

## CHARITIES BILL

### Invitation to provide oral evidence to The Committee for Communities

Thursday 30th September 2021

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#### Representatives from the Ulster Society of Chartered Accounts Charity and Not for Profit Group:-

**ROSEMARY PETERS GALLAGHER:** Chartered Accountant in Practice and Charity Specialist; Group Convenor

**GARETH MCGLEENON:** Chartered Accountant, Deputy CEO of NI Chest Heart & Stroke

**SAM SNODDEN:** Retired Chartered Accountant and Charity Officer

**DEE MORAN :** Professional Accountancy Lead, Chartered Accountants Ireland

#### **BACKGROUND**

Chartered Accountants Ireland is Ireland's leading professional accountancy body, representing approximately 30,000 influential members around the world and educating 7,000 students. The Institute aims to create opportunities for members and students, and ethical, sustainable prosperity for society. An all-island body, Chartered Accountants Ireland was established by Royal Charter in 1888 and now has members in more than 90 countries. It is a founding member of Chartered Accountants Worldwide, the international network of over one million chartered accountants. It also plays key roles in the Global Accounting Alliance, Accountancy Europe and the International Federation of Accountants.

The Ulster Society of Chartered Accountants, a district society of Chartered Accountants Ireland, represents almost 5,000 influential members from across Northern Ireland.

#### **The Ulster Society Charity and Not for Profit Group was set up to:-**

- Be a voice and influencer for the sector on financial matters
- Encourage membership involvement in the sector
- Support and develop members involved in the sector

#### **Our key areas of focus are: -**

- To build an understanding of the issues within the sector and areas where chartered accountants can assist
- To build relationships with key influencers in the sector
- To communicate across the membership on sector issues
- To develop a relevant training and development plan where gaps exist

## **GENERAL COMMENTS**

Thank you for your invitation to present oral evidence to the Committee this morning. We very much welcome the chance to address the proposals as this has caused a lot of uncertainty within the sector in Northern Ireland.

We have reviewed the bill and would make the following high level comments on a section by section basis:-

## **THE BILL**

### **Clause 1: Actions of Committee staff treated as Commission actions (s1)**

We would have a concern that there may be unintended consequences as a result of this broad provision. Could consideration be given to making this more specific? Perhaps by providing a schedule or appendix giving examples. We recognise that there could be problems introducing retrospective legislation and this may cause unintended consequences of individual or specific actions taken.

### **Clause 1: Circumstances where deeming is restricted or excluded (s5e)**

These would seem to be quite fundamental powers/decisions.

We would query whether consideration has been given to extending these powers e.g. S34 should go further to empower the Commission to make an application to suspend a person's ability to be a director of any company for up to X years as well as removing them as a trustee.

### **Refreshed Appeal rights (s8a)**

Will the Charity Commission contact impacted parties to advise them of this fresh right of appeal?

### **Disapplication of accounting and reporting requirements (s9a &b)**

We would be grateful for further clarification in respect of this section.

This implies that a charity did not have to comply with accounts regulations etc. in any year before it was registered.

Therefore, it does not have to comply in respect of any financial year beginning before 1 April 2022, This could have an impact on transparency and public confidence if a significant number of charities choose not to submit accounts and returns voluntarily. This will apply mainly to unincorporated charities.

### **Clause 2: Power of Commission to delegate to staff; Power of functions by staff**

**(s9A2)**

We note that some matters will be reserved for the Board going forward and we welcome this. We are sure that good governance practices will apply. We would like some clarity as to how the Department, in exercising its powers, could insist on delegating these powers to staff at a later date. Would parameters be set on actions permitted?

**Power to set thresholds for exemption from registration**

**(s16A 1)**

Whilst we understand the thinking behind this, we are of the view that registration brings a degree of accountability and transparency to the sector which instils public confidence. We are also of the view that any organisation which wants to hold itself out as a charity should be registered, however consideration could perhaps be given to different accounting and reporting tiers.

We would welcome a consultation process from the Charity Commission before any such regulations are made. Perhaps consideration could be given to using not just income as a definition of the tiers.

As a professional accountancy body, we can contribute to any further discussions and we would be happy to participate.

**(s16A 4)**

We would seek further clarification on certification and by whom?

The term "*certified*" implies a level of certainty and accuracy which should never be given in this context by an auditor or accountant. The use of this term is not consistent with wording in any auditing or assurance framework under which auditors and accountants conduct their work.

We suggest that there is alternative wording that could be used or a level of work undertaken that would meet the requirements of the regulator and enable the accountant/auditor to provide a report that is compliant with the relevant framework and we are available to provide input, if necessary.

**Charities exempted under section 16A: information**

**(s16C 2)**

We think that it would be helpful to have clarity around the terms "charity", an "exempt charity" and a "registered charity" to avoid confusion when it comes to determining compliance.