



An Rialálaí
Carthanas

Charities
Regulator

Charities Regulator Presentation

Co. Wicklow PPN Training Fair

8 September 2018

Tom Malone FCCA
Head of Compliance and Enforcement
Charities Regulator

Agenda

- Internal Financial Controls
- Managing Conflicts of Interest
- Common issues arising from our compliance work
- Proposed Accounting and Reporting Regulations

Internal Financial Controls

- Identified as re-occurring compliance issue
- Divided into key sections
 - Income
 - Expenditure
 - Banking (including payments and loans)
 - Assets and investments
 - Monitoring and arrangements
- Use the checklist - Trustees to Review!



"I understand you gave it all to the poor,
but do you have any receipts?"

Section 59 Obligations

“Where, in the course of, and by virtue of the carrying out of, his or her duties in relation to a charitable organisation, information comes into the possession of a relevant person that causes him or her to form the opinion that there are reasonable grounds for believing that an offence under the Act of 2001 has been or is being committed, the relevant person shall, as soon as may be, notify the Authority in writing of that opinion and provide the Authority with a report in writing of the particulars of the grounds upon which the opinion was formed.

Relevant person includes:

- charity trustees
- auditors
- persons carrying out trustee functions



"Yes, I am employee of the month again. And yes, I'm the one who chooses the employee of the month. And no, I don't see a conflict of interest."

Importance of Managing Conflicts of Interest

- Reputational loss
- Reduction in public confidence / reduced funds/reduction in ability to advance charitable purpose

A key test to identify if a conflict of interest exists is to ask the question:

Would a reasonable person, who was aware of the charity trustee's personal interest, believe that the charity trustee might be influenced by that personal interest when making a decision on behalf on the charity?



3 key stages in handling conflicts

Identify	Manage	Record
Policy	Procedures	Document conflict
Constitution	Apply policy	Document its management
Register of interests	Decision on conflict	
Agenda item	Ensure best interest of charity	
Declare	Apply Test	
	Quorum?	

Template Documents

Draft Policy	Draft Register of Interests
Purpose	Name
Objective	Date of Appointment
Scope	Describe interest
Define CoI	Board notified
Process - Identify /Disclose	Date of disclosure
Actions required	

Case Studies

- Buying land – link to trustee
- Awarding contract to firm family link to trustee
- Renting premises from trustee
- Decision on reducing services
- Family connection – new trustee appointment

