 2020	156,571	40,245	45,324	242,140
Charged in year	2,718	1,267	3,270	7,255
Revaluations	73	17	(1)	89
At 31 March 2021	159,363	41,528	35,671	236,562
Carrying amount at 31 March 2021	3,854	1,879	1,689	7,422
Carrying amount at 31 March 2020	6,543	3,131	2,879	12,553

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.

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

Online Systems (OLS)

OLS encompasses the previous intangible categories of database and annual return. The Commission's online charity register system was brought into use in June 2011. A number of important enhancements were subsequently made to the suite of online services available to the charity sector. Updates improve the level of functionality available to registered charities in Northern Ireland, to those organisations applying to register as a charity and others viewing their information published on the Commission's website. The charity register has been variously updated to reflect annual reporting regulations, requirements in particular for submission of annual monitoring returns during reporting periods, and the associated financial statuses a charity can acquire. Additions in the year in relation to changes to the charity register display were required in response to the Court of Appeal judgment in February 2020. At 31 March 2022, development work is underway to design a more risk-based approach to regulation involving the refinement of existing information flows in the OLS. These development costs have not been amortised in the 2021-22 financial year.

CRM

CRM was initially configured to manage registration workflows and this element of the software package has been operational since 2014-15. Further development of CRM was undertaken to allow other workflows to be incorporated into the software package and has been operational since 2015-16. A fourth phase of CRM development was undertaken, providing further functionality covering administration of use of powers and upgrading the software version used. This allows internal departments to fully record and report on these functions. At 31 March 2022 development work is underway to design a more risk based approach to regulation and

involves the design and development of new CRM software functionality. These development costs have not been amortised in the 2021-22 financial year.

2021-22		OLS in	CRM	CRM in	Total
	OLS	development	operational	development	£
Cost or valuation					
At 1 April 2021	525,896	202,682	382,417	71,106	1,182,101
Additions	-	81,258	-	-	81,258
Revaluation	(4,485)	(2,251)	(6,157)	(742)	(13,635)
At 31 March 2022	521,411	281,689	376,260	70,364	1,249,724
Amortisation					
At 1 April 2021	356,650	-	216,334	-	572,984
Charged in year	35,259	-	38,242	-	73,501
Revaluation	(1,473)	-	(3,730)	-	(5,203)
At 31 March 2022	390,436	-	250,846	-	641,282
Carrying amount at 31 March 2022	130,975	281,689	125,414	70,364	608,442
Carrying amount at 31 March 2021	169,246	202,682	166,083	71,106	609,117
2020-21		OLS in	CRM	CRM in	Total
	OLS	development	operational	development	£
Cost or valuation					
At 1 April 2020	513,484	144,281	383,101	72,751	1,113,617
Additions	7,800	44,318	-	18,480	70,598
Disposals	5,551	14,446	-	(19,997)	-
Revaluation	(941)	(363)	(684)	(127)	(2,115)
At 31 March 2021	525,895	202,682	382,417	71,106	1,182,100
Amortisation					
At 1 April 2020	304,411	-	178,411	-	482,822
Charged in year	52,877	-	38,310	-	91,187
Revaluation	(683)	-	(387)	-	(1,025)
At 31 March 2021	356,650	-	216,334	-	572,984
Carrying amount at 31 March 2021	169,245	202,682	166,083	71,106	609,116
Carrying amount at 31 March 2020	209,073	144,281	204,690	72,751	630,795

The Commission's intangible assets are re-valued annually on the basis of appropriate indices from the Office for National Statistics.

8. Financial instruments

As the cash requirements of the Commission are met through Grant-in-Aid provided by the Department for Communities, 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.

9. Trade and other receivables

	2022	2021
	£	£
Amounts falling due within one year:		
Prepayments and accrued income	21,991	22,375
Other receivables	-	1,169
	21,991	23,544

10. Cash and cash equivalents

	2022	2021
	£	£
Balance at 1 April	33,709	244,665
Net change in cash and cash equivalent balances	37,934	(210,956)
Balance at 31 March	71,643	33,709

The following balances at 31 March were held at:

Commercial banks and cash in hand	71,643	33,709
Balance at 31 March	71,643	33,709

11. Trade and other payables

	2022	2021
Amounts falling due within one year:	£	£
Trade payables	15,699	9,881
Capital payables	-	-
Pension	11,019	11,019
Accruals and deferred income	132,402	126,037
	159,120	146,937

11.1 Public sector payment policy – measure of compliance

The Department requires that the Commission pays its 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 2021 to 31 March 2022.

