



# Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

## Report for presentation to the Houses of the Oireachtas Charities Regulatory Authority

### Opinion on the financial statements

I have audited the financial statements of the Charities Regulatory Authority for the year ending 31 December 2018 as required under the provisions of section 30 (2) of the Charities Act 2009. The financial statements comprise

- the statement of income and expenditure and retained revenue reserves
- the statement of financial position
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Charities Regulatory Authority at 31 December 2018 and of its income and expenditure for 2018 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

#### *Basis of opinion*


I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Charities Regulatory Authority and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Report on information other than the financial statements, and on other matters

The Charities Regulatory Authority has presented certain other information together with the financial statements. This comprises the governance statement and Authority members' report and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

  
**Maureen Mulligan**  
For and on behalf of the  
Comptroller and Auditor General

18 June 2019

## Appendix to the report

### Responsibilities of Authority members

The governance statement and Authority members' report sets out the Authority members' responsibilities. The Authority board members are responsible for

- the preparation of financial statements in the form prescribed under section 30 (1) of the Charities Act 2009
- ensuring that the financial statements give a true and fair view in accordance with FRS 102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 30 (2) of the Charities Act 2009 to audit the financial statements of the Charities Regulatory Authority and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.
- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant

doubt on the Charities Regulatory Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Charities Regulatory Authority to cease to continue as a going concern.

- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

**Financial Statements**

**Charities Regulatory Authority**

**For the year ended 31 December 2018**

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## ADMINISTRATION

For the year ended 31 December 2018

### **The Charities Regulatory Authority ("The Authority")**

Patrick Hopkins (Chairperson)

David Brady

Katie Cadden

Niamh Cahill (appointed 17<sup>th</sup> January 2018)

Sandra Chambers (term ended 15<sup>th</sup> October 2018)

Cynthia Clampett (term ended 15<sup>th</sup> October 2018)

Tom Costello

Patricia Cronin

Fergus Finlay

Maire McMahon (appointed 17<sup>th</sup> January 2018)

Graham Richards

Ercus Stewart (appointed 17<sup>th</sup> January 2018)

Noel Wardick (term ended 15<sup>th</sup> October 2018)

### **Chief Executive Officer (CEO)**

John Farrelly (16<sup>th</sup> May 2016- 29<sup>th</sup> October 2018)

Helen Martin (appointed Interim CEO 30<sup>th</sup> October 2018)

### **OFFICE:**

3 George's Dock, IFSC, Dublin 1, D01 X5X0

# CHARITIES REGULATORY AUTHORITY

## GOVERNANCE STATEMENT AND BOARD MEMBERS' REPORT

### **Governance**

The Board of the Authority was established under the Charities Act 2009. The functions of the Board are set out in section 30 of this Act. The Board is accountable to the Minister for the Department of Rural and Community Development and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of the Authority are the responsibility of the CEO and the senior management team. The CEO and the senior management team must follow the broad strategic direction set by the Board, and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and management of the Authority.

### **Board Responsibilities**

The work and responsibilities of the Board are set out in the Code of Business Conduct and the Scheme of Delegation, which also contain the matters specifically reserved for Board decision. Standing items considered by the Board include:

- declaration of interests
- reports from committees
- financial reports/management accounts
- performance reports, and
- reserved matters.

Section 30 of the Charities Act 2009 requires the Board of the Authority to keep, in such form as may be approved by the Minister for Department for Rural and Community Development with consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it.

In preparing these financial statements, the Board of the Authority is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in operation, and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping adequate accounting records, which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Section 30 of the Charities Act 2009. The maintenance and integrity of the corporate and financial information on the Authority website is the responsibility of the Board.

The Board is responsible for approving the annual plan and budget. An evaluation of the performance of the Authority by reference to the budget and annual plan was carried out in February 2018.

The Board is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board considers that the financial statements of the Authority give a true and fair view of the financial performance and the financial position of the Authority at 31 December 2018.

### **Board Structure**

The Board consists of a Chairperson and twelve ordinary members during 2018. Board members appointed before 26 July 2017 were appointed by the Minister for Justice and Equality. Those appointed after that date were appointed by the Minister for Rural and Community Development. The Board met ten times in 2018. The table below details the appointment period for current members.

