



An Rialálaí
Carthanas

Charities
Regulator

Charities' International Transfers of Funds 2021 - 2022



Report

Introduction

The Charities Regulator is the independent statutory body responsible for registering and regulating charities operating in Ireland. Our key functions include maintaining a public register of charities and ensuring compliance with the Charities Acts.

We also deal with concerns about charities and under Part 4 of the Charities Act 2009 the Charities Regulator has the power to appoint inspectors to investigate the affairs of any charity.

Additionally, we provide services to certain charities, including authorising the appointment of new charity trustees, approving Cy-Près schemes and authorising the disposition of charity property where a charity does not have a power of sale to deal with the property.

The Charities Regulator's main functions include:

- Increasing public trust and confidence in the management and administration of charities
- Registering charities and maintaining a public register of charities
- Promoting compliance by charity trustees with their duties
- Helping charities and charity trustees to understand and better meet their obligations by publishing guidelines, codes and model documents
- Ensuring the accountability of charities to donors, beneficiaries and the public
- Providing our stakeholders, including the Minister and the public, with information regarding registered charities

There is a full list of the Charities Regulator's functions in section 14 of the Charities Act 2009.

What is FATF?

Established in 1989, the Financial Action Task Force (FATF) leads global action to tackle money laundering and terrorist financing. It researches how money is laundered and terrorism is funded, promotes global standards to mitigate the risks, and assesses whether countries are taking effective action. Based on assessments carried out, FATF makes recommendations on measures countries can take to combat money laundering and terrorist financing.

Ireland has been a member of FATF since 1991 and is committed to the implementation of FATF Recommendations.

How does this affect the charity sector?

The non-profit sector globally, which include charities, has been identified as being at risk of being used to facilitate money laundering. The FATF Recommendations provide a comprehensive framework of measures to help countries tackle illicit financial flows. Recommendation 8 specifically sets out the risks for non-profit organisations and recommends that countries should have in place focused, proportionate and risk-based measures.

The Charities Regulator has a range of guidance on our website to support charities and charity trustees in particular, to make sure their charities are well run. This includes guidance on anti-money laundering and counter-terrorist financing. We also host webinars with An Garda Síochána to raise awareness of these issues and how to prevent them affecting charities.

Analysis of international transfer of funds by charities

Since 2022, charities are being asked for information about their international transfers of funds in the Annual Report that they are required to submit to the Charities Regulator each year. When completing the online form, charities must now include the total of all international transfers of funds both into and out of the State, list the countries involved, and set out the method used to transfer those funds.

The transfer of funds outside the state can include a wide range of transfers. For example, the payment of wages or the transfers of funds to a foreign branch of the charity to the purchase of supplies or services from abroad. Examples of foreign transfers of funds into an Irish charity might include donations or investment income.

Based on the information provided in Annual Reports received in respect of financial years ended between 1 January and 31 December, foreign receipts and transfers were as follows:

- Total funds transferred abroad by charities in 2022 was €1,073,357,814 (compared to €833,845,445 in 2021)
- Total funds received from abroad by charities in 2022 was €1,396,202,017 (compared to €1,145,339,760 in 2021)

Table 1 shows the number of charities that submitted information regarding international transfer of funds in respect of financial years ended 2021 and 2022.

Table 1 - International transfers by charities

As at 31 March 2024	Financial year 2021	Financial year 2022
Total number of annual reports filed	6,565	6,175
Number of charities with international transfers into and/or out of the State	1,222	1,408
Number of charities dealing with high risk jurisdictions	11	14
Number of charities dealing with jurisdictions placed under increased monitoring	145	191

The most up to date listing of high-risk jurisdictions or jurisdictions placed under increased monitoring can be found on the [FATF website](#).

High-Risk Jurisdictions

Countries that have been identified as high risk jurisdictions by the FATF, namely Iran, Myanmar and Democratic People’s Republic of Korea (North Korea), have weaker controls in their financial systems to counter money laundering, terrorist financing, and financing of proliferation. Proliferation financing is defined by the FATF as providing funds or financial services used for the manufacture, acquisition, possession, development, transport or use of nuclear, chemical or biological weapons and their means of delivery and related materials.

