



## Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

### Report for presentation to the Houses of the Oireachtas

#### Charities Regulatory Authority

##### Opinion on financial statements

I have audited the financial statements of the Charities Regulatory Authority for the year ending 31 December 2017 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 2017 and of its income and expenditure for 2017 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

13 December 2018

## Appendix to the report

### Responsibilities of Authority members

The governance statement and Authority members' report sets out the Authority members' responsibilities. The Authority is 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 there are 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 there is 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 2017**

<b>CONTENTS</b>	<b>PAGE</b>
Administration	3
Governance Statement and Authority Members' report	4-9
Statement on Internal Control	10-12
Auditor's Report	13
Statement of Income and Expenditure and Retained Revenue Reserves	14
Statement of Financial Position	15
Statement of Cash Flows	16
Notes to the Financial Statements	17 – 24

## ADMINISTRATION

For the year ended 31 December 2017

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

Patrick Hopkins (Chairperson)  
David Brady  
Katie Cadden  
Sandra Chambers  
Cynthia Clampett  
Anna Classon (term ended 15<sup>th</sup> October 2017)  
Tom Costello  
Patricia Cronin  
Fergus Finlay  
Ann FitzGerald (term ended 15<sup>th</sup> October 2017)  
Hugh Maddock (term ended 15<sup>th</sup> October 2017)  
Graham Richards  
Senan Turnbull (term ended 15<sup>th</sup> October 2017)  
Noel Wardick

### **Chief Executive Officer**

John Farrelly (16 May 2015-29 October 2018)  
Helen Martin (appointed 30 October 2018)

### **OFFICE:**

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

# **CHARITIES REGULATORY AUTHORITY**

## **GOVERNANCE STATEMENT AND AUTHORITY MEMBERS' REPORT**

### **Governance**

The Board of the Charities Regulatory 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 Charities Regulatory Authority are the responsibility of the Chief Executive Officer (CEO) and the senior management team. The Chief Executive Officer 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 Chief Executive Officer acts as a direct liaison between the Board and management of the Charities Regulatory 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 Charities Regulatory Authority to keep, in such form as may be approved by the Minister 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 Charities Regulatory 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 Charities Regulatory 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 Charities Regulatory Authority by reference to the budget was carried out on January 2017 and annual plan on February 2017.

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 on the Charities Regulatory Authority give a true and fair view of the financial performance and the financial position of the Charities Regulatory Authority at 31 December 2017.

### **Board Structure**

The Board consists of a Chairperson and thirteen ordinary members during 2017, all of whom are appointed by the Minister for Justice and Equality the Charities Regulatory Authority.

Three members were re-appointed in October 2017, for a period of five years. The Board met ten times in 2017. The table below details the appointment period for current members.

The Board commenced an external Board Effectiveness and Evaluation Review in November 2017, which was completed in January 2018.

<b>Board Member</b>	<b>Role</b>	<b>Date Appointed</b>
Patrick Hopkins	Chairperson	16 <sup>th</sup> October 2014
David Brady (re-appointed)	Ordinary Member	15 <sup>th</sup> October 2017
Katie Cadden	Ordinary Member	16 <sup>th</sup> October 2014
Sandra Chambers	Ordinary Member	16 <sup>th</sup> October 2014
Cynthia Clampett	Ordinary Member	16 <sup>th</sup> October 2014
Anna Classon (term ended 15 <sup>th</sup> October 2017)	Ordinary Member	16 <sup>th</sup> October 2014
Tom Costello (re-appointed)	Ordinary Member	15 <sup>th</sup> October 2017
Patricia Cronin (re-appointed)	Ordinary Member	15 <sup>th</sup> October 2017
Fergus Finlay	Ordinary Member	16 <sup>th</sup> October 2014
Ann FitzGerald (term ended 15 <sup>th</sup> October 2017)	Ordinary Member	16 <sup>th</sup> October 2014
Hugh Maddock (term ended 15 <sup>th</sup> October 2017)	Ordinary Member	16 <sup>th</sup> October 2014
Graham Richards	Ordinary Member	16 <sup>th</sup> October 2014
Senan Turnbull (term ended 15 <sup>th</sup> October 2017)	Ordinary Member	16 <sup>th</sup> October 2014
Noel Wardick	Ordinary Member	16 <sup>th</sup> October 2014

The Board has established four committees, as follows:

- 1. Finance, Audit and Risk Committee (FAR):** comprises of three Board members and two independent members. The role of the Finance, Audit and Risk Committee (FAR) is to support the Board in relation to its responsibilities for issues of risk management, Internal Audit, control and governance and associated assurance. The FAR 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 FAR reports to the Board after each meeting, and formally in writing annually.

