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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 (formerly Department for Social Development).

Further information on our activities is available from:

The Charity Commission for Northern Ireland
257 Lough Road
Lurgan
Craigavon
BT66 6NQ

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](https://twitter.com/CharityCommNI)

The Charity Commission for Northern Ireland annual report and accounts for the year ended 31 March 2017

The Accounting Officer authorised the financial statements for issue on
26 June 2017

Laid before the Northern Ireland Assembly
under the Charities Act (NI) 2008
by the Department for Communities

on
6 July 2017

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Performance report

1. Overview

Statement from the Chief Charity Commissioner and Chief Executive



Northern Ireland's Charity Commission was established on 27 March 2009. During these past eight years, the Commission has taken considerable strides towards its goal of a well-regulated and highly-trusted charity sector in Northern Ireland. In this report we reflect on those eight years and the progress the Commission has made in 2016-17.

The past eight years have been a time of considerable change for the charity sector, as well as for the individuals and organisations which support and benefit from those charities. Charity registration and annual reporting for registered charities have both commenced and the Commission has investigative powers, ensuring that we have gone a considerable way towards achieving our key objectives.

The Commission has performed strongly against its business objectives in the past year. Key targets have all been met. Once again, our target for charity registrations has been achieved and targets set for the receipt and processing of Annual Monitoring Returns have been exceeded.

At 31 March 2017, there were just over 5,500 charities on the *register of charities* – an increase of 1,500 in twelve months - with more added daily. On 7 March 2017 we also received our 1,000th annual monitoring return from a registered charity. In February 2017, six years after gaining investigatory powers, the Commission received its 600th concern about a charity, underlining again not only the high standards which the public expect from charities, but the need for a regulator which inspires confidence and trust.

The Commission also published two pieces of key research in 2016-17 which we hope will be used by policy makers and the wider public to understand the value of Northern Ireland's charity sector and the importance of charity registration. Our Trust and Confidence research highlighted the trust that the Northern Ireland public places in charities and the important role of charity regulation, as well as the steps charities need to take to retain public confidence. Our research on the *register of charities*, to mark three years of charity registration, produced a never-seen-before snapshot of the sector here, demonstrating the value of charity registration and the information obtained through charity registration.

In keeping with the Commission's core value of transparency, this report will highlight how we have worked over the past year to continue building and reaffirming public trust and confidence in our work, and in the charity sector. We hope you will join us, our staff and our Commissioners in celebrating the progress achieved to date, and in looking forward to the future.

Frances McCandless
Chief Executive
Charity Commission for Northern Ireland

Tom McGrath CBE
Chief Charity Commissioner
Charity Commission for Northern Ireland

Statement of the Commission's purpose 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. 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 organisation, 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 new regulatory framework for the charitable sector in Northern Ireland. The previous framework 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.

To achieve this, the Commission's activities during 2016-17 have included:

- 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.
- Implementing a mandatory annual reporting programme for all charities, making accounts available to the public for the first time, and introducing a new compliance monitoring regime focusing on ensuring submission and checking of charity annual returns.
- 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

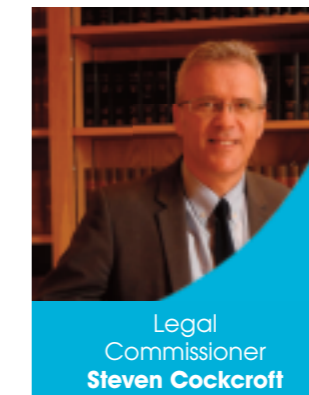
There were a number of changes to the Board during 2016-17.

The term of Geraldine Donaghy was extended until June 2017.

Walter Rader, who held the position of Deputy Chief Commissioner, and who had served on the board since 2009, stepped down. The three-year term of Brenda Maitland ended in December 2016.

The Commission thanks Walter and Brenda for their contribution to the work of the Commission and wishes them well in their future endeavours.

The Board of Commissioners



The Register of interests for the Commission's Board of Commissioners can be viewed on the Commission's website at: www.charitycommissionni.org.uk/about-us/about-the-charity-commission/our-governance/register-of-interests/

The Senior Management Team



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 key issues related to:

- Delays and difficulties in registering charities could diminish confidence in the charity sector and undermine accountability to stakeholders.
- Failure to have necessary resourcing could compromise ability to deliver efficient and effective services.
- Court and tribunal judgements and other external challenges from stakeholders may negatively affect the Commission’s reputation and impact on Commission processes and procedures, leading to decreased public trust in the Commission and diversion of resources from planned work.
- Weak oversight and poor governance arrangements could put the Commission at risk of not meeting its legal obligations as a public body.

Some elements of these risks, such as the number of court and tribunal appeals in which the Commission was involved, materialised. The Commission had to switch resources from supporting core regulatory work to defending its decisions in the Charity Tribunal. For further information on the Commission’s risk and control framework, please see the *Governance statement* section of this annual report.

Performance summary

During the year, the Commission achieved 100% of its corporate key performance indicators (KPIs). This included the following achievements:

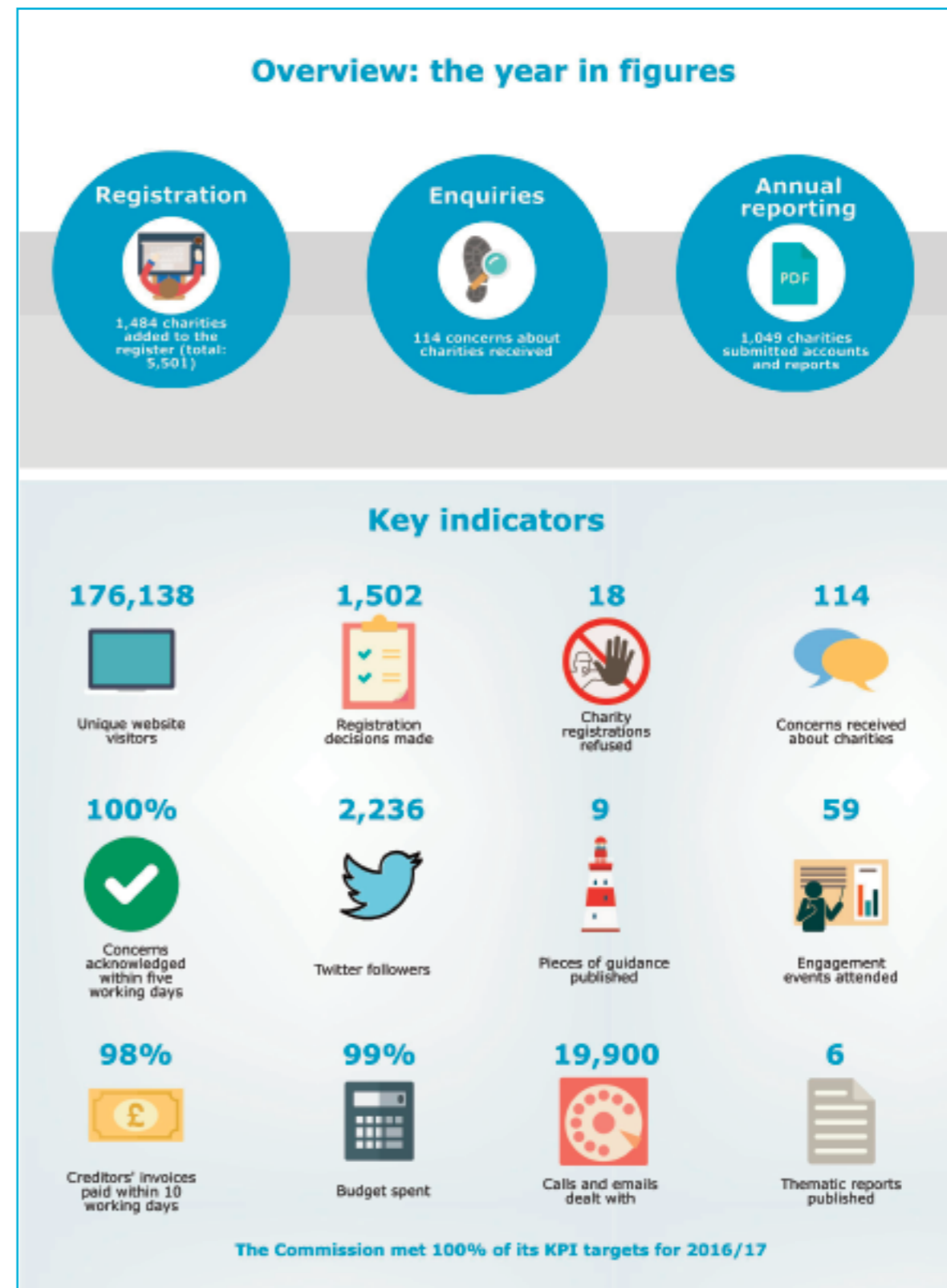
- 1,502 registration application decisions made (target: 1,500).
- 67% of registration applications were processed within four months (target: 60%).
- 1,033 compliance tests completed on charity accounts received (target 958).
- 9 pieces of external guidance published (target: 4).
- 98% of creditors’ invoices paid within 10 working days (target: 90%).

While we performed well against our targets on limited resources this year, it is the Commission’s view that this level of resourcing presents long-term risks to the Commission being able to deliver the statutory framework of regulation intended in the Charities Act (NI) 2008. For example, it could take over a decade to complete the *register of charities* in Northern Ireland at current rates.

