



Opening Statement of the CEO of the Charities Regulatory Authority to the Committee of Public Accounts

21 November 2019

I wish to thank the Chairman and members of the Committee of Public Accounts for inviting me here today to address the Committee on the 2018 financial statements of the Charities Regulatory Authority.

I am joined by the Authority's Head of Registration and Projects, Mr. Eamon O'Halloran, and our recently appointed professional accountant and Finance Manager, Mr. Niall Scanlon.

The Committee will be aware that the Charities Regulatory Authority or Charities Regulator as it is known, was established as an independent Authority on a statutory basis in October 2014 in accordance with the Charities Act 2009. There are currently 12 members on the Board of the Authority and 37.5 fulltime equivalent members of staff.

The Charities Regulator is funded by the Exchequer through a sub-head of Vote 42 of the Department of Rural and Community Development. Our budget in 2018 was €4.4 million and our total spend was just over €4 million. Pay accounted for approximately €2.1 million of our overall spend and non-pay expenditure amounted to approximately €1.9 million.

Monthly financial reports are used by senior management, the Finance, Audit, Risk and Governance Committee and the Board to monitor performance against key strategic priorities, objectives and yearly business plan targets.

We have a number of statutory functions including the maintenance of a Register of Charities, ensuring that charity trustees comply with the 2009 Act, carrying out inquiries and investigations into the affairs of charities and issuing guidance and other codes to assist charity trustees. We also deal with applications by charities under the Charities Acts 1961 and 1973 for services and assistance such as authorising cy-près schemes and sales of charity lands.

On its establishment, the Charities Regulator also took over responsibility for administering a Common Investment Fund Scheme for charities, established under the Charities Act 1961, the current value of which is approximately €39.7 million.

Our first Statement of Strategy supported the establishment of the Charities Regulator and guided us through our formative years from 2016 to 2018. Over this period, significant time was dedicated to establishing organisational structures, processes and procedures in order to ensure compliance with the Code of Practice for the Governance of State Bodies. During the period of our first Statement of Strategy, we also developed an online Public Register of Charities and established a contact centre for charity trustees and other members of the public to call or e-mail us with any queries they may have. Other key milestones during that period included the publication of a suite of practical and informative guidance materials to assist charity trustees including guidelines on fundraising from the public, the development of a concerns unit and an online concerns process, the completion of a number of statutory investigations under the 2009 Act, the implementation of a new digital platform to support

our regulatory and organisational activities, the launch of an enhanced website and a quarterly eZine to keep those involved in the sector up-to-date with key developments, the formulation of a draft Scheme for a Charities (Amendment) Bill along with associated draft Accounting and Reporting Regulations, and the launch of the Charities Governance Code.

In 2019, we published our second Statement of Strategy for 2019 to 2021, which aims to move us closer to realising our vision of a vibrant trusted charity sector that is valued for the public benefit it provides. Strengthening public trust and confidence in charities is one of four strategic priorities under our second Statement of Strategy. A key objective in this regard is to further enhance the Public Register of Charities, which is a searchable online facility.

Charities are independent organisations run by charity trustees. They play a vital role in our society and provide public benefit in diverse ways to communities in Ireland and across the world. It is therefore essential that charities are transparent and accountable to volunteers, beneficiaries, employees, funders, donors and the wider public. The Register is intended as a point of reference for members of the public to learn more about individual charities.

There are currently 10,370 registered charities in Ireland and 65,904 charity trustees listed on the Register. According to research published by the Charities Regulator in 2018 the majority of charities on the Register are small volunteer led charities with income of less than €50,000. However, there is no doubt that registered charities make a significant contribution to our economy and Irish society more generally, with income of €14.5 billion, approximately 189,000 people employed in the sector and over 300,000 volunteers.

Other general functions of the Charities Regulator include the promotion of compliance by charity trustees with their legal duties and ensuring the accountability of charities to donors,

beneficiaries and the public. In this regard, we work closely with charities, charity representative groups and other experts and stakeholders to ensure that the guidance materials that we publish are of practical assistance to those volunteering and working in the sector. Examples include the guidelines on fundraising from the public, guidance for charity trustees, internal financial control guidelines for charities and more recently, a Governance Code toolkit comprising templates and other guidance materials to underpin the Charities Governance Code. Promoting compliance with the Charities Governance Code and working with charities to support them in its implementation will remain a key focus for the Charities Regulator for the period of our current strategy.

Our statutory remit also includes monitoring compliance by charitable organisations with charity law and carrying out investigations. We actively monitor compliance with key regulatory requirements such as the requirement for charities to submit annual reports. Compliance rates in relation to this obligation have increased significantly over the last three years with the overall compliance rate in relation to annual reports due in relation to 2017 reaching 98%.

We also carry out inquiries as part of our concerns process. In 2018, we received over 686 concerns, which was an increase of 29% on the previous year. Of the concerns received in respect of registered charities, over 50% related to internal financial controls and transparency and other governance issues. We closed 722 concerns during 2018.

Other compliance activities in 2018 included 48 statutory directions to provide information or produce books, documents and other records for the purposes of our inquiries. In addition, we published two Inspectors' Reports into the affairs of two registered charities,

G.L.E.N. and Solas – Galway Picture Palace, and imposed intermediate sanctions on one registered charity.

Developing our compliance and enforcement function further is a key objective in terms of meeting our strategic priorities of providing proportionate risk-based regulation and protection, and promoting compliance within the sector. Supported by our new IT platform, along with a number of important legislative amendments, which the Minister for Rural and Community Development is progressing through the Charities (Amendment) Bill, we hope to enhance our pro-active monitoring capabilities further, using data to identify and anticipate risks in order to facilitate targeted and proportionate regulatory interventions and engagement with charities. The Charities (Amendment) Bill is key in this regard as it will create a level playing field for all charities including those that are companies and will facilitate increased levels of transparency and greater accountability in relation to the finances of charities.

Since our establishment in 2014, the Charities Regulator has made significant progress in meeting its statutory mandate. Through the hard work and commitment of the Authority, its staff and those working in the charities sector, we have a strong foundation on which to build and deliver on our Second Statement of Strategy.

We remain committed to working with all our stakeholders to fulfil our mission to regulate the charity sector in the public interest so as to ensure compliance with the law and support best practice in the governance, management and administration of charities.

I am happy to respond to any questions that members of the Committee may have.

Thank you.