The members of the Finance, Audit and Risk Committee in 2017 comprised of: David Brady (Chairperson), Noel Wardick (Committee Member), Hugh Maddock, (Committee Member), Sandra Chambers (Committee Member), Adrian Clements (External Committee Member) and Nuala Comerford (External Committee Member). There were six meetings of the FAR Committee in 2017. Hugh Maddock's term ended on 15<sup>th</sup> October 2017.

- 2. Regulatory and Governance Committee (RGC):** comprises of five Board members and one external member. The role of the RGC is to oversee the implementation of the Code of Practice for the Governance of State Bodies and to oversee the effectiveness and controls around the delivery of the Charities Regulatory Authority's registration, reporting and regulatory functions. The members of this committee in 2017 comprised of: Senan Turnbull (Chairperson), Katie Cadden (Committee Member), Tom Costello (Committee Member), Anna Classon (Committee Member), Paddy Hopkins (Committee Member) and Ronan Nolan (External Committee Member). There were five meetings of the Regulatory and Governance Committee in 2017. The terms of office for Senan Turnbull, (Chairperson) and Anna Classon ended on 15<sup>th</sup> October 2017. Katie Cadden replaced Senan Turnbull as the new Chairperson of the Committee.
- 3. Charity Services Committee (CSC):** comprises of four Board members and one external member. The role of the Charity Services Committee is 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. The members of this committee in 2017 comprised of: Graham Richards (Chairperson), Katie Cadden (Committee Member), Sandra Chambers (Committee Member), Patricia Cronin (Committee Member) and Judge John O'Connor (External Committee Member). There were nine meetings of the Charity Services Committee in 2017.
- 4. Performance and Resource Planning Committee (PRPC):** comprises of four Board members. The purpose of the PRP are to review the performance of the Chief Executive Officer and Senior Management and evaluate the adequacy of resources. The members of this committee are: Paddy Hopkins (Chairperson), Tom Costello (Committee Member), Patricia Cronin (Committee Member) and Fergus Finlay (Committee Member). There were four meetings of the Performance and Resource Planning Committee in 2017.



### Schedule of Attendance, Fees and Expenses

There were ten Board meetings in the period January 2017 to 31 December 2017 and the related Board fees were €59,086 (2016: €68,828) and the expenses were €4,560 (2016: €6,959). 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. One external Committee member was paid expenses, €120.

	Board	Sub-Committees			PRP	Fees	Expenses
		FAR	RGC	CSC		2017 €	2017 €
<b>Number of Meetings</b>	<b>10</b>	<b>6</b>	<b>5</b>	<b>9</b>	<b>4</b>		
Patrick Hopkins	10/10		1/1		4/4	8,978	573
David Brady	10/10	6/6				5,985	-
Katie Cadden	9/10		5/5	6/9		5,985	912
Sandra Chambers	9/10	1/1		7/9		5,985	-
Cynthia Clampett	8/10					5,985	473
Anna Classon (leaver)	6/8		3/4			4,733	-
Tom Costello	9/10		4/5		4/4	5,985	-
Patricia Cronin	10/10			7/9	3/4	5,985	-
Fergus Finlay <sup>3</sup>	10/10				3/4	-	-
Ann FitzGerald	7/8					4,732	1,946 <sup>2</sup>
Hugh Maddock	8/8	3/4				4,733	656
Graham Richards <sup>1</sup>	8/10			9/9		-	-
Senan Turnbull <sup>1</sup>	7/8		4/4			-	-
Noel Wardick <sup>1</sup>	10/10	4/6				-	-
Judge John O'Connor (External)				8/9			
Ronan Nolan (External)			2/4			-	-
Nuala Comerford (External)		6/6				-	-
Adrian Clements (External)		6/6				-	-
						<b>59,086</b>	<b>4,560</b>

<sup>1</sup>Board members of the Board waived their Board Fees in 2017.