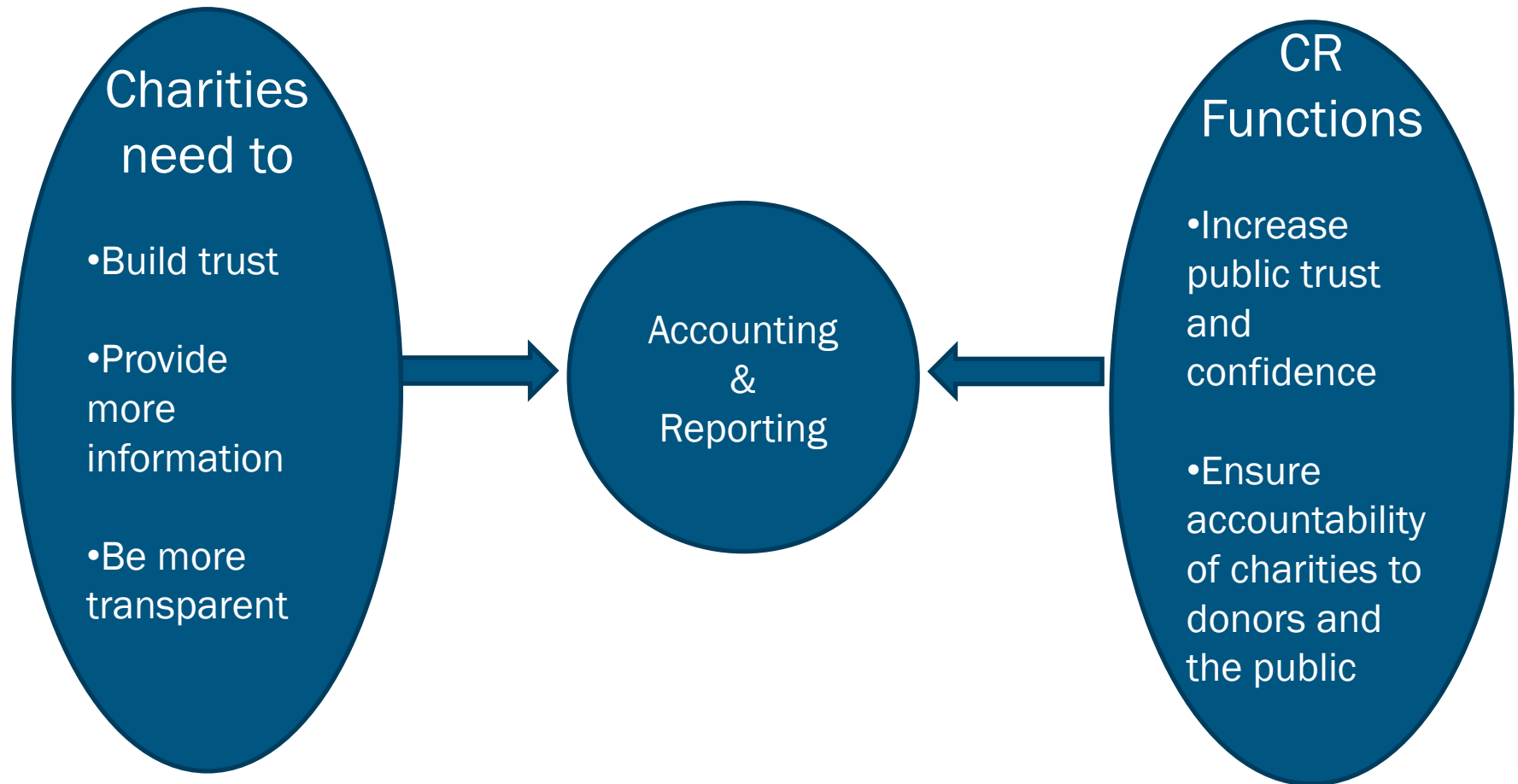


Common issues identified

- Trustee duties and responsibilities
- Transparency
- Fundraising
- Unregistered charitable organisations



Role of annual accounts/reporting



Accounting and Reporting Regulations

What do they cover

- **Format of accounts for registered charities**
- **Audit or independent examination requirements**
- **Format of annual reports for registered charities**
- **Provision of information to the Charities Regulator**

Requirements on larger charities

Annual statement of accounts consisting of:

- **Statement of financial activities**
 - **Balance sheet**
 - **Cash flow statement**
 - **Notes to the accounts**
-
- **Must be prepared in accordance with the applicable Financial Reporting Standards and the methods and principles of the applicable Statement of Recommended Practice.**
-
- **Will require a full audit.**

Requirements on smaller charities

- Charities with gross income or expenditure of less than agreed threshold have the option to prepare ‘simplified accounts’ consisting of:
 1. Statement of receipts and payments
 2. Statement of assets and liabilities
 3. Notes to the accounts
 - Format will be set out in a schedule to the Regulations
- The ‘simplified accounts’ option cannot be used if the charity is required to prepare accruals accounts by any of the following:
 - Its constitution
 - Any other enactment
 - A decision of the charity trustees



Independent Examination

- Where accounts are not required to be audited, they must be independently reviewed.
- Independent Reviewer of Charity Accounts:
 - An independent person who, in the reasonable opinion of the Charity Trustees, has the requisite ability and practical experience to carry out a competent review of the accounts.
 - If on an accrual basis – reviewer must be a member of a relevant professional body.
- Format/content of independent reviewer's report specified in the regulations.