The Board carried out an external Board Effectiveness and Evaluation review which was completed in March 2019 for year ending December 31<sup>st</sup> 2018.

<b>Board Member</b>	<b>Role</b>	<b>Date Appointed</b>	<b>Date Reappointed</b>
Patrick Hopkins	Chairperson	16 <sup>th</sup> October 2014	15 <sup>th</sup> October 2018
David Brady	Ordinary Member	16 <sup>th</sup> October 2014	15 <sup>th</sup> October 2017
Katie Cadden	Ordinary Member	16 <sup>th</sup> October 2014	15 <sup>th</sup> October 2018
Niamh Cahill	Ordinary Member	17 <sup>th</sup> January 2018	
Sandra Chambers <sup>1</sup>	Ordinary Member	16 <sup>th</sup> October 2014	
Cynthia Clampett <sup>1</sup>	Ordinary Member	16 <sup>th</sup> October 2014	
Tom Costello	Ordinary Member	16 <sup>th</sup> October 2014	15 <sup>th</sup> October 2017
Patricia Cronin	Ordinary Member	16 <sup>th</sup> October 2014	15 <sup>th</sup> October 2017
Fergus Finlay	Ordinary Member	16 <sup>th</sup> October 2014	15 <sup>th</sup> October 2018
Maire McMahon	Ordinary Member	17 <sup>th</sup> January 2018	
Graham Richards	Ordinary Member	16 <sup>th</sup> October 2014	15 <sup>th</sup> October 2018
Ercus Stewart	Ordinary Member	17 <sup>th</sup> January 2018	
Noel Wardick <sup>1</sup>	Ordinary Member	16 <sup>th</sup> October 2014	

<sup>1</sup>The warrant of appointment for Sandra Chambers, Cynthia Clampett and Noel Wardick expired on October 15<sup>th</sup> 2018.



The Board has established four committees, as follows:

1. **Finance, Audit, Risk and Governance Committee (FARG):** comprises of three Board members and two independent members. The role of the FARG is to oversee the implementation of the Code of Practice for the Governance of State Bodies and to support the Board in relation to its responsibilities for issues of risk management, Internal Audit, control and governance and associated assurance. The FARG is independent from the financial management of the organisation. In particular the Committee ensures that the internal control systems including audit activities are monitored actively and independently. The FARG reports to the Board after each meeting, and formally in writing annually.

There were five meetings of the FARG in 2018. Members of the FARG at 31<sup>st</sup> December 2018 were David Brady (Chairperson), Maire McMahon (Committee Member), Adrian Clements (External Committee Member), and Nuala Comerford (External Committee Member).

2. **Regulatory Committee (RC):** comprises of three Board members at 31<sup>st</sup> December 2018. The role of the RC is to oversee the effectiveness and controls around the delivery of the Authority's registration, reporting and regulatory functions. Members of the RC at 31<sup>st</sup> December 2018 were Katie Cadden (Chairperson), Tom Costello (Committee Member) and Patricia Cronin (Committee Member).
3. **Charity Services Committee (CSC):** comprises of four Board members and one external member. The role of the CSC was to assist in carrying out the functions previously vested in the Commissioners of Charitable Donations and Bequests. These include authorising the disposal of charity property, appointment of new trustees and vesting of charity property in trustees, framing of Schemes of Incorporation and Cy-Pres Schemes and approval of grants and scholarships. There were nine meetings of the Charity Services Committee in 2018. Members of the CSC Committee at 31<sup>st</sup> December 2018 were Graham Richards (Chairperson), Niamh Cahill (Committee Member), and Judge John O'Connor, (External Committee Member).
4. **Performance and Resource Planning Committee (PRPC):** comprises of four Board members. The purpose of the PRPC are to review the performance of the CEO and Senior Management and evaluate the adequacy of resources in place. There were five meetings of the PRPC in 2018. Members of the PRPC at 31<sup>st</sup> December 2018 were Patrick Hopkins (Chairperson), Tom Costello (Committee Member), Patricia Cronin (Committee Member) and Fergus Finlay (Committee Member).