<sup>2</sup>Board Member - The above figure includes €924 Consultative Panel travel and subsistence.

<sup>3</sup>One person One Salary Principle 2017.

### Key Personnel Changes

The term of office for four Board members ended on the 15<sup>th</sup> October 2017 and three Board members were reappointed. In accordance with the Charities Act 2009, the Minister appointed three new members in 2018.

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

The Board is responsible for ensuring that the Charities Regulatory 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.

	2017	2016
	€	€
Compliance & Investigations	139,554	-
Digital Platform (IT)	109,759	-
Financial	80,129	-
Regulation	26,568	19,004
PR & Communication	22,325	22,325
Governance	31,057	16,947
Risk Management	14,372	27,156
Quality Management	5,166	-
Procurement	4,848	-
<b>Total Consultancy Costs</b>	<b>433,778</b>	<b>85,432</b>
Consultancy costs capitalised	109,759	-
Consultancy costs charged to I&E & Retained Revenue Reserves	324,019	85,432
<b>Total</b>	<b>433,778</b>	<b>85,432</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.

	2017	2016
	€	€
Legal fees	169,951	195,366
Conciliation and arbitration payments	-	-
Settlements	-	-
<b>Total</b>	<b>169,951</b>	<b>195,366</b>

### Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2017 €	2016 €
<b>Domestic</b>		
- Board	4,560	6,959
- Employees*	9,269	6,028
<b>International</b>		
- Board	-	-
- Employees*	7,860	2,151
<b>Total</b>	<b>21,689</b>	<b>15,138</b>

\*In 2017, €3,445 (2016: €983) was paid directly by the Charities Regulatory Authority on behalf of employees.

### Hospitality Expenditure

There was no hospitality expenditure within the Charities Regulatory 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 Charities Regulatory Authority was in full compliance with the Code of Practice for the Governance of State Bodies (2016) for 2017.

On behalf of the Charities Regulatory Authority:



Patrick Hopkins, Chairperson of the Authority.

Date: 29/11/2018



Helen Martin, Chief Executive Officer.

Date: 29/11/2018

# CHARITIES REGULATORY AUTHORITY

## STATEMENT ON INTERNAL CONTROL

### **Statement on Internal Control**

#### **Scope of Responsibility**

On behalf of the Charities Regulatory 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 Charities Regulatory Authority for the year ended 31 December 2017 and up to the date of approval of the financial statements.

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

The Charities Regulatory Authority has a Finance, Audit and Risk Committee (FAR) comprising three Board members one of whom is the Chair and two external members, with financial and audit expertise. The FAR met six times in 2017.

The Charities Regulatory 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 FAR in 2017.

The FAR 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 Charities Regulator 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 Charities Regulatory 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 Charities Regulatory Authority and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the FAR 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 Charities Regulatory Authority has procedures in place to ensure compliance with current Office of Government Procurement (OGP) rules and guidelines. In October 2017, the Charities Regulatory Authority went to the market to carry out a strategic review of the Common Investment Fund (CIF). This review was undertaken in December 2017.

### **Review of Effectiveness**

We confirm that the Charities Regulatory Authority has procedures to monitor the effectiveness of its risk management and control procedures. The Charities Regulatory 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 Charities Regulatory 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 2017.

**Internal Control Issues**

Arising from the 2016 External Audit it was noted the Charities Regulatory Authority paid €17,396 in error to a Charity in 2015, with the Charities Regulatory Authority becoming aware only when contacted by the charity concerned. The internal controls were strengthened within Charities Regulatory Authority to ensure all payments were supported by relevant back up, with evidence of authorisation and approval by Head of Corporate Affairs/Accountant/Chief Executive Officer to prevent erroneous payments and minimise the risk of financial loss.

On behalf of the Charities Regulatory Authority:



Patrick Hopkins, Chairperson of the Authority.

Date: 29/11/2018



Helen Martin, Chief Executive Officer.