For further information on the Commission’s performance during the year, including measurement against all key indicators, see the *Detailed analysis* section of this annual report.

2. Performance analysis

The performance analysis below provides a snapshot of the work carried out by the Commission during 2016-17.



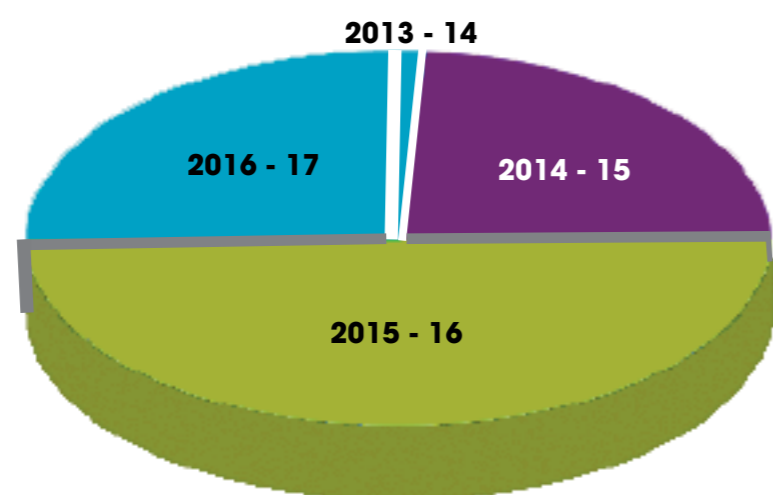
Detailed analysis

Charity registration

By the end of March 2017, there were a total of 5,501 charities registered, with 38 organisations having been refused charity registration since registration commenced in Northern Ireland on 16 December 2013. Resourcing challenges, including staff turnover, have led to fewer charities being registered in 2016-17 than in 2015-16.

To further assist charities with registration during the year, the Commission has produced thematic reports on the public benefit requirement and registration refusals, available on our website at www.charitycommissionni.org.uk

Charities registered by the Commission since registration began



- 16 December 2013 - 31 March 2014.
31 charities registered, no charities refused registration*
- 1 April 2014 - 31 March 2015.
1,306 charities registered, 3 refused registration
- 1 April 2015 - 31 March 2016.
2,680 charities registered, 17 refused registration
- 1 April 2016 - 31 March 2017.
1,484 charities registered, 18 refused registration

*An organisation will be refused registration if it fails to demonstrate that it meets the legal requirements to be registered as a charity.

The Commission also continues to maintain its *registration list*. An interim checking measure for the public, this regularly updated online resource lists the names of the over 11,000 organisations of which the Commission is currently aware. The *registration list* is available on the Commission's website www.charitycommissionni.org.uk.

To support the public in using this list as a checking tool, it also details whether a charity is closed, has been refused registration or is required to contact the Commission to provide contact details.

If an organisation is not on the list and meets the criteria for registration, the onus is on the charity's trustees to submit an online *Expression of Intent* form as soon as possible, providing the Commission with their contact details so they can be called forward for registration as part of a managed process.

During 2016-17, 78 charities on the registration list informed the Commission they had closed and were subsequently entered into the process by which the Commission verifies the closure.

Annual reporting

On 1 January 2016, *The Charities (Accounts and Reports) Regulations 2015* commenced, bringing into place a full annual reporting regime for all registered charities in Northern Ireland for the first time.

The new regulations, made in January 2016 by the Department for Social Development (now the Department for Communities), set out the form and content requirements for annual accounts to be submitted to the Commission. These include charity accounts, trustees' annual report, and independent scrutiny requirements. Registered charities are now required to comply with these regulations for each full financial period following 1 January 2016 or their date of registration with the Commission, if later.

Annual reporting is a key way for the Commission to regulate charities. It enables the *register of charities* to be kept up to date and, if a charity is not meeting its obligations, the Commission can step in and take action to set things right on a proportionate basis. This is a key responsibility for trustees throughout each year as the register must be updated in real time once the charity's circumstances change. The Commission has produced a thematic report entitled *Annual reporting to the Commission – first lessons learned* which draws on the lessons learned from the submission of annual monitoring returns. This is available on the Commission's website www.charitycommissionni.org.uk.

With each charity's accounts and reports published on the worldwide web, annual reporting also provides charities with a meaningful way to be more open and accountable to the public.

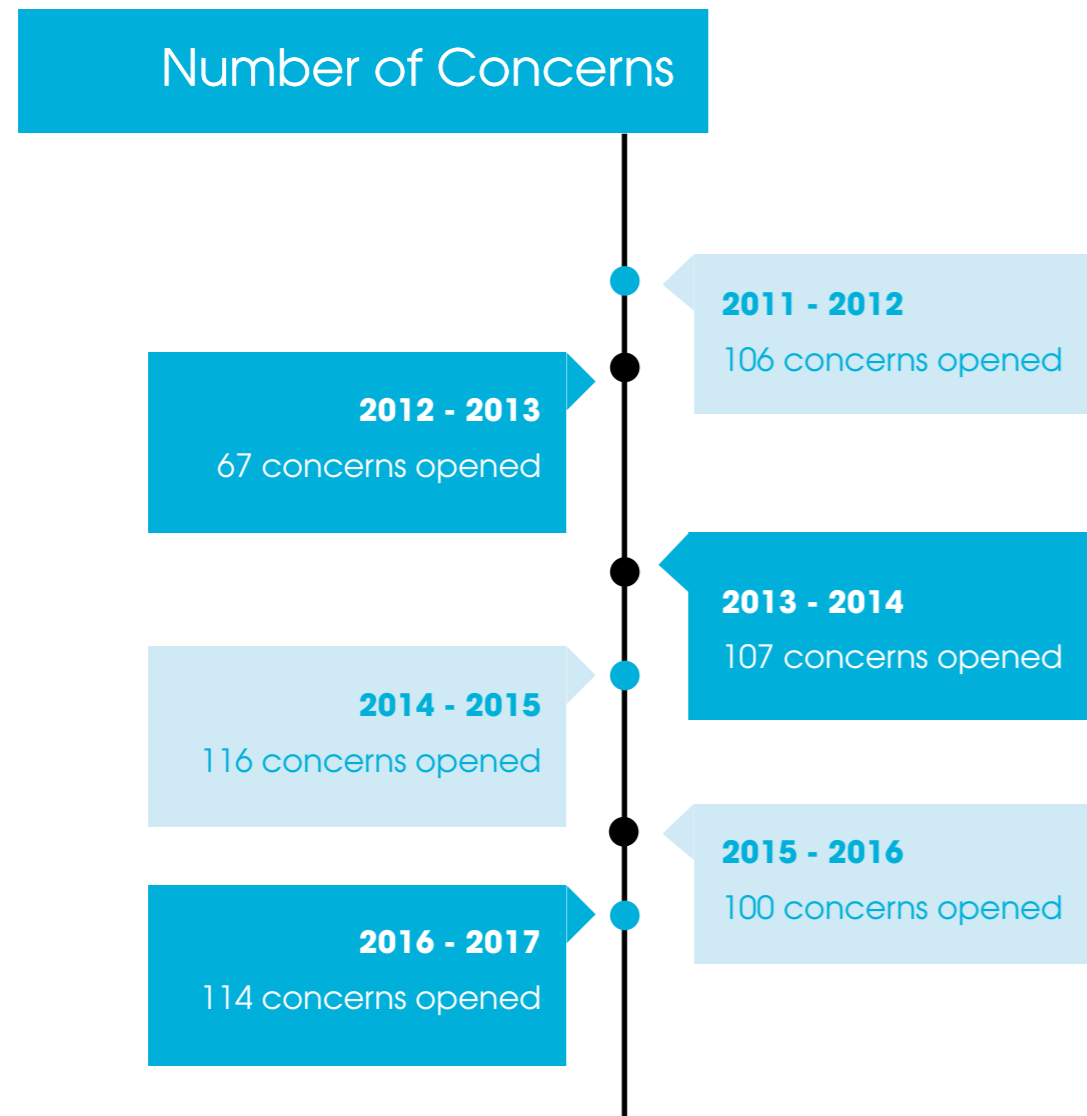
2016-17 saw the Commission receive its 1,000th annual monitoring return. Quarter 4 saw the busiest quarter for returns, with 633 falling due. With more and more charities now due to report, there will be a consistent year-on-year increase in the number of returns submitted and processed.

In 2016-17 a total of 198 charities entered into default by not submitting the documents due. At the end of March 2017, 26 charities or 3% remained in default.

Enquiries

The Commission has been in possession of the legal powers required to investigate charities in Northern Ireland for six years and this year opened its 600th reported concern into a charity.

The Commission's enquiries team has grown in experience and knowledge. During the past year, the Commission received 114 concerns, and progressed 80 concerns to conclusion. On 31 March 2017, 60 concerns about charities remained live.



As always, the nature of the concerns received covered a wide spectrum of areas, from minor issues, easily resolved with the right guidance, through to more serious issues. With two sets of Northern Ireland Assembly elections and the EU Referendum in 2016-2017, more enquiries specifically relating to political campaigning by charities were received than usual. Giving an insight into the concerns received, the Commission published a thematic report relating to enquiries during the year, *Charities and Political Campaigning - Staying Compliant*. This provides anonymised case studies on common issues and guides charities on how they can avoid making similar mistakes.