	2021-22		2020-21	
Total invoices in accounting period	434		500	
Invoices paid within 10 days	413	95.2%	319	63.8%
Invoices paid 11 - 30 days	21	4.8%	180	35.8%
Invoices paid over 30 days	0	0%	2	0.4%

12. Provision for liabilities and charges

	2022	2021
	Legal Costs	Legal Costs
	£	£
Balance at 1 April	35,564	47,102
Provided in the year	50,000	-
Provisions not required written back	(14,917)	(4,521)
Provisions utilised in the year	(20,647)	(7,017)
Balance at 31 March	50,000	35,564

Analysis of expected timing of discounted flows

	2022	2021
	Legal	Legal
	Costs	Costs
	£	£
Less than one year	50,000	-
Greater than one year	-	35,564
Balance at 31 March	50,000	35,564

The Commission has received claims for compensation from individuals connected to two charities which had been subject to statutory inquiries, as a result of the impact of the May 2019 McBride Judgment and the subsequent February 2020 Court of Appeal decision. At the year-end these claims were still being considered and assessed and as the matter has not been concluded on, an amount has been provided for in the accounts for some of the claims, which it anticipates will be settled in the next financial year.

13. Commitments under leases

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

	2022	2021
	£	£
Buildings		
Not later than one year	38,000	23,045
Later than one year and not later than five years	47,500	-
Later than five years	-	-
Total	85,500	23,045

The Charity Commission for Northern Ireland had no commitments under finance leases at 31 March 2022 (2021: £nil).

14. Capital commitments

The Charity Commission for Northern Ireland had no capital commitments at 31 March 2022 not otherwise included in these accounts.

15. Contingent liabilities

During the year the Commission received a number of letters of claim and two subsequent writs. As Legal Counsel has yet to advise the Commission on the merit of some of these claims, an amount has been provided for in the accounts as a provision for some claims with the remainder being included as a contingent liability as no amount can be reliably estimated at this time. (2021: £nil).

16. Related party transactions

The Charity Commission for Northern Ireland is a non-departmental public body (NDPB) sponsored by the Department for Communities.

The Department for Communities is regarded as a related party. During the year the Commission had a number of material transactions with the department, including receipt of grant in aid of £2,184,179 (2021: £2,099,839) and reimbursement income for relocation expenses of £16,291 (2021: Nil)

In addition the Commission had a number of transactions with other government departments and other central government bodies.

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

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 Accounting Officer authorised the issue of these financial statements on 27 June 2022

ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT FOR COMMUNITIES, WITH THE APPROVAL OF THE DEPARTMENT OF FINANCE, 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.** Charity Commission for Northern Ireland shall prepare resource accounts for the financial year ended 31 March 2022 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 2022 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.

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 judgment 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 Communities and the Department of Finance.

CHARITY COMMISSION FOR NORTHERN IRELAND

The Consequences of the High Court Decision into the Delegation of Decision Making in CCNI

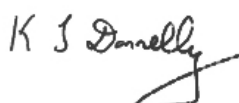
In May 2019 the High Court ruled that CCNI could not delegate decision making activities to its staff acting alone. These decisions must be undertaken by the Commission or a decision making committee established by them under Schedule 1 of the Charities Act (Northern Ireland) 2008. This ruling (the McBride ruling) was further upheld, on appeal, in February 2020.

I attached a report to the 19-20 financial statements setting out the possible implications of this ruling. This included the fact that the status of the charities register was no longer valid. At the time, a number of options to rectify the situation, had been identified and provided to the Minister for her consideration. I updated this position in 20-21 but said I would keep developments in this area under review.

Since this time the following has occurred:

- In March 2022 the Charities Act (Northern Ireland) 2022 received Royal Assent. This Act gave retrospective approval to most of the decisions taken by staff of the Charity Commission prior to 16th May 2019 (the date of the original McBride ruling). This included the reinstatement of the charities register. There are, however, some types of decisions which are not covered by this retrospective approval and these are set out in the legislation.
- This legislation also amends Schedule 1 of the Charities Act (Northern Ireland) 2008 to provide for the Commission to delegate some functions to staff going forward, provided they are set out in a Scheme of Delegation made by the Department for Communities, following a public consultation. It also sets out those decisions which cannot be delegated.
- CCNI had also appointed independent counsel to review two early statutory inquiries which had been the subject of complaints. The Report of the Independent Counsel was produced on 1st October 2021. A summary of the Report, including recommendations for CCNI's consideration, together with CCNI's action plan to implement those recommendations can be found on CCNI's website at www.charitycommissionni.org.uk/concerns-and-decisions/regulatory-decisions-and-orders/
- The Minister for Communities also appointed an independent panel to carry out a review of charity regulation in Northern Ireland. The review considered the regulatory framework and the role of CCNI within it. The panel reported in January 2022 and a copy can be obtained from the Department for Communities website at <https://www.communities-ni.gov.uk/articles/independent-review-charity-regulation>. At this point in time the Department is still preparing its response to the Report's recommendations and hope to bring this to the Minister for a decision in the near future.

I will continue to keep developments in this area under review as part of my annual audit.



K J Donnelly

Comptroller and Auditor General

Northern Ireland Audit Office

1 Bradford Court Belfast BT8 6RB

Date: 28th June 2022