Date: 29/11/2018

**AUDITOR'S REPORT**

**CHARITIES REGULATORY AUTHORITY**

**STATEMENT OF INCOME AND EXPENDITURE AND RETAINED REVENUE  
RESERVES FOR THE YEAR ENDED 31 DECEMBER 2017**

<b>Income</b>	<b>Note</b>	<b>2017 €</b>	<b>2016 €</b>
Oireachtas Grant	3	3,992,463	2,707,787
<b>Total Income</b>		<u>3,992,463</u>	<u>2,707,787</u>
<b>Expenditure</b>			
Staff costs	4	1,820,006	1,177,457
Administration	5	1,466,726	1,351,956
Audit fee		15,500	31,000
Loss on disposal of property, plant and equipment	6	12,820	510
Depreciation	6	13,255	114,931
<b>Total expenditure</b>		<u>3,328,307</u>	<u>2,675,854</u>
<b>Surplus for the year before appropriations</b>		<b>664,156</b>	<b>31,933</b>
Transfer to capital account	7	(375,307)	(15,492)
<b>Surplus for the year after appropriations</b>		<b>288,849</b>	<b>16,441</b>
Balance brought forward at start of year		(206,224)	(222,665)
<b>Surplus carried forward at 31 December</b>		<u><b>82,625</b></u>	<u><b>(206,224)</b></u>

**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 Charities Regulatory Authority:

  
 Patrick Hopkins, Chairperson of the Authority.

Date: 29/11/2018

  
 Helen Martin, Chief Executive Officer.

Date: 29/11/2018




**CHARITIES REGULATORY AUTHORITY**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017**

<b>Fixed Assets</b>	<b>Note</b>	<b>2017</b>	<b>2016</b>
		€	€
Property, plant and equipment	6	517,819	142,512
<b>Current Assets</b>			
Inventory	8	2,894	1,190
Debtors	9	341,841	5,102
<hr/>			
<b>Total Current Assets</b>		<b>344,735</b>	<b>6,292</b>
<b>Current Liabilities</b>			
Payables and accruals	10	262,110	212,516
<hr/>			
<b>Net Current Liabilities</b>		<b>82,625</b>	<b>(206,224)</b>
<b>Total Net Assets/ (Liabilities)</b>		<b>600,444</b>	<b>(63,712)</b>
<hr/>			
<b>Representing:</b>			
Capital Account	7	517,819	142,512
Retained Revenue Reserves		82,625	(206,224)
<hr/>			
		<b>600,444</b>	<b>(63,712)</b>
<hr/>			

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

On behalf of the Charities Regulatory Authority:

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

Date: 29/11/2018

  
 \_\_\_\_\_  
 Helen Martin, Chief Executive Officer.

Date: 29/11/2018

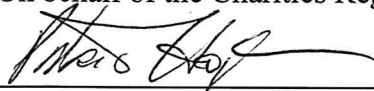
**CHARITIES REGULATORY AUTHORITY**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017**

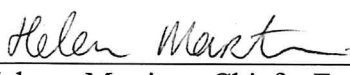
<b>Net cash flows from operating activities</b>	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>€</b>	<b>€</b>
Operating surplus for year		288,849	16,441
Depreciation of property, plant and equipment	6	13,255	114,931
Loss on disposal of property, plant and equipment	6	12,820	510
Transfer to capital account	7	375,307	15,492
Decrease/(Increase) in inventory		(1,704)	68
Increase/(Decrease) in payables and accruals		49,594	(11,407)
(Increase) in Prepayments		(336,739)	(5,102)
<b>Net cash inflows from operating activities</b>		<b>401,382</b>	<b>130,933</b>
 <b>Cash flows from investing activities</b>			
Payments to acquire property, plant and equipment		(401,382)	(130,933)
<b>Net cash outflow from investing activities</b>		<b>(401,382)</b>	<b>(130,933)</b>
<b>Net increase in cash and cash equivalents</b>	<b>3</b>	<b>-</b>	<b>-</b>
 <b>Reconciliation of net cash flow movement in net funds</b>			
Cash and cash equivalents at start of year/ period		-	-
<b>Cash and cash equivalents at 31 December</b>		<b>-</b>	<b>-</b>

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

On behalf of the Charities Regulatory Authority:

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

Date: 29/11/2018

  
 \_\_\_\_\_  
 Helen Martin, Chief Executive  
 Officer.