### Schedule of Attendance, Fees and Expenses

There were ten Board meetings in the period January 2018 to 31 December 2018 and the related Board fees were €60,846 (2017: €59,086) and the expenses were €4,492 (2017: €4,560). Details of attendance and amounts paid to the board members are outlined below. Fees were paid to Board members and the Chairperson at the approved standard rate set by the Department of Public Expenditure and Reform during the period

	Board	Sub-Committees			Fees	Expenses	
	FARG	RC	CSC	PRPC	2018 €	2018 €	
<b>Number of Meetings</b>	<b>10</b>	<b>5</b>	<b>5</b>	<b>9</b>	<b>5</b>		
Patrick Hopkins <sup>1</sup>	10/10		2/3		5/5	8,978	3,260
David Brady	9/10	5/5				5,985	-
Katie Cadden	9/10		5/5	3/3		5,985	583
Niamh Cahill	9/10			5/6		5,737	-
Sandra Chambers	7/8			7/7		4,733	
Cynthia Clampett	6/8					4,733	649
Tom Costello	9/10		4/5		5/5	5,985	-
Patricia Cronin	9/10		3/3	3/3	4/5	5,985	-
Fergus Finlay <sup>2</sup>	9/10				5/5	1,251	-
Maire McMahon	9/10	2/2				5,737	
Graham Richards <sup>3</sup>	9/10			9/9		-	-
Ercus Stewart	9/10			3/6		5,737	-
Noel Wardick <sup>3</sup>	7/8	4/4				-	-
Judge John O'Connor (External)				7/9			
Nuala Comerford (External)		5/5				-	
Adrian Clements (External)		5/5				-	
						<b>60,846</b>	<b>4,492</b>

<sup>1</sup> In 2018, €575 (2017: €0) was paid directly by the Authority on behalf of a Board Member.

<sup>2</sup> One person One Salary Principle 2018 from 1<sup>st</sup> January 2018- 15<sup>th</sup> October 2018.

<sup>3</sup> Board members of the Board waived their Board Fees in 2018.

### Key Personnel Changes

The warrant of appointment for three Board members expired on the 15<sup>th</sup> October 2018. Following a Public Appointments process, three new Board members were appointed by the Minister in accordance with Schedule 1 (2) of the Charities Act 2009, on the 17<sup>th</sup> January 2018.

John Farrelly resigned from his post as CEO on 29<sup>th</sup> October 2018. Helen Martin was appointed Interim CEO on the 30<sup>th</sup> October 2018. Eamon O'Halloran resigned from the post as Head of Registration and Reporting on the 8<sup>th</sup> June 2018 and Meiread Ashe resigned from the post as Head of Corporate Affairs on the 30<sup>th</sup> November 2018.

### Employee short term benefits breakdown

A table showing the breakdown of employee short term benefits is included in Note 4(b) – staff short term benefits

### Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that the Authority has complied with the requirements of the Code of Practice for the Governance of State Bodies (“the Code”), as published by the Department of Public Expenditure and Reform in August 2016.

The following disclosures are required by the Code:

### Consultancy Costs

Consultancy costs include the cost of external advice to management and exclude outsourced ‘business-as-usual’ functions.

	2018	2017
	€	€
Digital Platform (IT)	218,184	109,759
Regulation	36,092	26,568
PR & Communication	-	22,325
Governance	58,837	31,057
Risk Management	12,300	14,372
Quality Management	13,346	5,166
Procurement	-	4,848
<b>Total Consultancy Costs</b>	<b>338,759</b>	<b>214,095</b>
Consultancy costs capitalised	212,034	109,759
Consultancy costs charged to I&E & Retained Revenue Reserves	126,725	104,336
<b>Total</b>	<b>338,759</b>	<b>214,095</b>

### Legal Costs and Settlements

The table below provides a breakdown of amounts recognised as expenditure in the reporting period in relation to legal costs, settlements and conciliation and arbitration proceedings relating to contracts with third parties.

	2018	2017
	€	€
Legal fees	213,232	169,951
<b>Total</b>	<b>213,232</b>	<b>169,951</b>

There are no settlements, conciliation and arbitration costs relating to contracts with third parties incurred in the year.

### Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2018	2017
	€	€
<b>Domestic</b>		
- Board	1,985	4,560
- Employees	12,106	9,269
<b>International</b>		
- Board <sup>1</sup>	2,507	-
- Employees <sup>2</sup>	2,692	7,860
<b>Total</b>	<b>19,290</b>	<b>21,689</b>

<sup>1</sup>In 2018, €575 (2017 : €0 ) was paid directly by the Authority for overseas travel on behalf of Board Members.

<sup>2</sup>In 2018, €484 (2017: €3,445) was paid directly by the Authority for overseas travel on behalf of employees.

### Hospitality Expenditure

There was no hospitality expenditure within the Authority within the year.

### Statement of Compliance

The Board has adopted the Code of Practice for the Governance of State Bodies (2016) and has put procedures in place to ensure compliance with the Code. The Authority was in full compliance with the Code of Practice for the Governance of State Bodies (2016) for 2018.

On behalf of the Authority:

  
\_\_\_\_\_  
Patrick Hopkins, Chairperson of the Authority.

Date: 12/06/2019

  
\_\_\_\_\_  
Helen Martin, Interim CEO.

Date: 12/06/2019.

## STATEMENT ON INTERNAL CONTROL

### **Statement on Internal Control**

#### **Scope of Responsibility**

On behalf of the Authority, we hereby acknowledge our responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

#### **Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in the Authority for the year ended 31 December 2018 and up to the date of approval of the financial statements.

#### **Capacity to Handle Risk**

The Authority has a Finance, Audit and Risk Committee (FARG) comprising three Board members one of whom is the Chair and two external members, with financial and audit expertise. The FARG met five times in 2018.

The Authority has also established its internal audit function through the Department of Justice and Equality, which was adequately resourced and conducted a programme of work agreed with the FARG in 2018.

The FARG has developed a risk management policy, which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff, who are expected to adhere to it. The Authority has also established a risk management process to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

#### **Risk and Control Framework**

The Authority has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which, identifies the key risks facing the Authority and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the FARG on a quarterly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. We confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented,
- financial responsibilities have been assigned at management level with corresponding accountability,
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management,
- there are systems aimed at ensuring the security of the information and communication technology systems, and
- there are systems in place to safeguard the assets.

### **Ongoing Monitoring and Review**

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. We confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies,
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

### **Procurement**

We confirm that the Authority has procedures in place to ensure compliance with current Office of Government Procurement (OGP) rules and guidelines.

### **Review of Effectiveness**

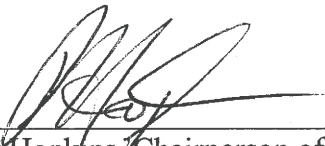
We confirm that the Authority has procedures to monitor the effectiveness of its risk management and control procedures. The Authority monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors, the Finance, Audit and Risk Committee which oversees their work, and the senior management within the Authority responsible for the development and maintenance of the internal financial control framework.

We confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2018.

### **Internal Control Issues**

No weaknesses in internal control were identified in relation to 2018 that require disclosure in the financial statements.

On behalf of the Authority:

  
\_\_\_\_\_  
Patrick Hopkins, Chairperson of the Authority.

Date: 12/06/2019

  
\_\_\_\_\_  
Helen Martin, Interim CEO.

Date: 12/06/2019



**AUDITOR'S REPORT**

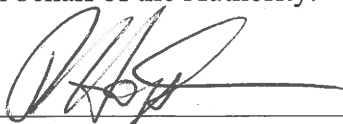
**CHARITIES REGULATORY AUTHORITY**

**STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE  
RESERVES FOR THE YEAR ENDED 31 DECEMBER 2018**

<b>Income</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>€</b>	<b>€</b>
Oireachtas Grant	3	3,960,226	3,992,463
<b>Total Income</b>		<b>3,960,226</b>	<b>3,992,463</b>
<b>Expenditure</b>			
Staff costs	4	2,132,207	1,820,006
Administration	5	1,465,399	1,466,726
Audit fee		16,500	15,500
Loss on disposal of property, plant and equipment	6	-	12,820
Depreciation	6	63,369	13,255
<b>Total expenditure</b>		<b>3,677,475</b>	<b>3,328,307</b>
<b>Surplus for the year before appropriations</b>		<b>282,751</b>	<b>664,156</b>
Transfer to capital account	7	(235,533)	(375,307)
<b>Surplus for the year after appropriations</b>		<b>47,218</b>	<b>288,849</b>
Balance brought forward at start of year		82,625	(206,224)
<b>Surplus carried forward at 31 December</b>		<b>129,843</b>	<b>82,625</b>