Where there is a serious risk to a charity's beneficiaries, services or assets, the Commission has demonstrated that it will not hesitate to use its legal powers to help the charity get back on track.

For example, during the past year the Commission has:

- Issued 20 orders to individuals and/or organisations as part of its investigatory work, for example, the Commission used its powers to appoint two charity trustees to a charity and to restrict transactions made by a charity in financial difficulty.
- Issued eight directions to individuals and/or organisations under its powers of inquiry, including directions to produce information and provide a statutory declaration stating the information is a true and accurate record.

As always, the Commission continues to follow the principles of best regulatory practice, ensuring our actions are proportionate, accountable, consistent, transparent and targeted.

Engagement and guidance

Over the past 12 months, the Commission has continued working to engage with stakeholders through a wide range of events and activities. In total, during the year the Commission participated in 59 engagement events. This included participating in six Good Governance workshops in venues across Northern Ireland.

To assist understanding of charity law, and the work of the Commission, staff also undertook seminars and presentations with a wide range of bodies throughout the year, including CO3 Chief Officers 3rd Sector, SportNI, local solicitors' associations, NICVA, the Information Commissioners' Office and the Law Society.

The Commission held its annual public meeting in September 2016, at the Lagan Valley Civic Centre. This provided an opportunity to explain our work in more depth and answer questions from charities and the public.

The Commission has also developed a relationship with its counterpart in the Republic of Ireland, the Charities Regulatory Authority, and has engaged with them on a variety of issues of mutual benefit.

As always, the promotion of good governance within Northern Ireland's charities has remained a key focus, with the Commission working to update and build on its online library of guidance and support. This included the addition of a further nine pieces of guidance, including *Religious designation for registered charities*, *Data protection - key requirements for charity trustees*, *Charity Registration at a Glance - A Guide For Smaller Organisations*, *Industrial and provident societies guidance* and *Rural or urban regeneration guidance*. This takes the total number of guidance documents published by the Commission to 61. During the past year, the Commission also launched a blog, communicating the work it does, but also providing a platform for the sharing of governance experiences by charity trustees. The blog is located at ccni.blog.

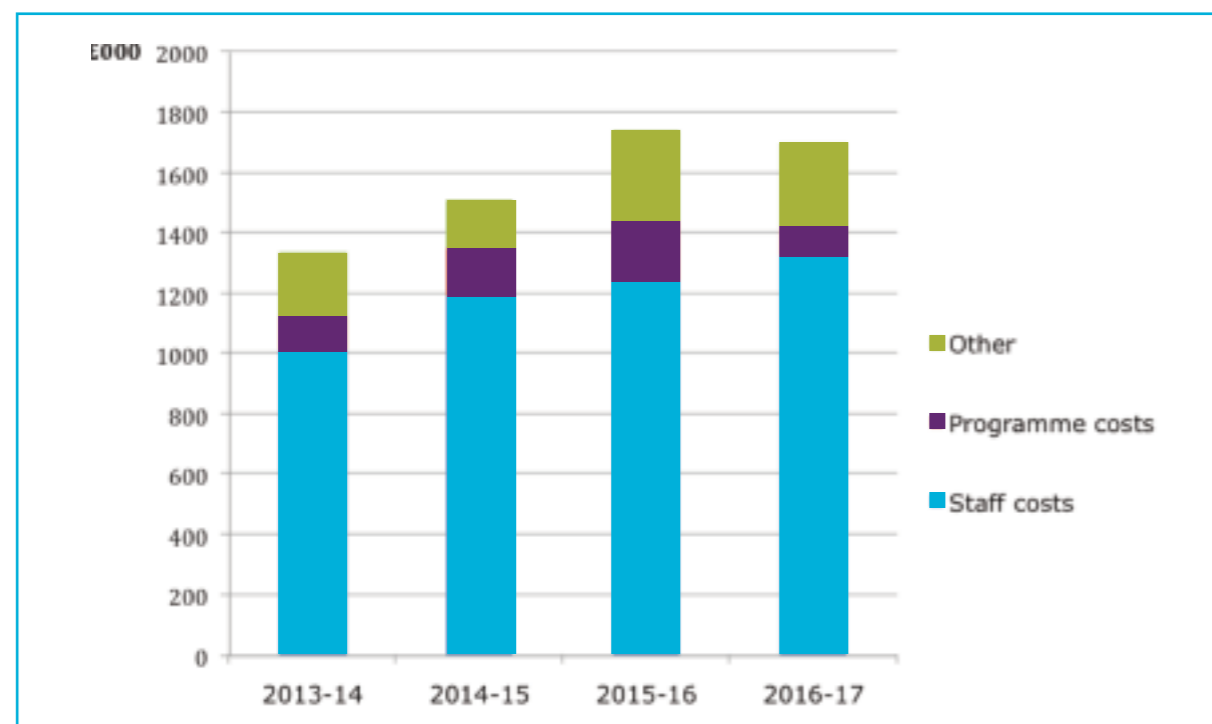
Budget

One key performance indicator for the Commission is achieving a budget spend within 99% of overall budget, which is set at £1,826,331. The revenue budget was £1,726,331 and the capital budget was £100,000.

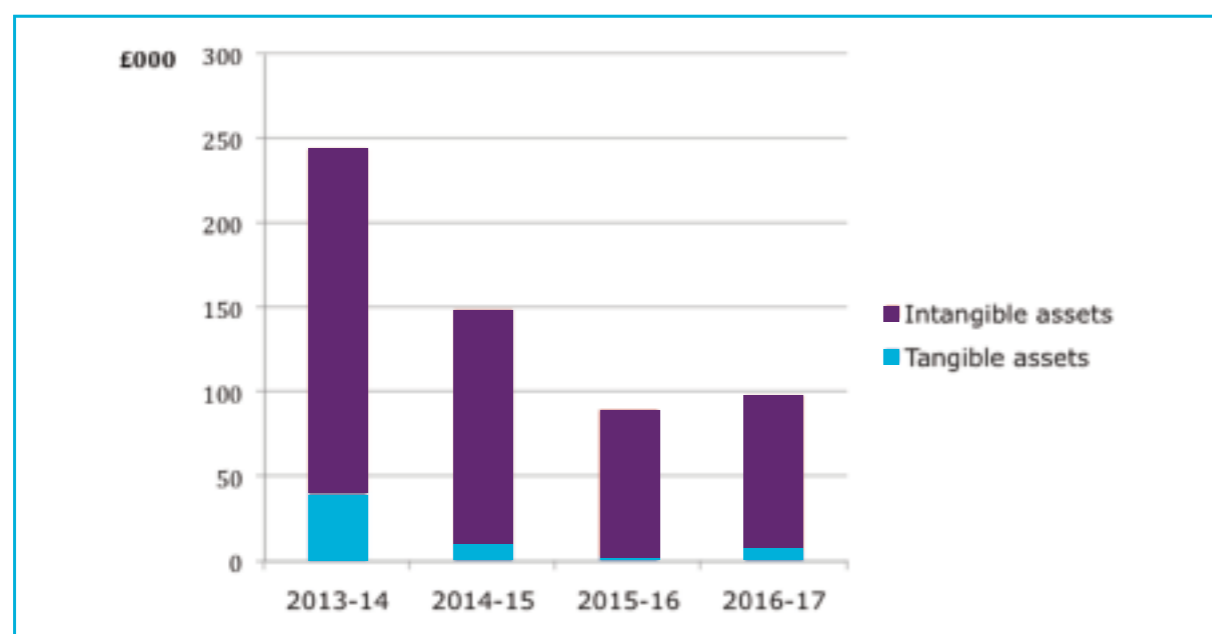
During 2016-17, the Commission reported a 98.8% total spend, broken down as 98.8% of revenue budget and 99.5% of capital budget.

Long-term expenditure trends

- Resource expenditure over the last four years was as follows:



- Capital expenditure over the last four 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 2016-17, the Commission received six complaints which were dealt with in accordance with the published policy. Three complaints were resolved informally, one complaint was ineligible for consideration and one complaint was withdrawn by the complainant. One complaint was still in progress at year end.

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 through the Chief Executive's report 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.

During 2016-17, the Commission updated its procedure and guidance on making a complaint about its services, in order to clarify further what matters could be dealt with via the complaints procedure and what outcomes could be achieved.

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. During 2016-17 the Commission published the *register of charities* using the Open Government Data License to 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. The *register of charities* was downloaded 205 times from these sources from November to March. The Commission is actively looking at other data that can be published on a rolling basis.

Equality and diversity

The Commission's *Equality scheme and action plan 2012-2017*, which is available to view on www.charitycommissionni.org.uk, demonstrates our commitment to promoting equality, diversity and accessibility across all aspects of our work. In keeping with this commitment, the Commission has undertaken a range of activities during 2016-17 aimed at mainstreaming equality and good relations considerations into all aspects of our activities. This has included:

- Ongoing implementation of internal systems to monitor the Commission's integrated *Equality scheme and action plan 2012-17* and how the Commission works with charities and the public.
- Ongoing publication of quarterly screening decisions on the Equality page of the Commission's website.
- Annual awareness training for all staff undertaken in October and November 2016, supporting staff understanding of equality, diversity and good relations.
- A review of the scheme is planned for 2017-18.