Date: 29/11/2018

# CHARITIES REGULATORY AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting Policies

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

#### (a) General Information

The Charities Regulatory Authority is a Public Benefit Entity (PBE) and is Ireland's national statutory regulator for charitable organisations. It 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 Charities Regulatory 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 Charities Regulatory Authority are administrators of the charity fund account and the investment fund.

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

The financial statements of the Charities Regulatory Authority for the year ended 31 December 2017 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 2016 relate to the period 1 January 2016 to 31 December 2016. These are the Charities Regulatory 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 responsibility for the Charities Regulatory 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 Charities Regulatory Authority in carrying-out its independent statutory role.

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

Payroll and expenditure is processed by the Department of Justice and Equality and recorded in the financial statements on an accrual basis.

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

Property, plant and equipment are shown at the net book value at date of transfer to the Charities Regulatory Authority but subsequent additions are recorded at cost. Assets in the Course of Construction (AICC) relate to the development of a new Digital IT platform, not yet recognised as providing future economic benefits.

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
Assets in Course of Construction (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 Charities Regulatory 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 Charities Regulatory 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 €37.5 million at 31 December 2017 (31 December 2016: €37.7 million).

These funds are not available for use by the Charities Regulatory 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 Charities Regulatory Authority website [www.charitiesregulatoryauthority.ie](http://www.charitiesregulatoryauthority.ie).

### (b) Charity Fund Account

At the year end, the Charities Regulatory Authority held funds for safekeeping for 94 Charitable Trusts of which, the Charities Regulatory Authority is defined as a Trustee. There are a further 9 Trusts currently under review to determine if the Charities Regulatory Authority is a Trustee. The funds are held in a bank account on behalf of the Charitable Trusts. The balance at 31 December 2017 was €1.26 million (2016: €3.75 million).

These funds are not available for use by the Charities Regulatory 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 Charities Regulatory Authority website [www.charitiesregulatoryauthority.ie](http://www.charitiesregulatoryauthority.ie).

## 3 Oireachtas Grant

	2017	2016
	€	€
Vote 42 – Rural and Community Development (DRCD)	3,992,463	2,707,787

The Charities Regulatory Authority does not hold cash and cash equivalents. Funding is provided by way of the Oireachtas Grant from the Department of Rural and Community Development. With the consent of the Department of Rural and Community Development, the Department of Justice and Equality makes all payments on behalf of the Authority. 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	2017	2016
	€	€
Wages and salaries	1,801,762	1,163,302
Travel and subsistence	18,244	14,155
<b>Total</b>	<b>1,820,006</b>	<b>1,177,457</b>

The Charities Regulatory Authority employed 45.1 (2016: 29.7) whole time equivalent permanent staff in 2017.

(b) Staff Short-Term Benefits	2017	2016
	€	€
Basic Pay	1,797,705	1,156,956
Overtime	2,739	6,037
Allowances	1,318	309
<b>Total</b>	<b>1,801,762</b>	<b>1,163,302</b>

### (c) Key Management Personnel

	2017	2016
	€	€
Basic Pay	497,115	322,468
Overtime	-	-
Allowances	-	-
<b>Total</b>	<b>497,115</b>	<b>322,468</b>

Key management personnel in the Charities Regulatory Authority consists of Chief Executive Officer, 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 up 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 2017.

### (e) Chief Executive Officer Salary and Benefits

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

	2017	2016
	€	€
Basic Pay	98,923	95,027 <sup>1</sup>
Overtime	-	-
Allowances	-	-
<b>Total</b>	<b>98,923</b>	<b>95,027</b>

<sup>1</sup> The basic pay comparison in 2016 includes Employer PRSI of €8,603.76

The Chief Executive Officer remuneration was €98,923 in 2017 (2016 :95,027). The Chief Executive Officer remuneration was made up of basic salary of €98,923. The Chief Executive Officer was paid expenses of €5,407 in 2017 (2016: €2,107). All expenses were incurred and paid in the 2017 year. The Chief Executive's pension entitlements do not extend beyond the standard entitlements in the public sector defined benefit superannuation scheme. The Chief Executive Officer did not receive any performance related payments in 2017. 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>2017</b>	<b>2016</b>
€60,000	- €69,999	3	2
€70,000	- €79,999	2	-
€80,000	- €89,999	-	1
€90,000	- €99,999	1	-
€100,000	- €109,999	-	-
€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. The 2016 total employee benefits comparison excludes employer PRSI.