**The Statement of Income and Expenditure and Retained Revenue Reserves includes all gains and losses recognised in the period. The Statement of Cash Flows and notes 1 to 15 form part of these financial statements.**

On behalf of the Authority:

  
 \_\_\_\_\_  
 Patrick Hopkins, Chairperson of the Authority.

Date: 12/06/2019

  
 \_\_\_\_\_  
 Helen Martin, Interim CEO.

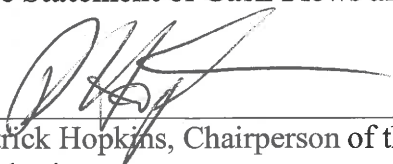
Date: 12/06/2019

**CHARITIES REGULATORY AUTHORITY**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

<b>Fixed Assets</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
		€	€
Property, plant and equipment	6	753,352	517,819
<hr/>			
<b>Current Assets</b>			
Inventory	8	3,319	2,894
Debtors	9	410,664	341,841
<hr/>			
<b>Total Current Assets</b>		<b>413,983</b>	<b>344,735</b>
<b>Current Liabilities</b>			
Payables and accruals	10	284,140	262,110
<hr/>			
<b>Net Current Liabilities</b>		<b>129,843</b>	<b>82,625</b>
<hr/>			
<b>Total Net Assets</b>		<b>883,195</b>	<b>600,444</b>
<hr/>			
<b>Representing:</b>			
Capital Account	7	753,352	517,819
Retained Revenue Reserves		129,843	82,625
<hr/>			
		<b>883,195</b>	<b>600,444</b>
<hr/>			

**The Statement of Cash Flows and notes 1 to 15 form part of these financial statements.**

  
 \_\_\_\_\_  
 Patrick Hopkins, Chairperson of the  
 Authority.

Date: 12/06/2019

  
 \_\_\_\_\_  
 Helen Martin, Interim CEO.

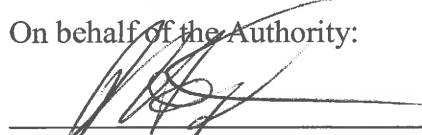
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**CHARITIES REGULATORY AUTHORITY STATEMENT OF CASH FLOWS FOR  
THE YEAR ENDED 31 DECEMBER 2018**

<b>Net cash flows from operating activities</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>€</b>	<b>€</b>
Operating surplus for year		47,218	288,849
Depreciation of property, plant and equipment	<b>6</b>	63,369	13,255
Loss on disposal of property, plant and equipment	<b>6</b>	-	12,820
Transfer to capital account	<b>7</b>	235,533	375,307
(Increase) in inventory		(425)	(1,704)
Increase in payables and accruals		22,030	49,594
(Increase) in Prepayments		(68,823)	(336,739)
		<hr/> <b>298,902</b>	<hr/> <b>401,382</b>
<b>Net cash inflows from operating activities</b>			
<b>Cash flows from investing activities</b>			
Payments to acquire property, plant and equipment		(298,902)	(401,382)
		<hr/> <b>(298,902)</b>	<hr/> <b>(401,382)</b>
<b>Net cash outflow from investing activities</b>			
<b>Net increase in cash and cash equivalents</b>	<b>3</b>	<hr/> <b>-</b>	<hr/> <b>-</b>
<b>Reconciliation of net cash flow movement in net funds</b>			
Cash and cash equivalents at start of year/ period		-	-
		<hr/> <b>-</b>	<hr/> <b>-</b>
<b>Cash and cash equivalents at 31 December</b>			

**Notes 1 to 15 form part of these financial statements.**

On behalf of the Authority:

  
Patrick Hopkins, Chairperson of the Authority.