3. Future Focus

The 2017-18 financial year looks set to be a challenging one for the Commission as it seeks to progress its four strategic themes against a backdrop of resource pressures. Accordingly, key performance targets have been adjusted down from previous years. The Commission has in place plans to scale up or down activities once a budget has been set by an incoming administration.

A range of services will be delivered, but the Commission will concentrate primarily on implementing a new compliance monitoring regime focusing on basic compliance checking of approximately 1,700 charity annual returns this year, making decisions on around 650 registration applications, progressing a wide range of other regulatory activities, and managing the organisation within 1% of budget.

There will be some change in the organisation's risk appetite in light of our experience to date and evidence that public trust and confidence in charities is benefitted by having a regulator.

The organisation will work to address the range of risks facing it. In particular, managing the volume of annual charity returns around filing dates and the level of checking of returns the Commission will be able to perform. The Commission also faces serious difficulties in balancing the need to complete the register with enforcing compliance by charities, as the law requires, within allocated resources. With an estimated 5,000 to 11,500 organisations still to be registered it will be important to communicate the message that with current resourcing it may take some time to build the *register of charities*. The Commission recognises this may well affect confidence in the Commission as a regulator and diminish confidence in the charity sector, and will liaise with its sponsor branch to ensure the Department is kept fully apprised.

In order to address some of the resource pressures, scope for further digitisation of services and automation of assessments will be scoped. The Commission will continue to update and expand the range of charity sector information it publishes online, with the aim of creating greater transparency and accountability to meet the Commission's primary objective of increasing public trust and confidence in charities.

This performance report was signed by the Accounting Officer of the Charity Commission for Northern Ireland on 26 June 2017.



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 Tom McGrath, 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 2016-17, the Commission did not formally report any personal data related incidents to the Information Commissioner's Office (ICO). The Commission takes its data processing responsibilities extremely seriously and is a statutory body with the appropriate security clearance to process and hold sensitive data securely and lawfully.

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, changes in taxpayers' equity, 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 2016-17

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 the 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 that oversee aspects of its work, 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 2017. 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 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 2016-17.

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. During 2016-17 the Board reviewed its own operating policies, as well as the formal corporate governance framework which was previously adopted in December 2014.

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.

Board membership changed during 2016-17 with Walter Rader (Deputy Chief Commissioner) resigning and Brenda Maitland completing her term. At year end these public appointments had not been filled by the sponsor Department. Measures to manage this situation and ensure the Commission continues to act within the law are set out later in this statement.

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 reviewed and a new version agreed and signed during August 2016. 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.


During the year the Board undertook these responsibilities by:

- Submitting an annual business plan and a capacity review for departmental approval with a number of options for outputs and options over a three-year period, to chart the direction of the Commission within the policy and resources framework determined by the sponsor department and the Charities Act (Northern Ireland) 2008. The capacity review identified a series of assumptions and risks related to the Commission's core statutory objectives. At year end, the plans for 2017-18 were subject to further revision following indications of a potential reduction in budget.
- Engaging with the sponsor department's strategic review, including outlining the Commission's strategic regulatory approach. The main focus of the review is to test assurance on the strategic approach of the Commission, its overall governance arrangements and relationships between the Commission and its sponsor department.
- 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. A meeting between the Chief Commissioner and the Minister took place in early summer, in addition to a meeting between the Chief and Legal Commissioners and the Permanent and Deputy Permanent Secretary at DfC. Quarterly meetings were held between the Accounting Officer and the Head of the Sponsor Branch (Grade 5) and bi-monthly sponsorship meetings took place involving Senior Management Team and officials from the sponsor branch. During 2016-17 the sponsor department was informed in a timely manner that the Commission was unlikely to achieve one of its key targets relating to charity registration. This was due to staff turnover, including a number of staff on long-term secondment returning to their parent branches, and recruitment and training plans being put in place. The Board identified an appropriate revised business plan target, which was approved by the Minister and achieved.
- Responding to changes in approach to governance of sponsor bodies by the Department for Communities, including a new sign off process for the quarterly assurance statement involving the Chief Executive and now also the Chief Commissioner and the Audit & Risk Assurance committee.
- 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 six-monthly reviews of the terms of the MSFM. These 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 and reviewing the Board's *Terms of Reference, Standing Orders and Code of Conduct*. In 2016-17 this also included consideration of the Northern Ireland Audit Office Guidance on Board Effectiveness.

- Continuing to implement actions from an organisation-wide programme to review and develop the Commission's culture to inform the governance agenda.
- Operating a live *Register of Interest* on the Commission's website with conflicts a standing agenda item at Board meetings and a formal annual review undertaken by the 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. This includes, in addition to regular updates, one meeting per year largely devoted to audit and risk issues and one meeting specifically on HR-related issues.
- Taking account of fraud awareness reports from the Department of Finance as appropriate.
- Ongoing work on fraud, including reviewing the policy and updating the organisational bribery assessment to reflect new statutory remits that came into effect.
- 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.
- Holding an annual public meeting to enable it to engage better with stakeholders, increase accountability and communicate its work to the widest possible audience.

Attendance at Board meetings during the year:

| Board member | No. of meetings attended |
|--|--------------------------|
| Tom McGrath, Chief Commissioner | 7 out of 7 |
| Walter Rader, Deputy Chief Commissioner (until September 2016) | 2 out of 2 |
| Norman Bennett, Commissioner | 7 out of 7 |
| Geraldine Donaghy, Commissioner | 7 out of 7 |
| Brenda Maitland, Commissioner (until October 2015) | 5 out of 5 |
| Séamus Magee | 7 out of 7 |
| Steven Cockcroft, | 7 out of 7 |



Board performance and assessment of its own effectiveness

In 2016-17 the Board met seven times, the Audit and Risk Assurance Committee four times, and the Human Resources Committee four times. Board and committee minutes are published regularly on the Commission's website. The annual planner, set at the start of the year for Board and committee meetings, was implemented.

In terms of assessment processes, Commissioners were subject to annual appraisal and results reported to the sponsor department. During the year a self assessment review of the Board's effectiveness was carried out and a half-day development session held shortly before year end to discuss NIAO (Northern Ireland Audit Office) guidance on board effectiveness and enable board members to reconsider actions previously identified in 2015-16. A series of steps to continue the process of developing its effectiveness in 2017-18 were agreed. These will involve changes to arrangements for managing board meetings and the nature of information provided by the Executive. This will underpin the strategic approach to the delivery of the coming year's business objectives.

Key decisions of the Board in 2016-17

The Board's main focus in the year under review included bedding in the newly introduced compliance monitoring regime and maintaining work to build the charity register, along with Tribunal and court challenges. During the year changes were made to the board agenda with increased emphasis on the Chief Executive's report to focus the board's time primarily on material changes in the Commission's statutory activities and oversight. 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 refreshed risk appetite linked to the business plan.
- Further consideration of a capacity review (2017-20) to inform future work planning and budget bids.
- Approval of the annual internal audit plan.
- Approved temporary amendments to A&RA committee terms of reference to reflect reduced quorum.
- Revised finance, whistle blowing, information security, and a variety of human resources policies and procedures.
- Approved new procedures and policies relating to Monitoring and Compliance, pre registration closures, annual monitoring return regulations, trustee anonymity, serious incident reporting, matters of material significance, and directions to independent examiners.
- Approved a registration strategy 2016-19, ICT strategy 2017-20, an open data plan, and a people plan 2017-18.
- Approved a series of amendments to existing process manuals which underpin the Commission's decision making including publishing our decisions policy, records management (including retention & disposal schedule), and complaints about service policy and guidance.
- Agreed a Memorandum of Understanding with the Arts Council.
- Agreed a refreshed business continuity plan.
- Adopted a political communications strategy.
- Approved the Commission's annual equality report.

In addition, board members were updated at each board meeting throughout the year on the use of the Commission's statutory powers relating to specific casework, including the progress of inquiries under section 22 of the Charities Act (Northern Ireland) 2008, as well as the first use of any new powers, high risk registration applications and any refusals of charity registration applications. During the year the Board set up a legal advisory group and made use of task and finish groups comprised of Commissioners and staff to look in detail at the development of policies and procedures.

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 senior executives 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 November 2016 using the National Audit Office Checklist. In broad terms the committee were content with their approach. In terms of areas under their control, the committee noted various conclusions and recommendations of the checklist and a number of actions were identified including:

- Keep under review the need for any specific technical skills which might arise, for example, IT.
- Get more practical advice and guidance on good practice from the external auditors.
- When bringing policy changes to Board that are recommended by A&RA, where possible, these will be summarised.

The committee undertook an annual review of its terms of reference and recommended a temporary change to its quorum.

During the year the committee noted the new Northern Ireland Audit Office Guidance on Board Effectiveness. The associated checklists and templates were reviewed and it was noted the Commission was already following the approach suggested. Nevertheless changes in the preparation of papers and agenda management were identified to further ensure good governance. The committee undertook reviews of a number of key policies as part of the annual schedule agreed in 2014-15. This work covered the risk management policy, fraud policy (including bribery risk assessment), finance procedures, whistle blowing and the business continuity plan.

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 2016-17.

