

Charities Regulatory
Authority
What does this mean
for charities?



The Charities Act 2009

The Charities Act 2009 was signed into law on the 28th February 2009, by the Department of Justice and Equality. Under Ministerial Order the Charities Regulatory Authority (CRA), Ireland's national statutory regulatory agency for charitable organisations was established on 16th October 2014. The Order also provides for the establishment of the Charity Appeals Tribunal and the dissolution of the Commissioners of Charitable Donations and Bequests for Ireland. Part 4 Protection of Charitable Organisations which allows the CRA statutory investigative powers and Part 7 Miscellaneous Provisions are expected to be commenced later in 2015. We highlight below the key impact and considerations for charities on the enactment of the Charities Act to date.

The Register of Charities

The CRA publishes the Register of Charities and this is now publicly available on www.charitiesregulatoryauthority.ie. All charities including charitable trusts, body corporates and unincorporated bodies operating in Ireland must apply for registration (if not automatically registered through CHY status).

Registered Charities

All charities with a CHY number as supplied by the Revenue Commissioners are currently listed on the register with basic information such as name, address, charitable purpose and new charity registration number. As part of this process you will be issued with a PIN from the CRA to create your online charity account with the CRA and update your charity information on the register over the next 4 to 6 months. The information requested may be as extensive as that required by a charity registering for the first time which is detailed in the next section.

Applying for Charity Registration

If you hold a CHY number you are already deemed to be registered. All non-CHY charities are required to register within six months of the CRA establishment that is by 15th April 2015. For charities registering for tax exemption status, you will still be required to complete a separate process with Revenue. If you are registering as a charity, you will need to provide the CRA with the following information to assess your application:

Standard Information	Purpose & Activities	Financial
<p>Charity Details Name & other names known by Governing form, etc.</p> <p>Addresses Principal, Correspondence and all operational addresses</p> <p>Places where you operate outside Ireland Name and country</p> <p>Trustees/Officers/Directors Details of all officers Parent or Subsidiary organisations Name and type</p> <p>Declaration – Your application for registration must be accompanied by signed declaration by trustees.</p>	<p>Charitable Purpose Your charity's purpose and objectives must be consistent with your governing document and you will have to report against those selected on an annual basis.</p> <p>Activities You will need to show how your activities directly support your objectives and how you are providing a Public Benefit.</p> <p>Your charities beneficiaries, average number of employees, number of volunteers and codes signed up to.</p> <p>Fundraising How you plan to raise money</p> <p>Further information Specify the risk assessment procedures, safety checks and safeguards employed by the charitable organisation where its activities include working with vulnerable people (including the aged, children and young people, the sick, disabled and handicapped). Any further information that you think we should consider when evaluating your application.</p>	<p>Bank accounts Details of all bank accounts</p> <p>Financial Balance Sheet date, gross income and sources, total expenditure and expenditure on salaries.</p> <p>Documents Your application for registration must be accompanied by copies of the following:</p> <ul style="list-style-type: none"> » All financial accounts for charitable organisation or relating to the charitable trust for the 12 months immediately preceding this application or, if your charitable organisation was formed or the charitable trust was established in the last 12 month, all financial accounts for the period since the organisation's formation or the trust's establishment, as may be appropriate. » A copy of the governing document or constitution of the charitable organisation. Where there is no constitution for the charitable organisation, then documents of the charitable organisation covering such matters normally provided for in a constitution.
<p>Note: The information above is for the charity registration application process and not all of the information would be published on the register.</p>		

Education Body

If your charity is an education body and has no CHY number, the CRA has advised that you should not start the registration process yet as it is currently in discussions with the Department of Education and Skills. The CRA will publish further information on the requirements for education bodies in the near future.

Audited Accounts

Section 50 of the Charities Act requires that the accounts of a charitable organisation shall be audited not later than 9 months after the year end if the gross income or total expenditure exceeds a certain limit which will not be greater than €500,000. The limit has not yet been prescribed. However the Revenue Commissioners require that charities with annual income in excess of €100,000 must be audited. It should also be noted that there is a statutory requirement for companies limited by guarantee to be audited irrespective of income or expenditure levels.

Annual Reports

Section 52 of the Charities Act requires all charities to prepare and submit an annual report for each financial year not later than 10 months after the year end. The report required for submission is the first annual report available after the date of registration (ie. 16 October 2014). Therefore if you have a December year end, you are required to file your 2014 annual report with the CRA by 31 October 2015.

The Charities Act 2009 is silent on the form and content of the annual report. There is currently no specific regulation on the reporting and accounting standards for charities in Ireland. The CRA has indicated that consultation will commence in Spring 2015 with an expectation that regulation will be enacted towards the end of 2015. The Regulator has informed the sector that there will be sufficient lead in time. In the absence of such regulation the CRA will further advise charities in relation to the filing obligations of Section 52.

It is widely expected within the sector that with the introduction of Financial Reporting Standard 102 (FRS102) which applies to Public Benefit Entities and the updated Statements of Recommended Practice (SORPs) for Charities that similar to the UK the SORP for charities will become mandatory in Ireland.

It is also expected that charities will include on the Charity Register their compliance with voluntary codes such as Statement of Guiding Principles for Fundraising, The Governance Code: A code of practice for good governance of community, voluntary and charitable organisations in Ireland and Voluntary Regulation Code for Approved Housing Bodies in Ireland. It is our expectation that these codes will be introduced as mandatory by the CRA.

What to do next...

We would recommend that charities complete the following:

- » Check your charity details on www.charitiesregulatoryauthority.ie
- » Register with CRA once PIN received
- » Update details on Register of Charities
- » For charities not preparing financial statements under SORP which may become mandatory:
 - Consult with your advisor to assess what is the best approach for your organisation. It may be that you consider relevant disclosures in the current year and understand the classification of your funds held, that is are they restricted or unrestricted. You may also wish to consider allocation of costs to your various activities.
- » For unincorporated charities:
 - If not previously audited, arrange for an audit to be completed.
 - If financial statements of all your activities, assets and liabilities have not been compiled previously, consult with your advisor to understand what it the best approach for your organisation.
- » For unregistered charities:
 - Ensure you register with the CRA as soon as possible.
- » File Annual Return within 10 months of your year-end date.
- » In addition, charities limited by guarantee should be aware that the Companies Bill 2012 has a requirement that all companies limited by guarantee must re-register within 18 months of the Bill's commencement (date still to be confirmed) and file a form N3 with the CRO to the same effect.

Deloitte Not for Profit Services

Deloitte Ireland are considered leaders in the provision of accounting and advisory services to the not for profit sector. We can assist you and have considerable experience in assisting charities. Over the past number of years we have invested heavily in the development of our not-for-profit credentials. We act for a large number of clients in the not-for-profit, healthcare, housing and educational sectors. As well as providing external audit services we have considerable experience in advising clients on a wide variety of issues, including:

- » Systems and controls;
- » Accounting policies and treatment;
- » Implementation of Statement of Recommended Practice (SORP);
- » Governance, including risk reviews; and
- » Tax health-checks.

Contact our Dedicated Team



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