Date:

12/06/2019

  
Helen Martin, Interim CEO.

Date:

12/06/2019

# CHARITIES REGULATORY AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting Policies

The basis of accounting and significant accounting policies adopted by the Authority are set out below. They have been applied consistently throughout the year.

#### (a) General Information

The Authority is Ireland's national statutory regulator for charitable organisations. The Authority is an independent Authority and was established on 16 October 2014 under the Charities Act 2009. The Act provides the dissolution of the former Commissioners of Charitable Donations and Bequests for Ireland (CCDB) and the transfer of their functions to the new Authority.

The former Commissioners of Charitable Donations and Bequests for Ireland

- provided advice services to trustees of charities
- assisted in the carrying out of the intentions of persons making donations and bequests to charities
- administered the assets or funds of any charity which were vested with the Commissioners.

The Commissioners provided this service by operating a charity fund account and also acting as an intermediary between the various charities and an investment fund.

As a result of the dissolution, the Authority are administrators of the charity fund account and the investment fund.

The Authority is a Public Body entity.

#### (b) Basis of Accounts and Statement of Compliance

The financial statements of the Authority for the year ended 31 December 2018 have been prepared under FRS102, the financial reporting standard applicable in the UK and Ireland issued by the Financial Reporting Council (FRC), and promulgated by Chartered Accountants Ireland. The comparatives for period ending 2017 relate to the period 1 January 2017 to 31 December 2017. These are the Authority's second set of financial statements prepared in accordance with FRS102.

The financial statements have been prepared under the accruals method of accounting, except where stated below, and in accordance with generally accepted accounting principles under the historical cost convention and in the form approved by the Minister for Justice and Equality with the consent of the Minister for the Department of Public Expenditure and Reform.

#### (c) Income Recognition

Grant income from the Department of Rural and Community Development (DRCD) is reported on a cash receipts basis. The Department of Rural and Community Development was established on the 19<sup>th</sup> July 2017. On the 26<sup>th</sup> July 2017, a Ministerial Order was signed transferring the functions of the Authority to the Department of Rural and Community Development Vote 42. The Department has the responsibility for ensuring arrangements for strong oversight of the charities sector through facilitating the Authority in carrying-out its independent statutory role.

#### **(d) Expenditure**

Payroll and all other expenditure was processed by the Department of Justice and Equality and recorded in the financial statements on an accrual basis. In May 2018 the payroll process was transferred from the Department of Justice and Equality to the Department of Rural and Community Development.

#### **(e) Property, Plant and Equipment**

Property, plant and equipment are shown at the net book value at date of transfer to the Authority but subsequent additions are recorded at cost. The Digital Platform went live on the 27<sup>th</sup> July 2018 and Assets in the Course of Construction (AICC) in relation to that project were transferred to IT Assets from that date.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful life starting in the month the asset is placed in service.

Furniture	10% Straight Line
IT	20% Straight Line
Office Equipment	20% Straight Line
AICC	N/A

#### **(f) Capital Account**

The capital account represents the unamortised value of income applied for capital expenditure.

#### **(g) Pensions Policy**

The employees of the Authority are civil servants and are members of a defined benefit scheme which is unfunded and is administered by the Department of Public Expenditure and Reform.

The Public Pensions (Single Scheme and Other Provisions) Act 2012 introduced the new Single Public Service Pension Scheme, the Single Scheme, which commenced with effect from 1 January 2013. All new members of the Authority, who are new entrants to the Public Sector on or after 1 January 2013, are members of the Single Scheme.

## **2 The Investment Fund and Charity Funds**

#### **(a) Investment Fund**

The investment fund is a mix of investments in equities, government securities, property and cash assets. The investment fund had a value of €34.9 million at 31 December 2018 (31 December 2017: €37.5 million).

These funds are not available for use by the Authority in the performance of its statutory functions. As a consequence, these financial statements do not include these funds. Audited accounts of these funds are published separately and are available on the Authority website [www.charitiesregulatoryauthority.ie](http://www.charitiesregulatoryauthority.ie).