This was the first year of a new three year internal audit strategy which was supported by an audit plan for 2016-17, 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 2016-17 were as follows:

- Phase 1 - Registration of Charities, Business Planning, Information Security; and Communications Procedures.
- Phase 2 - Investigation Processes, Religious Designation for Registered Charities, IT Services, HR Strategy, and Previous Internal Audit Recommendations.

The internal audit report on their 2016-17 audit work gave a 'satisfactory' assurance rating, reflecting the view that management had established a satisfactory system of internal control to mitigate risks relating to the activities examined. There were no category 1 recommendations.

In February 2017, the Audit and Risk Assurance Committee agreed the 2017-18 Audit Plan, which was approved by the Board in March 2017.

Although the Audit and Risk Assurance Committee may commission reports on specific issues, this was not felt necessary during the year under review. The Audit and Risk Assurance Committee also considered the systems and controls in place to protect Commission information and no data handling issues that required notification to the regulator were identified. Information assurances were completed and forwarded to the Departmental Senior Information Risk Officer and an annual *Senior Risk Management Overview* (SRMO) report was submitted to the Department for Communities to inform the overall report to the Cabinet Office on Information Risk Management.

During the year under review the Northern Ireland Audit Office (NIAO) attended all four committee meetings. The committee considered the *2015-16 NIAO Report to Those Charged with Governance* which indicated no significant audit judgements were made in reaching their audit opinion on the 2015-16 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 and made no recommendations. The report also stated that in the NIAO opinion, in all material respects expenditure and income had been applied to the purposes intended by the Assembly and the financial transactions conformed to the authorities which govern them. The report was laid before the Assembly in June 2016.

Membership of the Commission's committees had been refreshed during 2015-16. Despite changes in Board membership during 2016-17, no changes were made to the Audit and Risk Assurance Committee, although terms of reference were amended to enable a reduced quorum. Departmental observers also attended all meetings.

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

| Committee member | No. of meetings attended |
|---|--------------------------|
| Norman Bennett, Chair | 4 out of 4 |
| Walter Rader (until September 2016) | 1 out of 1 |
| Séamus Magee | 4 out of 4 |
| Kieran Donaghy, Independent Member of committee | 4 out of 4 |



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, remuneration and resource, human resource policies and practice and legislative compliance.

During 2016-17 the Committee noted its terms of reference had been in operation for six years and identified a need to refocus the committee's role and purpose on supporting the organisation's strategic development agenda. A series of changes were subsequently adopted by the Board extending the committee's remit to include developing and overseeing implementation of a people strategy and action plans, regularly reviewing strategic HR information and a performance dashboard.

The period under review saw the committee oversee the first people plan to give effect to the people strategy and business plan. The Committee also heard updates on the operation of human resources and payroll services on the shared services platform, HR Connect. Other related work included progressing a new staff handbook reflecting the structure of the NICS handbook and adopting NICS policies where appropriate. This aims to reduce the risks of the Commission, as a small body, operating a stand-alone staff handbook.

The committee made recommendations to the Board on changes to existing human resources policies, in particular on a staff code of conduct. In addition it was agreed to consider taking aspects of IIP forward in 2017/18, and in the meantime the standard was used to structure the people action plan. The committee also reviewed any human resources related audit recommendations.

Due to the change in Board membership, membership and the chair of this committee changed during the year. Attendance at Human Resources Committee meetings during the year was as follows.

| Committee member | No. of meetings attended |
|---|--------------------------|
| Brenda Maitland, Chair (until December 2016) | 3 out of 3 |
| Geraldine Donaghy, Chair (from February 2017) | 4 out of 4 |
| Steven Cockcroft | 4 out of 4 |



During the year departmental observers attended some of the Human Resources Committee meetings.

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 2016-17, the Commission sought to enhance the bottom up identification and consideration of risk within the organisation, and in particular by the middle managers forum, through a refresh of risks from project/programme teams as well as formalising the input of specialist and corporate support staff.

In addition, the Commission reviewed its approach to risk management to ensure more consistent and relevant rating of risks. An exercise was undertaken to enable assurance checking to be developed to encompass new statutory processes coming into operation during the year. Resources were allocated according to the rating to check areas of perceived serious and treatable risks. Significant time and effort was given to addressing all audit recommendations and updating the Audit and Risk Assurance and Human Resources Committees 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.
- Quarterly stewardship statements to the sponsor department which were informed by business level assurance statements and agreed by the Board, Chief Commissioner and the Chair of the Audit & Risk Assurance Committee.
- Bi-monthly 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.

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 terms of reference, 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. Ongoing training and development for Board members was undertaken during the year, including sessions on finance for board members, Audit and Risk Committee training, the law surrounding trusts and charitable incorporated organisations.

As part of the Commission's strategic and 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.

Significant control/governance issues

The Commission's assessment of the risk environment was reconfigured at the start of the year, in line with the 2016-17 business 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:

- Delays and difficulties in registering charities diminishes confidence in the charity sector and undermines accountability to stakeholders.
- Failure to have necessary resourcing (people, budget, systems and facilities) compromising ability to deliver efficient and effective services because of ineffective plans, policies, and performance monitoring.
- Court and tribunal judgements and other external challenges from stakeholders may negatively affect the Commission's reputation and impact on Commission processes and procedures, leading to decreased public trust in the Commission and diversion of resources from planned work.
- Weak oversight and poor governance arrangements put the Commission at risk of not meeting its legal obligations as a public body.

Some elements of these risks, such as the number of court and tribunal appeals which the Commission is involved materialised. The Commission had to switch resources from supporting core regulatory work to defending decisions of the Commission and the Charity Tribunal. Certain outcomes eg a Court of Appeal ruling overturning a previous Charity Tribunal decision, suggest the legislation is more problematic than previously assessed. Others, such as the decision from the Information Commissioner on vexatious requests, upheld the Commission's approach.

Other risks around resourcing materialised, with staffing turnover within the casework team (secondees offered new opportunities within DfC) impacting on business plan targets and plans for staff to assist with compliance work.

New risks were identified, particularly around the repeated use of complaints processes and involvement of public representatives. Processes were enhanced to reflect practice in other regulators and guidance developed to clarify the appropriate routes to challenge regulatory work. The Board also identified risks arising from the sponsor department's strategic review. This was planned to be completed in quarter 3 of 2016-17. By year end final work was not completed, impacting on confirmation of the Department's strategic agenda for charity regulation and resourcing needs as identified in the capacity review, and also recruitment to the Board.

In the previous year, there was a significant risk to a business plan commitment to develop compliance monitoring. To develop a culture of compliance within the charity sector as a whole, the Board paid particular attention to compliance with new annual accounts and monitoring return requirements. As a result of in year bids, the strategic agenda of 100% assessment of annual accounts and monitoring returns received in 2016-17 was achieved, with 98% of returns submitted by charities. The Board placed significant emphasis on creating a proportionate regime of checking, allocating resourcing to ensure returns were made and poor practice detected as early as possible so that the charity sector was more accountable to the public.

Other risks, such as the receipt of registration applications on time, poor quality and the volume of registration applications have reduced somewhat, but this is largely outside the Commission's control. Similarly in 2013-14 the Commission transferred risks related to building security to the 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 2016-17 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.



Frances McCandless
Chief Executive
Date: 26 June 2017

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.

Service contracts

The Chief Charity Commissioner and Deputy Chief Charity Commissioner are appointed for a five year term of office. Five Commissioners are appointed for a three year term. The Deputy Chief Commissioner and one Commissioner post are currently vacant, and one Commissioner post has been extended. The Chief Executive of the Commission was appointed in April 2010 and this appointment is open-ended.

Salary and pension entitlements

Emoluments of Commissioners, Chief Executive and senior management

The following sections provide details of salary, pension entitlements and the value of any taxable benefits in kind of the most senior members of the Commission.

Remuneration (Audited information)

| Commissioners | 2016-17 | | 2015-16 | |
|---|-----------------|--|-----------------|--|
| | Salary £'000 | Benefits in kind (to nearest £100) | Salary £'000 | Benefits in kind (to nearest £100) |
| Tom McGrath, Chief Charity Commissioner | 5-10 | Nil | 5-10 | Nil |
| Walter Rader, Deputy Chief Charity Commissioner (resigned 31 August 2016) | 0-5 | Nil | 0-5 | Nil |
| Brenda Maitland, Commissioner (term ended 31 December 2016) | 0-5 | Nil | 0-5 | Nil |
| Geraldine Donaghy, Commissioner | 0-5 | Nil | 0-5 | Nil |
| Norman Bennett, Commissioner | 0-5 | Nil | 0-5 | Nil |
| Séamus Magee, Commissioner | 0-5 | Nil | 0-5 | Nil |
| Steven Cockcroft, Legal Commissioner | 0-5 | Nil | 0-5 | Nil |

Remuneration (Audited information)

| Senior management | 2016-17 | | 2015-16 | |
|--|--------------|------------------------------------|--------------|------------------------------------|
| | Salary £'000 | Benefits in kind (to nearest £100) | Salary £'000 | Benefits in kind (to nearest £100) |
| Chief Executive Frances McCandless | 70-75 | Nil | 65-70 | Nil |
| Head of Charity Services Punam McGookin | 50-55 | Nil | 45-50 | Nil |
| Head of Compliance and Enquiries Myles McKeown | 50-55 | Nil | 45-50 | Nil |
| Head of Corporate Services Aubrey McCrory | 50-55 | Nil | 45-50 | Nil |