Charities operating in, or having financial transactions with, high risk jurisdictions face an increased risk of misuse by criminals or terrorists. As a result they would need robust policies, practices and controls in place to help identify and manage this risk. These can help make sure that any money, resources or other items that the charity sends overseas are used properly, and any overseas activities are overseen and managed responsibly.

The Charities Regulator monitors information submitted by charities in their Annual Reports and takes action where appropriate. We have engaged with the charities that reported that they had financial transactions with one or more high risk jurisdictions to make them aware of the potential risks involved and to seek assurances that appropriate due diligence and monitoring procedures are in place.

As a result of this engagement, for the financial year 2021:

- Eight charities provided satisfactory explanations and assurances
- Three charities have confirmed that a high risk country was selected in error

Jurisdictions under Increased Monitoring

Jurisdictions under increased monitoring are actively working with the FATF to address weaker controls in their financial systems to counter money laundering, terrorist financing, and proliferation financing. When the FATF places a jurisdiction under increased monitoring, it means the country has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes and is subject to increased monitoring.

The Charities Regulator has written to each charity that indicated that it had financial transactions with countries placed under increased monitoring to make them aware of the potential risks involved and to remind charity trustees of their obligations to ensure that appropriate due diligence and monitoring procedures are in place. These charities were also referred to our [Guidance on Anti-Money Laundering and Counter-Terrorist Financing for Charities](#), which is available on our website.

Table 2 – Funds transferred abroad by charities (in bands)

Total Expenditure Bands	Number of charities	Foreign Expenditure	% of total funds transferred abroad	Number of charities	Foreign Expenditure	% of total funds transferred abroad
	2021			2022		
€0 - €100K	325	€7,052,971	1%	354	€16,460,535	2%
€100K - €250K	129	€7,940,394	1%	147	€6,101,725	1%
€250K - €1m	198	€23,107,417	3%	249	€28,415,846	3%
€1m - €5m	163	€65,179,656	8%	198	€89,802,687	8%
€5m - €50m	92	€198,349,908	24%	116	€256,159,079	24%
€50m - €100m	8	€5,166,737	1%	7	€77,676,055	7%
more than €100m	18	€527,048,362	63%	18	€598,741,887	56%
Total	933	€833,845,445		1,089	€1,073,357,814	

As can be seen from Table 2 above, 141 charities accounted for 87% of total funds transferred abroad in 2022 and 118 charities accounted for 88% of total funds transferred abroad in 2021. The main charitable purpose of most of those charities is one of the following:

- Prevention or relief of poverty or economic hardship
- Advancement of education
- Advancement of religion

Table 3 – Funds received from abroad by charities (in bands)

Total Income Bands	Number of charities	Foreign Income	% of total funds received from abroad	Number of charities	Foreign Income	% of total funds received from abroad
	2021			2022		
€0 - €100K	168	€5,530,896	0%	194	€11,019,813	1%
€100K - €250K	118	€25,403,570	2%	129	€28,071,106	2%
€250K - €1m	178	€23,830,198	2%	236	€26,772,741	2%
€1m - €5m	153	€63,448,043	6%	187	€92,954,503	7%
€5m - €50m	78	€171,444,934	15%	93	€232,691,664	17%
€50m - €100m	9	€17,132,391	1%	11	€45,154,352	3%
more than €100m	14	€838,549,728	73%	15	€959,537,837	69%
Total	718	€1,145,339,760		865	€1,396,202,017	

As can be seen from Table 3, 119 charities accounted for 88% of total funds received from abroad in 2022 and 101 charities accounted for 89% of total funds received from abroad in 2021. Again the main charitable purpose of most of those charities is either:

- Prevention or relief of poverty or economic hardship
- Advancement of education
- Advancement of religion



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Document Reference: Charities' International Transfers of Funds 2021 - 2022 – Rev 000

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