#### **(b) Charity Fund Account**

At the year end, the Authority held funds for safekeeping for 94 Charitable Trusts of which the Authority is defined as a Trustee. There are a further 9 Trusts currently under review to determine if the Authority is a Trustee. The funds are held in a bank account on behalf of the Charitable Trusts. The balance at 31 December 2018 was €1.38 million (2017: €1.28 million).

These funds are not available for use by the Authority in the performance of its statutory functions. As a consequence, these financial statements do not include these funds. Audited accounts of these funds are published separately and are available on the Authority website [www.charitiesregulatoryauthority.ie](http://www.charitiesregulatoryauthority.ie).

### 3 Oireachtas Grant

	2018	2017
	€	€
Vote 42 – Rural and Community Development (DRCD)	3,960,226	3,992,463

The Authority does not hold cash and cash equivalents. The Department of Justice and Equality made all Non-Pay payments on behalf of the Authority up to 1<sup>st</sup> February 2018 and thereafter by the Department of Rural and Community Development. Funding is provided by way of the Oireachtas Grant from the Department of Rural and Community Development. The total grant matches the sum charged to the Appropriation Account of the Department of Rural and Community Development (see Note 1(c)).

### 4 Remuneration/Staff Costs

(a) Staff costs breakdown	2018	2017
	€	€
Wages and salaries	2,112,917	1,801,762
Travel and subsistence	19,290	18,244
<b>Total</b>	<b>2,132,207</b>	<b>1,820,006</b>

At 31 December 2018 the number of whole time equivalent permanent staff employed by the Authority was 38 (2017: 45).

(b) Staff Short-Term Benefits	2018	2017
	€	€
Basic Pay	2,110,404	1,797,705
Allowances	2,381	2,739
Overtime	132	1,318
<b>Total</b>	<b>2,112,917</b>	<b>1,801,762</b>



<b>(c) Key Management Personnel</b>	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Basic Pay	485,841	497,115
Overtime	-	-
Allowances	-	-
<b>Total</b>	<b>485,841</b>	<b>497,115</b>

Key management personnel in the Authority consists of CEO, the Director of Regulation, Head of Corporate Affairs, Head of Compliance, Head of Registration, Head of Communication and Engagement. The total value of employee benefits for key management personnel is set out above.

This does not include the value of retirement benefits earned in the period. The key management personnel are members of the public sector defined benefit superannuation scheme and their entitlements in that regard do not extend beyond the terms of the model public service pension scheme.

**(d) Termination Benefits**

There were no termination/severance payments in 2018.

**(e) CEO Salary and Benefits**

As outlined on Page 3 of the financial statements John Farrelly was CEO from 16<sup>th</sup> May 2016 to 29<sup>th</sup> October 2018. Helen Martin was Interim CEO from 30<sup>th</sup> October 2018 to 31<sup>st</sup> December 2018. The figures below only represent payments made to these staff members for the periods they were employed in the CEO position.

The Chief Executives remuneration package for the financial period was as follows:

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Basic Pay	108,408	98,923
Overtime	-	-
Allowances	-	-
<b>Total</b>	<b>108,408</b>	<b>98,923</b>

The Chief Executives Officer remuneration was made up of basic salary of €108,408 (2017: €98,923). The Chief Executives were paid expenses of €3,428 in 2018 (2017: €5,407). All expenses were incurred and paid in the 2018 year. The Chief Executives pension entitlements do not extend beyond the standard entitlements in the public sector defined benefit superannuation scheme. The Chief Executives Officer did not receive any performance related payments in 2018. The value of retirement benefits earned in the period is not included above.

**(f) Employee benefits breakdown**

<b>Range of total employee benefits</b>		<b>Number of Employees</b>	
<b>From</b>	<b>To</b>	<b>2018</b>	<b>2017</b>
€60,000	- €69,999	1	3
€70,000	- €79,999	3	2
€80,000	- €89,999	1	-
€90,000	- €99,999	0	1
€100,000	- €109,999	1	-
€110,000	- €119,999	-	-

Note: For the purposes of this disclosure, short-term employee benefits in relation to services rendered during the reporting period include salary, overtime allowances and other payments made on behalf of the employee, excluding employer's PRSI.

