

Interim reporting requirements for charities public consultation – frequently asked questions

1. I am a charity in Northern Ireland but am not registered with the Charity Commission yet – do I need to send my accounts or any other information to the Commission?

No. You do not need to send your accounts or reports to the Commission unless your organisation has been listed on the Northern Ireland register of charities. Registration is set to begin later this year with organisations called forward by the Commission in tranches to apply for registration. It is estimated that there are between 7,000 and 12,000 charities in Northern Ireland so this will be a managed process, which is likely to take a number of years to complete.

As part of their welcome pack, all organisations successfully registered as a charity in Northern Ireland will receive guidance on the reporting requirements they must comply with.

2. Our charity is unincorporated - do we have to prepare our accounts in accordance with the Charities SORP (Statement of Recommended Practice)?

No. Charity law in Northern Ireland does not currently specify the form and content requirements for charity accounts. This will change when accounting and reporting regulations developed by the Department for Social Development are brought into effect, which is anticipated to be 1 January 2015.

At present the Charities SORP is recommended best practice for unincorporated charities in Northern Ireland. Charities may have to prepare their accounts in accordance with the charities SORP if it is stated in their governing document or it is a condition of funding. Charities that are companies must prepare their accounts in accordance with the charities SORP under company law.

3. What do you mean by 'reporting' to the Commission

Registered charities must 'report' to the Commission on an annual basis. This means they must submit an annual monitoring return and a copy of their charity accounts and report to the Commission for inspection. This enables the Commission to carry out its regulatory and monitoring activities and provide an up-to-date register of charities in Northern Ireland.

4. What are 'interim' reporting requirements?

Interim reporting requirements are the first phase of the annual reporting regime for registered charities in Northern Ireland. Under the interim reporting requirements, registered charities must submit to the Commission:

1. an annual monitoring return which will ask questions on the charity's activities, governances and finances; and
2. a copy of the charity accounts and reports in the format they currently prepare them.

The interim arrangements will remain in place until full accounting and reporting regulations, developed by the Department for Social Development (DSD), are commenced. At this stage, registered charities in Northern Ireland must prepare charity accounts and reports in accordance with the form, content, audit and review requirements laid out in charity law, along with their annual monitoring return.

The key difference during the 'interim' reporting period is that registered charities are permitted to submit their accounts and reports in the format they currently prepare them.

5. Why do we need interim reporting arrangements?

The Commission is set to begin compulsory registration of all charities in Northern Ireland later in 2013, however, charity law in relation to accounting and reporting is not fully developed. In the absence of the full accounting regulations, the introduction of interim arrangements allows charity reporting to be introduced on a phased basis. This makes it easier for charities to get used to reporting while simultaneously allowing the Commission to carry out its monitoring and compliance work, and ensure the new register of charities is up to date, in the interim period.

Phase one - the interim reporting requirements - are being consulted on now. They focus on the requirements within the annual monitoring return, which will ask registered charities for information on their activities, governance and

finances. Under the interim reporting proposals, registered charities will also be asked to provide their accounts and reports in the format they currently prepare them.

Phase two - the full reporting requirements - will launch when accounting and reporting regulations, made by the Department for Social Development (DSD), are commenced, which is expected to be 1 January 2015. In this phase, registered charities must still complete an annual monitoring return; however, the accounts and reports that charities provide must be prepared in accordance with the requirements laid out in the legislation. DSD, in conjunction with the Commission, are expected to consult on the full accounting and reporting regulations during 2014.

6. Who must comply with interim reporting requirements?

Interim reporting requirements will apply to those charities registered with the Commission before 1 January 2015. After this date accounting and reporting regulations are expected to take effect and all registered charities must adhere to the full reporting programme.

Under the interim requirements, registered charities must report on their first full accounting period beginning on or after 1 April 2014.

7. Why bring in interim reporting arrangements if the full regime will be brought in less than a year later?

In order to carry out our regulatory and monitoring work it is important that the Commission holds accurate and relevant information on registered charities in Northern Ireland. Equally the Northern Ireland register of charities should be a live record and it is important that the information on the register is not out of date or static.

Registered charities have a 10 month filing deadline for submission of annual reporting information to the Commission. If we were to wait until the full accounting and reporting regulations came into force (expected 1 January 2015) before implementing a reporting regime it may mean that charities placed on the register of charities during 2014 might not have their entry updated until 2017. Furthermore, the Commission is not responsible for making accounting and reporting regulations, these are made by the Department for Social Development, and the Commission cannot implement a full reporting programme until these regulations are commenced.

8. I have registered with the Charity Commission and have a Northern Ireland charity number - when do I need to send in my accounts and annual return?

Interim reporting requirements apply to registered charities with accounting periods beginning on or after 1 April 2014. Registered charities need only report on their first full accounting period after this date.

Registered charities must file their annual reporting information within 10 months of the financial period end.

For example, Charity A registers on 15 December 2013 and has an accounting period end date of 31 March. The first full accounting period after 1 April 2014, is period ending 31 March 2015 and Charity A has 10 months to file with the Commission. The filing deadline for Charity A is therefore 31 January 2016.

