



**An Rialálaí
Carthanas
Charities
Regulator**

Governance Framework

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Version 1.0**

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Introduction

The purpose of this Governance Framework is to provide a summary of the principal aspects of corporate governance within the Charities Regulator.

This Governance Framework has been developed in accordance with the Corporate Governance Standard for the Civil Service¹.

The principal document underpinning the governance of the Regulator is the Code of Practice for the Governance of State Bodies. This Framework, being descriptive in nature, reflects this Code of Practice.

This Framework is intended to be a living document and will evolve in line with best practice. The Chief Executive and Board of the Regulator will review the Framework on an annual or otherwise as necessary basis to ensure its effectiveness and expand the Framework as further policies are adopted.

¹ While the Charities Regulator is a public body, the Standard applies due to the Regulator being a scheduled body under the Public Service Management Act, 1997.

Chapter 1: Organisation Overview - The Charities Regulator

Functions

The Charities Regulator is an independent statutory agency that operates under the aegis of the Department of Justice and Equality. It was established in 2014 under the Charities Act of 2009 with the following statutory functions:

- increase public trust and confidence in the management and administration of charitable trusts and charitable organisations,
- promote compliance by charity trustees with their duties in the control and management of charitable trusts and charitable organisations,
- promote the effective use of the property of charitable trusts or charitable organisations,
- ensure the accountability of charitable organisations to donors and beneficiaries of charitable gifts, and the public,
- promote understanding of the requirement that charitable purposes confer a public benefit,
- establish and maintain a register of charitable organisations,
- ensure and monitor compliance by charitable organisations with this Act,
- carry out investigations in accordance with this Act,
- encourage and facilitate the better administration and management of charitable organisations by the provision of information or advice, including in particular by way of issuing (or, as it considers appropriate, approving) guidelines, codes of conduct, and model constitutional documents,
- carry on such activities or publish such information (including statistical information) concerning charitable organisations and charitable trusts as it considers appropriate,
- provide information (including statistical information) or advice, or make proposals, to the Minister on matters relating to the functions of the Regulator.

Mission

The Regulator's mission as set out in the *Strategy Statement 2016 to 2018* is:

To regulate the charity sector in the public interest so as to ensure compliance with the law and support best practice in the governance, management and administration of charities.

Values

The Regulator's values as set out in the Strategy Statement are:

- ***Independence***
- ***Fairness***
- ***Openness***
- ***Proportionality***
- ***Learning***
- ***Engagement***

Strategic Objectives

The Regulator's Strategic Objectives are:

- ***To establish and maintain a public register and reporting framework for charities operating in Ireland.***
- ***To monitor proactively the compliance of charities with their legal obligations and to investigate any perceived breaches of these.***
- ***To engage and communicate effectively with all stakeholders in support of its regulatory role.***
- ***To develop as an effective and efficient independent regulatory agency.***

Strategic Planning, Decision Making and Performance Management

The Regulator is required² to adopt a Strategy Statement. The Regulator's Strategy Statement is submitted to the Minister who then causes a copy of same to be laid before each house of the Oireachtas. This Strategy Statement outlines the key strategic objectives for the period in question and is the basis for the Regulator's annual business plans.

The Board has adopted a Strategy Statement 2016-2018.

Business Planning

Following from the Strategy Statement an annual Business Plan will be developed outlining how the strategic objectives of the Regulator will be progressed in that year.

Performance Management and Development System (PMDS)

The Regulator implements the Performance Management and Development System.

Annual Report

The Regulator is required³ to prepare and submit an Annual Report to the Minister who then causes copies of same to be laid before each house of the Oireachtas.

The first Annual Report covering the period 16 October 2014 to 31 December 2015 is due for submission to the Minister by 30 June 2016.

Codes of Conduct

All staff of the Regulator are civil servants. The Civil Service Code of Standards and Behaviour forms a part of the terms and conditions of service of all civil servants.

The Regulator has adopted a Code of Business Conduct for Members of the Board in accordance with the *Code of Practice for the Governance of State Bodies*.

The Consultative Panel on Charitable Fundraising established in February 2016 is also subject to this code.

² Section 29 Charities Act, 2009

³ Section 31 Charities Act, 2009

Review of the effectiveness of the Governance Framework

The Regulator's Governance Framework will be monitored by the Assistant Principal Officer with responsibility for Corporate Governance. It will be reviewed by the Chief Executive and the Board Governance Committee on an annual basis to ensure its effectiveness.