Fair pay review disclosure

| | 2016-17 | 2015-16 |
|--|-----------|-----------|
| Band of highest paid directors total remuneration | £70k-£75k | £65k-£70k |
| Median total remuneration | £26,978 | £26,431 |
| Ratio | 2.7 | 2.6 |

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 2016-17 was £70k-£75k (2016-17, £65k-£70k). This was 2.7 times (2016-17, 2.6) the median remuneration of the workforce, which was £26,978 (2016-17, £26,431). Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Salary

'Salary' includes gross salary, performance pay or bonuses, 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 gratia payments.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue 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

| Officials | Accrued pension at age 60 as at 31/3/17 and related lump sum | Real increase in pension and related lump sum at age 60 | CETV at 31/3/17 | CETV at 31/3/16 | Real increase in CETV | Employer contribution to partnership pension account |
|---|--|---|-----------------|-----------------|-----------------------|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 | Nearest £100 |
| Frances McCandless Chief Executive (alpha scheme) | 15-20 plus lump sum of Nil | 0-2.5 plus lump sum of Nil | 236 | 210 | 13 | - |
| Punam McGookin Head of Charity Services (premium scheme) | 5-10 plus lump sum of Nil | 0-2.5 plus lump sum of Nil | 158 | 138 | 12 | - |
| Myles McKeown Head of Compliance and Enquiries (alpha scheme) | 10-15 plus lump sum of 35-40 | 0-2.5 plus lump sum of 0-2.5 | 220 | 194 | 17 | - |
| Aubrey McCrory Aubrey McCrory Head of Corporate Services (alpha scheme) | 5-10 plus lump sum of nil | 0-2.5 plus lump sum of Nil | 72 | 57 | 9 | - |

Northern Ireland Civil Service (NICS) Pension arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension schemes which are administered by Civil Service Pensions (CSP). 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). These arrangements are unfunded with the cost of benefits met by monies voted by the Assembly each year. From April 2011 pensions payable under classic, premium, and classic plus are reviewed annually in line with changes in the cost of living. Prior to 2011, pensions were reviewed in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality '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 nuvos arrangement or they could have opted for a partnership pension account. Nuvos 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 current rate is 2.3%. CARE pension benefits are reviewed annually in line with changes in the cost of living.

A new pension scheme, alpha, was introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements have also moved to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to alpha 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. Alpha is also 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 will be 2.32%. CARE pension benefits are reviewed annually in line with changes in the cost of living.

Increases to public service pensions are the responsibility of HM Treasury. Pensions are reviewed each year in line with 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 2016 was 1% and HM Treasury has announced that public service pensions will be increased accordingly from April 2017.

Employee contribution rates for all members for the period covering 1 April 2017 – 31 March 2018 are as follows:

Scheme Year 1 April 2017 to 31 March 2018

| Annualised Rate of Pensionable Earnings – (Salary Bands) | | Contribution rates – Classic members or classic members who have moved to alpha | Contribution rates – All other members |
|--|-------------|---|--|
| From | To | From 01 April 2017 to 31 March 2018 | From 01 April 2017 to 31 March 2018 |
| £0 | £15,000.99 | 4.6% | 4.6% |
| £15,001.00 | £21,422.99 | 4.6% | 4.6% |
| £21,423.00 | £51,005.99 | 5.45% | 5.45% |
| £51,006.00 | £150,000.99 | 7.35% | 7.35% |
| £150,001.00 and above | | 8.05% | 8.05% |

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).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are at or over pension age. Pension age is 60 for members of classic, premium, and classic plus and 65 for members of nuvos. The normal pension age in alpha is linked to the member's State Pension Age but cannot be before age 65. Further details about the NICS pension schemes can be found at the website <https://www.finance-ni.gov.uk/topics/working-northern-ireland-civil-service/civil-service-pensions-ni>.

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 2008 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 comprise:

| | 2016-17 | | | 2015-16 |
|--------------------------|------------------------------|----------------|------------------|-----------|
| | Permanently employed staff £ | Other £ | Total £ | Total £ |
| Wages and salaries | 917,295 | 148,873 | 1,066,168 | 994,633 |
| Social security costs | 80,337 | - | 80,337 | 61,832 |
| Other pension costs | 180,851 | - | 180,851 | 166,935 |
| Total staff costs | 1,178,483 | 148,873 | 1,327,356 | 1,223,400 |

During 2016-17, 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. The permanent costs include staff seconded from the Northern Ireland Civil Service. Other staff costs relate to temporary agency staff engaged within the Commission during 2016-17.

Pension

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit schemes but the Commission is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the Department of Finance (formerly Department of Finance and Personnel) Superannuation and Other Allowances Resource Accounts as at 31 March 2017.

For 2016-17, employers' contributions of £164,397 were payable to the NICS pension arrangements (2015-16 £150,731) at one of three rates in the range 20.8% to 26.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2017-18, the new rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account: a stakeholder pension with an employer contribution. Employers' contributions of £12,847 (2015-16, £13,273) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% (2015-16 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £579, 0.5% (2015-16 £572,

0.5%) of pensionable pay, were payable to the PCSPS(NI) 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.

Commissioners' costs comprise:

| | 2016-17 | | | 2015-16 |
|-----------------------------|------------------------------|----------|---------------|---------|
| | Permanently employed staff £ | Others £ | Total £ | Total £ |
| Commissioners' remuneration | 18,496 | - | 18,496 | 20,700 |

Average number of persons employed

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

| | 2016-17 | | | 2015-16 |
|-------------------|----------------------------|----------|-----------|---------|
| | Permanently employed staff | Others | Total | Total |
| Directly employed | 25 | 6 | 31 | 31 |

Staff composition

At 31 March 2017 there were 25 staff employed, 4 seconded staff and 7 temporary staff. The staff composition was as follows:

| | Male | Female |
|--------------------------------|-----------|-----------|
| Chief Executive (SCS) | - | 1 |
| Permanent staff | 8 | 17 |
| Other employees | 6 | 5 |
| Total staff composition | 14 | 22 |

Other employees relate to staff seconded from the Northern Ireland Civil Service and temporary agency staff.

Sickness absence

The Commission has an attendance management policy and the monitoring and management of employee attendance is based on this. Sickness absence in 2016-17 was 2.98% (2015-16 1.72%) against a target of 8%.

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.

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

No compensation payments were made in the 2016-17 financial year.

Ex-gratia payments

No ex-gratia payments were made in the 2016-17 financial year.

Exit packages

No exit packages were awarded in the 2016-17 financial year.

Expenditure on consultancy

In line with the Department for Communities guidance on classification of expenditure, in the 2016-17 financial year, no external consultancy was undertaken.

6. Assembly accountability and audit report

Assembly accountability disclosure notes

Regularity of expenditure

Losses and special payments

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

Remote contingent liabilities

The Charity Commission for Northern Ireland had no remote contingent liabilities at 31 March 2017 (2016 £nil).

This *Accountability report* was signed by the Accounting Officer of the Charity Commission for Northern Ireland on 26 June 2017.



Frances McCandless
Chief Executive
Charity Commission for Northern Ireland

The Certificate of the Comptroller and Auditor General

CHARITY COMMISSION FOR NORTHERN IRELAND

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

I certify that I have audited the financial statements of the Charity Commission for Northern Ireland for the year ended 31 March 2017 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. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Assembly Accountability Disclosures that is described in that report as having been audited.

Respective responsibilities of the Board, Chief Executive and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and Chief Executive are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Charities Act (Northern Ireland) 2008. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Charity Commission for Northern Ireland's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Charity Commission for Northern Ireland; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the 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.

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.

Opinion on financial statements

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 2017 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act (Northern Ireland) 2008 and the Department for Communities directions issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the Department of Finance directions made under the Charities Act 2008; and
- the information given in e.g. Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

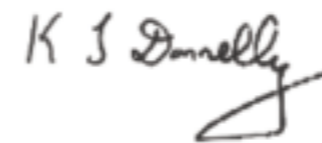
Matters on which I report by exception

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 Remuneration and Staff Report and Assembly Accountability Disclosures to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with Department of Finance's guidance.

Report

I have no observations to make on these financial statements.



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

29 June 2017

Financial statements

7. Statement of comprehensive net expenditure

For the year ended 31 March 2017

| | Notes | 2016-17£ | 2015-16 £ |
|---|-------|------------------|--------------|
| Expenditure | | | |
| Staff costs | 2 | 1,327,356 | 1,223,400 |
| Commissioners' remuneration | 2 | 18,496 | 20,700 |
| Depreciation | 3 | 94,624 | 90,917 |
| Other expenditure | 3 | 370,856 | 498,646 |
| Notional costs | 4 | 17,846 | 17,875 |
| Net expenditure | | 1,829,178 | 1,851,538 |
| Reversal of notional costs | 4 | (17,846) | (17,875) |
| | | 1,811,332 | 1,833,663 |
| Other comprehensive expenditure | | | |
| Net loss/(gain) on revaluation of Property, plant and equipment | 5 | (755) | (161) |
| Net loss/(gain) on revaluation of Intangible assets | 6 | (27,700) | (7,849) |
| Total comprehensive expenditure for the year ended 31 March 2017 | | 1,782,877 | 1,825,653 |

Other than Grant-in-Aid from the Department for Communities, the Charity Commission for Northern Ireland received no other income in the year.