Charity	A	B	C
Registration date	15.12.13	25.4.14	16.3.14
Period end date	31 st March	30 th June	30 th September
Period of account	12 months	12 months	6 months
Reporting period	31.3.2015	30.6.2015	30.9.2014
Filing deadline	31.1.2016	30.4.2016	31.7.2015

A charity's financial period will normally be 12 months but in exceptional circumstances can be shorter or longer. If for exceptional reasons a charity must prepare their accounts to cover a short or long period of account, the accounting period should not be less than six months or longer than eighteen months.

Registered charities will receive emails to remind them of their filing deadlines and these deadlines will also be displayed on each charity's entry on the public register of charities.

9. Where will I get the annual monitoring return form?

During the registration process you will receive a password which will allow you to access Online services via our website www.charitycommissionni.org.uk

This portal allows you to access your entry on the charity register where you will be able to complete your online annual monitoring return form.

10. Do my accounts need audited or independently examined under charity law?

No. At present charity law in Northern Ireland relating to the review and audit requirements for charity accounts has not been commenced. This will change when the full accounting and reporting regulations made by the Department for Social Development are brought into effect, which is anticipated to be 1 January 2015. At this stage registered charities must have their accounts reviewed or audited in accordance with the requirements laid out in the legislation.

Unincorporated charities may need their accounts reviewed or audited as a condition of funding or because it is stated in their governing document. Charitable companies must adhere to the requirements laid out in company law.

11. Our charity is unincorporated and we prepare receipts and payments accounts - is this acceptable?

Yes. At present charity law in Northern Ireland does not specify the form and content requirements for charity accounts. This will change when the full accounting and reporting regulations made by the Department for Social Development are brought into effect, which is anticipated to be 1 January 2015. At that stage all registered charities must adhere to the accounting requirements laid out in the legislation.

12. When will full accounting and reporting regulations come into effect?

It is anticipated that accounting and reporting regulations will commence for registered charities with accounting periods beginning on or after 1 January 2015. The Department for Social Development (DSD) in conjunction with the Commission will consult on accounting and reporting regulations during 2014.

13. Are reporting requirements going to change completely when the full regulations come into effect?

No. There are three main elements of annual reporting:

1. The annual monitoring return.
2. The charity accounts.
3. The trustee annual report.

The core of what we are consulting on now under the interim reporting requirements is the **annual monitoring return**, which will be a permanent monitoring tool, and charities must complete this form under the interim and full reporting programme.

The key difference between the interim reporting programme and the full reporting programme is the requirements charities must adhere to relating to charity accounts and the trustee annual report. The form and content requirements of the charity accounts and trustee annual report, and the level of review or audit these accounts must have, will be laid out in charity law. During the interim period registered charities can provide their accounts and reports in the format they currently prepare them, however, when accounting and reporting regulations come into force registered charities must adhere to the requirements laid out in the legislation. The Department for Social Development in conjunction with the Commission will consult on the full accounting and reporting regulations during 2014.

14. Why do you ask for our charity bank account details as part of the annual monitoring return?

You must provide your charity's bank account details during the registration process. As part of the annual monitoring return you will be asked to review information we hold and let us know if any of your details have changed. Obtaining and verifying bank account details is an essential fraud-prevention measure and a critical aspect of regulatory activity. The bank account details you provide are confidential and for the use of the Commission only. We do not make any bank/building society details public on the register of charities.

15. Who is responsible for filing the annual monitoring return?

The charity trustees are ultimately responsible for completing the annual monitoring return and filing annual reporting information with the Commission on time. If you expect your staff, auditors, independent examiners or another third party to complete it on your behalf then you must make sure this responsibility is communicated, recorded and clearly understood.

16. What happens if we don't file annual reporting information on time?

Your charity has 10 months from its financial period end to complete its annual monitoring return and submit its annual report and accounts to the Commission. If your charity does not meet its legal obligation to provide this information, it will be shown as being in default on the public register of charities. This can damage your charity's reputation and ability to attract funding. If a charity defaults on their reporting obligations it may be associated with mismanagement and misconduct and could instigate a compliance investigation into your charity.

17. What is included in annual gross income?

Annual gross income differs from total incoming resources / total receipts in a charity's accounts.

For accounts prepared on a receipts and payments basis gross income is simply the total receipts recorded, excluding the receipt of any endowment loans and proceeds from sale of investments or fixed assets.

For accounts prepared on an accruals basis in accordance with the Charities Statement of Recommended Practice (SORP) the charity's gross income should be calculated as:

- the total incoming resources as shown in the Statement of Financial Activities (SoFA) (prepared in accordance with the SORP) for all funds but excluding the receipt of endowment
- including any amount transferred to income funds during the year from endowment funds in order to be available for expenditure.

18. Where can I find more information on charity reporting?

Please see our [Interim reporting requirements consultation document](#) for further details on charity reporting. This document explains charity reporting requirements during 2014, expected future changes relating to accounting and

reporting regulations, and provides a detailed explanation of the information requirements of the annual monitoring return form.