<b>5 Administration Costs</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>€</b>	<b>€</b>
Board Member Fees		60,846	59,086
IT Expenses		221,731	274,157
Consultancy Costs		333,348	324,019
Rent		310,773	310,773
Legal Fees		213,232	169,951
General Expenses		159,625	123,346
Office Cleaning and Maintenance		79,645	106,617
Office Machinery and other Office Supplies		60,509	54,915
Postage and Telecommunications		17,150	37,813
Light & Heat		8,540	6,049
		<b>1,465,399</b>	<b>1,466,726</b>

## 6 Property, Plant and Equipment

	IT	Office Equip	Furniture	AICC <sup>2</sup>	Total
	€	€	€	€	€
At 1 January 2018	-	5,014	241,615	400,496	647,125
Additions	298,902	-	-	-	298,902
<sup>1</sup> Brought into use	400,496	-	-	(400,496)	-
At 31 December 2018	699,398	5,014	241,615	-	946,027
At 1 January 2018	-	3,133	126,173	-	129,306
Charged in the year	49,952	470	12,947	-	63,369
At 31 December 2018	49,952	3,603	139,120	-	192,675
<b>Net Book Value</b>					
<b>At 31 December 2018</b>	<b>649,446</b>	<b>1,411</b>	<b>102,495</b>	<b>-</b>	<b>753,352</b>
At 31 December 2017	-	1,881	115,442	400,496	517,819

<sup>1</sup>Brought into use relates to expenditure on a digital platform transferred from AICC on 27<sup>th</sup> July 2018. The Digital Platform went live on the 27<sup>th</sup> July 2018 and AICC in relation to that project were transferred to IT Assets from that date.

<sup>2</sup>AICC- Assets in the course of Construction

## 7 Capital Account

	2018	2017
	€	€
Balance at start of year/ period	517,819	142,512
Amortisation in line with depreciation	(63,369)	(13,255)
Disposal of Assets	-	(12,820)
Additions	298,902	401,382
	<b>753,352</b>	<b>517,819</b>

The net movement represents the transfer to the capital account from the Statement of Income and Expenditure and Retained Revenue Reserves Account.

<b>8 Inventory</b>	<b>2018</b>	<b>2017</b>
	€	€
Stationery	3,319	2,894
	<b>3,319</b>	<b>2,894</b>

<b>9 Debtors</b>	<b>2018</b>	<b>2017</b>
	€	€
Prepayments	410,664	341,841
	<b>410,664</b>	<b>341,841</b>

<b>10 Payables and accruals</b>	<b>2018</b>	<b>2017</b>
	€	€
Payables	76,859	59,832
Accruals	207,281	202,278
	<b>284,140</b>	<b>262,110</b>

#### **11 Pension Levy**

Salary costs included in this account are the gross costs to the Authority for the period. Since May 2018 the Department of Rural and Community Development have paid salaries on behalf of the Authority. The pension levy deductions for Authority for employees as per Section 2(3) of the Financial Emergency Measures in the Public Interest Act 2009 (No. 5 of 2009) are being deducted by the Department of Rural and Community Development and are being retained by that Department as Appropriations-In-Aid. Prior to May 2018 pension levy deductions were made by the Department of Justice and Equality and were retained as Appropriations-in-Aid for that Department.

#### **12 Premises**

The Authority operates from accommodation at 3 George's Dock, IFSC, Dublin 1, D01 X5X0 under a ten-year lease from Irish Life Assurance PLC. The lease was signed by the Board of the Authority in October 2016, with the move taking place in December 2016.

### 13 Future Lease Payments

	2018	2017
	€	€
Within one year	199,578	199,578
One to five years	1,064,416	1,064,416
After five years	731,786	997,890
	<u>1,995,780</u>	<u>2,261,884</u>


The above lease payments exclude VAT.

### 14 Members Declaration of Interests

The Authority adopted procedures in accordance with guidelines issued by the Department of Public Expenditure and Reform in relation to the disclosure of interests by members and those procedures were adhered to in the period. There were no transactions in the period in relation to the Authority's activities in which members had any beneficial interest.

### 15 Approval of financial statements

These accounts were approved by the Authority on the 12<sup>th</sup> June 2019



Helen Martin