The notes on pages 46 to 57 form part of these accounts.

8. Statement of financial position

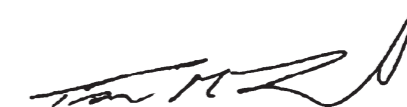
As at 31 March 2017

| | Notes | 2017 £ | 2016£ £ |
|--|-------|------------------|------------|
| Non-current assets: | | | |
| Property, plant and equipment | 5 | 26,398 | 46,218 |
| Intangible assets | 6 | 570,281 | 518,120 |
| Total non-current assets | | 596,679 | 564,338 |
| Current assets: | | | |
| Trade and other receivables | 8 | 16,102 | 18,688 |
| Cash and cash equivalents | 9 | 142,517 | 40,467 |
| Total current assets | | 158,619 | 59,155 |
| Total assets | | 755,298 | 623,493 |
| Current liabilities | | | |
| Trade and other payables | 10 | (201,674) | (173,952) |
| Provisions | 11 | (250) | (31,468) |
| Total current liabilities | | (201,924) | (205,420) |
| Total assets less current liabilities | | 553,374 | 418,073 |
| Taxpayers' equity | | | |
| Revaluation reserve | | 50,853 | 22,398 |
| General reserve | | 502,521 | 395,675 |
| | | 553,374 | 418,073 |

The financial statements on pages 43 to 45 were approved by the Board on 26 June 2017 and were signed on its behalf by:



Frances McCandless
Chief Executive
Charity Commission for Northern Ireland
Date: 26 June 2017



Tom McGrath CBE
Chief Commissioner
Charity Commission for Northern Ireland
Date: 26 June 2017

9. Statement of cash flows

For the year ended 31 March 2017

| | Notes | 2016-17 £ | 2015-16 £ |
|---|-------|--------------------|--------------|
| <i>Cash flows from operating activities</i> | | | |
| Net expenditure | | (1,811,332) | (1,833,663) |
| <i>Adjustments for non-cash transactions</i> | | | |
| (Increase)/Decrease in trade and other receivables | | 2,586 | (4,151) |
| Increase/(Decrease) in trade and other payables | | (46,860) | 26,300 |
| Increase/(Decrease) in provisions | | (31,218) | (6,885) |
| Depreciation charge | 5+6 | 94,624 | 90,917 |
| Net cash outflow from operating activities | | (1,792,200) | (1,727,482) |
| <i>Cash flows from investing activities</i> | | | |
| Purchase of property, plant and equipment | 5 | (6,070) | (2,100) |
| Purchase of intangible assets | 6 | (92,440) | (87,315) |
| Increase/(Decrease) in capital payables | 10.1 | 74,582 | (114,462) |
| Net cash outflow from investing activities | | (23,928) | (203,877) |
| <i>Cash flows from financing activities</i> | | | |
| Grants from sponsor department – DfC (formerly DSD) | | 1,918,178 | 1,745,357 |
| Net financing | | 1,918,178 | 1,745,357 |
| Net increase/(decrease) in cash and cash equivalents in the period | | 102,050 | (186,002) |
| Cash and cash equivalents at the beginning of the period | | 40,467 | 226,469 |
| Cash and cash equivalents at the end of the period | 9 | 142,517 | 40,467 |

The notes on pages 46 to 57 form part of these accounts.

10. Statement of changes in taxpayers' equity

For the year ended 31 March 2017

| | Notes | SoCNE Reserve £ | Revaluation Reserve £ | Total Reserves £ |
|--|-------|--------------------|--------------------------|---------------------|
| Balance at 31 March 2014 | | 483,981 | 14,388 | 498,369 |
| <i>Changes in taxpayers' equity 2014-15</i> | | | | |
| Total comprehensive expenditure | | (1,833,663) | 8,010 | (1,825,653) |
| Total recognised income and expenditure for 2014-15 | | (1,833,663) | 8,010 | (1,825,653) |
| Grants from sponsor department – DfC (formerly DSD) | | 1,745,357 | - | 1,745,357 |
| Total grant from sponsor Department | | 1,745,357 | - | 1,745,357 |
| Balance at 31 March 2015 | | 395,675 | 22,398 | 418,073 |
| <i>Changes in taxpayers' equity 2015-16</i> | | | | |
| Total comprehensive expenditure | | (1,811,332) | 28,455 | (1,782,877) |
| Total recognised income and expenditure for 2015-16 | | (1,811,332) | 28,455 | (1,782,877) |
| Grants from sponsor department – DfC (formerly DSD) | | 1,918,178 | - | 1,918,178 |
| Total grant from sponsor department | | 1,918,178 | - | 1,918,178 |
| Balance at 31 March 2016 | | 502,521 | 50,853 | 553,374 |

The notes on pages 46 to 57 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 2016-17 Government Financial Reporting Manual (FReM) issued by HM Treasury. 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 income and expenditure reserve. Capital Grant-in-Aid has been credited to the income and expenditure reserve.

1.3 Property, plant and equipment

Expenditure on property, plant and equipment of £1,000 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 £1,000 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 database | 10% per annum |
| CRM system | 10% per annum |
| Annual reporting application | 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 2016-17. 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 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.

1.11 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.

1.12 Accounting estimates

No material accounting estimates or judgements were made by the Commission in preparing these accounts.

1.13 Financial instruments

The Commission does not hold any complex financial instruments. The only financial instruments in the accounts are receivables and payables (Notes 8 and 10). 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.

1.14 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.

1.15 Accounting standards, interpretations and amendments to published standards adopted to the year ended 31 March 2017

The Commission has reviewed the standards, interpretations and amendments to published standards that became effective during 2016-17 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.

1.16 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 2017, 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.

1.17 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 2017. The reserves of the Commission are non-distributable.

1.18 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.

1.19 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

| | 2016-17 £ | 2015-16 £ |
|---|------------------|--------------|
| Wages and salaries | 1,066,168 | 994,633 |
| Social security costs | 80,337 | 61,832 |
| Other pension costs | 180,851 | 166,935 |
| Sub total | 1,327,356 | 1,223,400 |
| Less recoveries in respect of outward secondments | - | - |
| Total | 1,327,356 | 1,223,400 |

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:

| | 2016-17 | | | 2015-16 |
|-----------------------------|---------------------------------------|-------------|---------------|------------|
| | Permanently employed staff £ | Others £ | Total £ | Total £ |
| Commissioners' remuneration | 18,496 | - | 18,496 | 20,700 |

3. Other expenditure

| | 2016-17 £ | 2015-16 £ |
|-------------------------------------|----------------|--------------|
| Commission costs: | | |
| Rent and service charges | 40,093 | 34,093 |
| Rates | 14,129 | 13,656 |
| Maintenance and repairs | 8,041 | 7,908 |
| Cleaning | 5,763 | 6,344 |
| Telephone and postage | 16,716 | 17,700 |
| Heat, light and power | 6,750 | 5,817 |
| IT support | 15,782 | 16,599 |
| Stationery and consumables | 6,216 | 12,564 |
| Publicity, printing and advertising | 6,940 | 11,496 |
| Staff/Commissioners' training | 32,063 | 19,696 |
| Travel and subsistence | 14,279 | 14,877 |
| Conference fees | 2,387 | 1,718 |
| Recruitment costs | 17,126 | 4,475 |
| Events and hospitality | 2,573 | 5,379 |
| Legal and professional fees | 86,991 | 186,063 |
| Miscellaneous expenses | 20 | 20 |
| Membership and licence fees | 10,325 | 10,273 |
| Commission library costs | 1,469 | 2,351 |
| Charity register maintenance | 71,310 | 91,230 |
| Minor equipment | 511 | 3,408 |
| Computer software | 238 | 102 |
| Communication and research costs | 11,134 | 32,877 |
| Total | 370,856 | 498,646 |
| Non-cash items | | |
| Depreciation/amortisation | 94,624 | 90,917 |
| | 465,480 | 589,563 |

4. Notional costs

| | 2016-17 £ | 2015-16 £ |
|--|---------------|--------------|
| Notional costs incurred during the year relate to: | | |
| Audit fee | 10,500 | 10,500 |
| Internal audit fee | 7,346 | 7,375 |
| | 17,846 | 17,875 |

During the year the Commission purchased no 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. Property, plant and equipment

| | Buildings £ | Furniture & fittings £ | Information technology £ | Assets under construction £ | Total £ |
|--|----------------|---------------------------|-----------------------------|--------------------------------|----------------|
| 2016-17 | | | | | |
| Cost or valuation | | | | | |
| At 31 March 2016 | 150,751 | 39,221 | 38,617 | - | 228,589 |
| Additions | (946) | - | 6,894 | 122 | 6,070 |
| Revaluations | - | - | 1,766 | - | 1,766 |
| At 31 March 2017 | 149,805 | 39,221 | 47,277 | 122 | 236,425 |
| Depreciation | | | | | |
| At 31 March 2016 | 122,797 | 31,514 | 28,060 | - | 182,371 |
| Charged in year | 16,791 | 5,308 | 4,546 | - | 26,645 |
| Revaluations | - | - | 1,011 | - | 1,011 |
| At 31 March 2017 | 139,588 | 36,822 | 33,617 | - | 210,027 |
| Net book value at 31 March 2017 | 10,217 | 2,399 | 13,660 | 122 | 26,398 |
| Net book value at 31 March 2016 | 27,954 | 7,707 | 10,557 | 7 | 46,218 |
| 2015-16 | | | | | |
| Cost or valuation | | | | | |
| At 31 March 2015 | 148,651 | 39,221 | 38,264 | - | 226,136 |
| Additions | 2,100 | - | - | - | 2,100 |
| Revaluations | - | - | 353 | - | 353 |
| At 31 March 2016 | 150,751 | 39,221 | 38,617 | - | 228,589 |
| Depreciation | | | | | |
| At 31 March 2015 | 92,957 | 23,756 | 22,831 | - | 139,544 |
| Charged in year | 29,840 | 7,758 | 5,037 | - | 42,635 |
| Revaluations | - | - | 192 | - | 192 |
| At 31 March 2016 | 122,797 | 31,514 | 28,060 | - | 182,371 |
| Net book value at 31 March 2016 | 27,954 | 7,707 | 10,557 | - | 46,218 |
| Net book value at 31 March 2015 | 55,694 | 15,465 | 15,433 | - | 86,592 |

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.