<b>5 Administration Costs</b>	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>€</b>	<b>€</b>
Board Member Fees		59,086	68,828
IT Expenses		274,157	307,346
Consultancy Costs		324,019	85,431
Rent		310,773	178,605
Legal Fees		169,951	195,366
General Expenses		123,346	62,760
Office Cleaning and Maintenance		106,617	52,767
Office Machinery and other Office Supplies		54,915	20,369
Postage and Telecommunications		37,813	12,360
Light & Heat		6,049	10,020
Fit Out Costs		-	358,104
		<b>1,466,726</b>	<b>1,351,956</b>

## 6 Property, Plant and Equipment

	IT €	Office Equip €	Furniture €	AICC €	Total €
At 1 January 2017	11,111	10,210	251,657	-	272,978
Additions	-	886	-	400,496 <sup>1</sup>	401,382
Disposals	(11,111)	(6,082)	(10,042)	-	(27,235)
At 31 December 2017	-	5,014	241,615	400,496	647,125
At 1 January 2017	7,877	7,995	114,594	-	130,466
Charged in the year	-	308	12,947	-	13,255
Disposals	(7,877)	(5,170)	(1,368)	-	(14,415)
At 31 December 2017	-	3,133	126,173	-	129,306
<b>Net Book Value</b>					
At 31 December 2017	-	<b>1,881</b>	<b>115,442</b>	<b>400,496</b>	<b>517,819</b>
At 31 December 2016	3,234	2,215	137,063	-	142,512

<sup>1</sup> Additions relate to expenditure of a Digital Platform (IT) to facilitate the management of all aspects of the Charities Regulator registration, reporting and compliance activities.

## 7 Capital Account

	2017 €	2016 €
Balance at start of year	142,512	127,020
Amortisation in line with depreciation	(13,255)	(114,931)
Disposal of Assets	(12,820)	(510)
Additions	401,382	130,933
Balance at year end	<b>517,819</b>	<b>142,512</b>

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

## 8 Inventory

	2017 €	2016 €
Stationery	2,894	1,190
	<b>2,894</b>	<b>1,190</b>



**9 Debtors**

	<b>2017</b>	<b>2016</b>
	€	€
Prepayments	341,841	5,102
	<b><u>341,841</u></b>	<b><u>5,102</u></b>

**10 Payables and accruals**

	<b>2017</b>	<b>2016</b>
	€	€
Payables	59,832	114,742
Accruals	202,278	97,774
	<b><u>262,110</u></b>	<b><u>212,516</u></b>

**11 Pension Levy**

Salary costs included in this account are the gross costs to the Charities Regulatory Authority for the period. The Department of Justice and Equality pays salaries on behalf of the Charities Regulatory Authority. Pension levy deductions, as per Section 2(3) of the Financial Emergency Measures in the Public Interest Act 2009 (No. 5 of 2009), are made by the Department and are retained as Appropriations-in-Aid for that Department.

**12 Premises**

The Charities Regulatory 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 Charities Regulatory Authority in October 2016, with the move taking place in December 2016.

**13 Future Lease Payments**

	<b>2017</b>	<b>2016</b>
	€	€
Within one year	199,578	199,578
One to five years	1,064,416	1,064,416
After five years	997,890	1,263,994
	<b><u>2,261,884</u></b>	<b><u>2,527,988</u></b>

The above lease payments exclude VAT.

**14 Members Declaration of Interests**

The Charities Regulatory 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 Charities Regulatory Authority's activities in which members had any beneficial interest.

**15 Approval of financial statements**

These accounts were approved by the Authority on.....29/11/2018.....



*Helen Mast*