As part of its work, the internal audit unit of the Department of Justice and Equality will also consider governance matters.

Engagement with External stakeholders

The Regulator has a wide range of external stake holders including the charity sector, the Minister for Justice and Equality, other regulators/State bodies and the wider public.

The Regulator engages with external stakeholders in a variety of forums including as appropriate:

- Working groups
- Consultative panels
- Workshops / presentations
- Informal meetings

Chapter 2: Governance Structures, Roles and Responsibilities

Overview

The **Board** is appointed⁴ by the Minister for Justice and Equality. The Board determines policy and directs the operations of the Regulator

The **Chief Executive** is appointed⁵ by the Board and has responsibility for the administration and management of the organisation. The Chief Executive is accountable to the Board and to the Public Accounts Committee.

The **Secretary General of the Department of Justice and Equality** is the accounting officer for the Regulator.

Organisational Structure

The Regulator is currently organised around three core functional areas:

- Registration and Reporting
- Compliance and Corporate Governance
- Legal Services

Chief Executive

The Chief Executive has responsibility for the administration and management of the Regulator and submits a report on the activities of the Regulator as a standard item at Board meetings.

The Chief Executive meets regularly with members of the executive management team, individually and collectively, to discuss progress in respective areas of responsibility, to consider cross cutting issues and forward planning.

⁴ Paragraph 2, Schedule 1 Charities Act, 2009

⁵ Section 19 Charities Act, 2009

Board

The Board of the Regulator plays a key role in the governance and oversight of the organisation, setting policy and direction. There are a number of subcommittees of the Board:

- Charity Services
- Finance, Audit and Risk
- Governance
- Performance and Resource Planning

Committees meet as required and report their activities to the Board as a standing item at Board meetings.

Secretary General of the Department of Justice and Equality

A Performance Agreement is agreed annually between the Regulator and the Department of Justice and Equality.

The Performance Agreement documents an agreed level of service between the Regulator and the Department in order to facilitate improved effectiveness and efficiency of relevant public services. It sets out the Regulator's targets for the given year and defines the output and outcome indicators on which performance should be measured.

The Internal Audit Unit of the Department provides assurance to the Accounting Officer about the effectiveness of the Internal Financial Controls in respect of the Regulator

Chapter 3: Audit, Assurance and Compliance Arrangements

Financial Management

There are effective budget management procedures in place and these include regular monitoring and reporting of income and expenditure levels. The Regulator has access to professional accounting services as and when required.

Financial Audit and Risk Committee

The Committee assists the Board with regard to:

- The financial reporting process
- The risk management process
- The system of internal control
- The audit process
- The Authority's process for monitoring compliance with laws and regulations

It is responsible for advising the Board on whether an appropriate regime of internal control is in operation but not for the formulation or implementation of such a regime, which is the responsibility of the Executive.

Governance Committee

The Committee assists the Board with regard to:

- The development of the governance policy of the Regulator
- Oversight of the implementation of the governance policy
- Annual review of the governance policy
- Review the process by which the annual evaluation of the Regulator, its Committees and individual members is conducted
- Monitor developments in governance and other regulatory developments
- Review the governance statement for inclusion in the Annual Report and Accounts.

Internal Audit Unit

The Regulator avails of the services of the Department of Justice and Equality Internal Audit Unit. This unit operates in accordance with the Standards for Professional Practice of Internal Audit as adopted for the Irish Civil Service. The standards have been published by the Department of Public Expenditure and Reform and have been adopted as the benchmark for all central government departments.

Accounting Officer assurance arrangements underpinning the annual Statement of Internal Financial Control

The Internal Audit Unit provides assurance to the Accounting Officer about the effectiveness of the Internal Financial Controls. The assurance facilitates the signing of the annual Statement of Internal Financial Controls (SIFC) by the Accounting Officer.

Any issues identified during the audits are notified to the Chief Executive and the Finance, Audit and Risk Committee along with recommendations for strengthening of controls in areas where weaknesses are identified.

Risk Management

The Regulator intends to adopt the Department of Justice and Equality's Risk Management Policy as appropriate and amended to reflect the Regulator's structure.

Fraud Policy

The Regulator has adopted the Department of Justice and Equality Fraud Policy.

Annual Accounts

The Regulator is required⁶ to prepare and submit Annual Accounts for audit to the Comptroller and Auditor General. After the audit, these accounts and a copy of the Comptroller and Auditor General's report shall be presented to the Minister who then causes copies of same to be laid before each house of the Oireachtas.

⁶ Section 30 Charities Act, 2009