An accrual was included for buildings was included in the 2015-16 financial year. The actual cost was less than estimated, resulting in a negative addition in the 2016-17 financial year.

Accommodation enhancements to the security system are underway.

6. 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.

Database

The Commission's charity registration database was brought into use in June 2011. A number of important enhancements were made to the suite of online services currently available to the charity sector. Updates will improve the level of functionality available to registered charities in Northern Ireland and those organisations applying to register as a charity. The charity register was also updated to reflect new annual reporting regulations and the associated financial statuses a charity can acquire. At 31 March 2017 some of these workflows remained under development and have not been amortised in the 2016-17 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 third phase of CRM was undertaken, providing further customised functionality covering Compliance & Enquiries related activity. This will allow internal departments to fully record and report on these functions, in particular the accurate notification, capture and checking of annual reporting information. At 31 March 2017 some of these workflows remained under development and have not been amortised in the 2016-17 financial year.

Annual return

An intuitive 2016-17 annual monitoring form was implemented to reflect full annual reporting regulations. The module allows organisations to submit returns using an online form. It was brought into use in November 2015.

| 2016-17 | Database in | CRM | CRM in | Annual | Total | |
|--|----------------------|---------------|----------------|---------------|---------------|----------------|
| | Database development | operational | development | return | £ | |
| Cost or valuation | | | | | | |
| At 1 April 2016 | 307,803 | - | 302,203 | - | 52,800 | 662,806 |
| Additions | 22,652 | 29,586 | - | 40,202 | - | 92,440 |
| Reclassification | - | - | - | - | - | - |
| Revaluation | 19,360 | | 17,705 | - | 3,093 | 40,158 |
| At 31 March 2017 | 349,815 | 29,586 | 319,908 | 40,202 | 55,893 | 795,404 |
| Amortisation | | | | | | |
| At 1 April 2016 | 104,652 | - | 38,274 | - | 1,760 | 144,686 |
| Charged in year | 32,479 | - | 30,220 | - | 5,280 | 67,979 |
| Revaluation | 8,035 | - | 4,012 | - | 411 | 12,458 |
| At 31 March 2017 | 145,166 | - | 72,506 | - | 7,451 | 225,123 |
| Net book value at 31 March 2017 | 204,649 | 29,586 | 247,402 | 40,202 | 48,442 | 570,281 |
| Net book value at 31 March 2016 | 203,151 | - | 263,929 | - | 51,040 | 518,120 |

| 2015-16 | Database in | CRM | CRM in | Annual | Total | |
|---------------------------------|----------------------|-------------|----------------|----------|---------------|----------------|
| | Database development | operational | development | return | £ | |
| Cost or valuation | | | | | | |
| At 1 April 2015 | 219,796 | - | 229,091 | 64,562 | 52,000 | 565,449 |
| Additions | 83,343 | - | 3,972 | - | - | 87,315 |
| Reclassification | - | - | 64,562 | (64,562) | - | - |
| Revaluation | 4,664 | - | 4,578 | - | 800 | 10,042 |
| At 31 March 2016 | 307,803 | - | 302,203 | - | 52,800 | 662,806 |
| Amortisation | | | | | | |
| At 1 April 2015 | 81,612 | - | 12,599 | - | - | 94,211 |
| Charged in year | 21,454 | - | 25,095 | - | 1,733 | 48,282 |
| Revaluation | 1,586 | - | 580 | - | 27 | 2,193 |
| At 31 March 2016 | 104,652 | - | 38,274 | - | 1,760 | 144,686 |
| Net book value at 31 March 2016 | 203,151 | - | 263,329 | - | 51,040 | 518,120 |
| Net book value at 31 March 2015 | 138,184 | - | 216,492 | 64,562 | 52,000 | 471,238 |

7. 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.

8. Trade and other receivables

| | 2016-17 | 2015-16 |
|---|---------------|---------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Prepayments and accrued income | 16,102 | 17,257 |
| Other receivables | - | 1,431 |
| Total | 16,102 | 18,688 |

During 2015-16 a discrepancy between PAYE payments and pension contributions relating to previous years was identified. An underpayment of PAYE was identified and the Commission paid this on behalf of its employees. A corresponding over claim of pension rebate from HMRC by pension providers on behalf of these employees was also identified. During 2016-17, refunds were sought from the pension providers to offset the PAYE payment and this is now resolved.

9. Cash and cash equivalents

| | 2016-17 | 2015-16 |
|--|----------------|-----------|
| | £ | £ |
| Balance at 1 April | 40,467 | 226,469 |
| Net change in cash and cash equivalent balances | 102,050 | (186,002) |
| Balance at 31 March | 142,517 | 40,467 |
| The following balances at 31 March were held at: | | |
| Commercial banks and cash in hand | 142,517 | 40,467 |
| Balance at 31 March | 142,517 | 40,467 |

10.1 Trade and other payables

| | 2016-17 | 2015-16 |
|---|----------------|---------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade payables | 6,119 | 13,800 |
| Capital payables | 76,682 | 2,100 |
| Pension | 11,019 | 11,019 |
| Other Tax and Social Security | - | 23,091 |
| Accruals and deferred income | 107,854 | 123,942 |
| | 201,674 | 173,952 |

10.2 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 2016 to 31 March 2017.

| | 2016-17 | | 2015-16 | |
|-------------------------------------|---------|-------|---------|-------|
| Total invoices in accounting period | 780 | | 777 | |
| Invoices paid within 10 days | 765 | 98.1% | 773 | 99.5% |
| Invoices paid 10 - 30 days | 15 | 1.9% | 4 | 0.5% |
| Invoices paid over 30 days | 0 | 0% | 0 | 0% |

11. Provision for liabilities and charges

| | 2016-17 | 2015-16 |
|--------------------------------------|-----------------|-------------|
| | Legal Costs | Legal Costs |
| | £ | £ |
| Balance at 1 April | 31,468 | 38,353 |
| Provided in the year | 250 | 31,468 |
| Provisions not required written back | (11,072) | (11,491) |
| Provisions utilised in the year | (20,396) | (26,862) |
| Balance at 31 March | 250 | 31,468 |

The Commission has included provisions for the future legal costs associated with existing legal cases that are listed with the Charity Tribunal, the High Court and the Court of Appeal.

12. Commitments under leases

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

| | 2016-17 £ | 2015-16 £ |
|---|----------------|--------------|
| Buildings | | |
| Not later than one year | 46,093 | 17,047 |
| Later than one year and not later than five years | 161,324 | - |
| Later than five years | - | - |
| Total | 207,417 | 17,047 |

| | 2016-17 £ | 2015-16 £ |
|---|--------------|--------------|
| Other | | |
| Not later than one year | 595 | 620 |
| Later than one year and not later than five years | 942 | - |
| Later than five years | - | - |
| Total | 1,537 | 620 |

The Charity Commission for Northern Ireland had no commitments under finance leases at the statement of financial position date (2016 £nil).

13. Capital commitments

The Charity Commission for Northern Ireland has capital commitments at 31 March 2017 not otherwise included in these accounts as follows:

| | 2016-17 £ | 2015-16 £ |
|-------------------------------|--------------|--------------|
| Property, plant and equipment | - | - |
| Intangible assets | - | 22,701 |
| Total | - | 22,701 |

14. Contingent liabilities

The Charity Commission for Northern Ireland had no contingent liabilities at 31 March 2017 (2016 £nil).

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

The Commission received grants of £1,918,178 from the sponsor department. The Commission also paid £124,897 to the Department for Communities during 2016-17 for seconded staff members.

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

16. 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 accounts were authorised for issue on 26 June 2017.



ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT FOR COMMUNITIES, (FORMERLY DEPARTMENT FOR SOCIAL DEVELOPMENT), WITH THE APPROVAL OF THE DEPARTMENT OF FINANCE, (FORMERLY DEPARTMENT OF FINANCE AND PERSONNEL, 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 accounts for the financial year ended 31 March 2017 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 2017 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.
4. 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.

The Charity Commission for Northern Ireland
257 Lough Road
Lurgan
Craigavon
BT66 6NQ

www.charitycommissionni.org.uk

Email: admin@charitycommissionni.org.uk

Tel: 028 3832 0220

Fax: 028 3834 5943

TextPhone: 028 3834 7639



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