



**An Rialálaí
Carthanas**

**Charities
Regulator**

Information Note

Charities Governance Code – Reporting on Compliance in 2021

**OCTOBER
2020**

Introduction

This information note sets out how registered charities will report on their compliance with the Charities Governance Code (“the Code”) to the Charities Regulator during 2021.

At the outset, the Charities Regulator wishes to assure registered charities that it will adopt a balanced and proportionate response in relation to any charity which is not in full compliance with the Code in 2021, with an emphasis on understanding common reasons for non-compliance in order to provide charities with further guidance on meeting the standards set out in the Code in the first instance.

The Charities Regulator recognises that for some registered charities, particularly smaller charities that are run entirely by volunteers, achieving full compliance with the Code may be an incremental process. The current public health crisis has meant that no matter what particular challenge a charity is facing, its charity trustees are having to make serious decisions. With this in mind, we would like to take the opportunity to remind charity trustees that if they are meeting regularly to discuss key issues affecting their charities and are recording all decisions in writing by way of meeting minutes, then their charities are already meeting a significant number of the standards set out in the Code.

What are the key dates relating to the Code?

The Code was launched on 7 November 2018 with the aim of being proportionate and it was written with volunteer-only charities and charities with small numbers of paid staff in mind. The timeline for implementation of the Code is as follows:

2019 was a year of learning and preparation for charities to assist them in getting used to the Code. Guidance materials and templates on the Code have been made available as part of the **Charities Regulator's Governance Code Toolkit**, which is available [here](#).

2020 is the first year that charities are expected to comply with the Code.

2021 will be the first year that charities will report on their compliance with the Code.

It is important to note that charities will be required to declare their compliance status as at the date they file their Annual Report, not the date of their financial year end. This gives charities the opportunity to complete the process of implementing the Charities Governance Code right up to the date of filing their Annual Report in 2021.

How to demonstrate compliance with the Code

The Code sets out the minimum standards that charity trustees should meet to effectively manage and control their charity. The Code operates on a ‘comply or explain’ basis, meaning that charities must comply with the Code or else explain why they have not done so.

To demonstrate compliance with the Code, charities must complete the Compliance Record Form (“the Form”), and subsequently update the Form every year. On the Form, each charity needs to:

- record the actions that the charity has taken to meet each standard of the Code; and
- reference the evidence that backs this up.

The Form can also be used to explain why a charity is not in compliance with any particular standard in the Code.

Further guidance and helpful templates and sample documents relating to the Compliance Record Form are available here <https://www.charitiesregulator.ie/en/information-for-charities/charities-governance-code>

Reporting on Compliance with the Code in 2021

Under the Charities Act 2009, every charity registered in the Republic of Ireland is required to submit an Annual Report to the Charities Regulator no later than ten months after the charity's financial year end date. For example, if a charity's financial year end date is 31 December 2020, the Annual Report for that charity is due to be filed with the Charities Regulator before 31 October 2021.

When a charity files its Annual Report in 2021, it will be required to declare if, at the date of filing of the Annual Report, the charity –

- is fully compliant with the Charities Governance Code (**Declaration A**), or
- is partially compliant with the Charities Governance Code, with a free text box allowing the charity to explain what standards it is not in compliance with and why (**Declaration B**), or
- has not started implementing the Charities Governance Code, with a free text box allowing the charity to explain why it is not in compliance with the Code (**Declaration C**).

A detailed user guide on how to complete the Charities Governance Code section of the Annual Report is available [here](#).

What will appear on the Register of Charities?

It is currently envisaged that the compliance status of charities appearing on the Register of Charities (“the Register”) will depend on the declaration submitted on the Annual Report filed by each charity during 2021 as follows:

- Any charity which declares on its Annual Report filed in 2021 that it is in compliance with the Code, **(Declaration A)**, will have that declaration publicly displayed on the Register from the date that the Annual Report is filed. This means that charities that have worked to ensure that they are compliant with the Code since it was launched in November 2018 will have that reflected on the Register during 2021.
- The compliance status of any charity that declares on its Annual Report filed during 2021 that it is in partial compliance with the Code, **(Declaration B)**, will not be publicly visible on the Register, unless that charity specifically requests that the

declaration is shown along with the reason for partial compliance. This will allow any charity that has made progress towards being fully compliant with the Code, but which may be restricted from being in full compliance for some reason that is close to being resolved, to highlight this on the Register.

- The compliance status of any charity that declares on its Annual Report filed in 2021 that it is has not started implementing the Code and is not in compliance, **(Declaration C)**, will not be visible on the Register.

It is also envisaged that it will be possible for charities to update their status on the Register in relation to their compliance with the Code following the submission of their Annual Report in 2021. This will facilitate charities who complete their journey to full compliance with the Code subsequent to the submission of their 2021 Annual Report to have this reflected on the Register.

Will compliance with the Code be monitored?

The Charities Regulator will be monitoring compliance with the Code and any explanations provided by charities for non-compliance during 2021 to determine if there are any common reasons for not achieving compliance with the Code. We will seek to address these reasons by engaging with charities, providing further guidance as part of the [Charities Governance Code Toolkit](#) and updating the [Frequently Asked Questions](#) section on the website.

It is intended that the Compliance Record Forms of a number of charities will be reviewed by the Charities Regulator during 2021 to check actual standards of compliance against the level of compliance that has been

declared. The primary purpose of this review is to inform the Charities Regulator as to any issues being encountered by charities more generally so that further guidance materials and templates to assist registered charities can be formulated where appropriate.

As noted above, the Charities Regulator will adopt a balanced and proportionate response in relation to any registered charity that is not in full compliance with the Code in 2021, with an emphasis on providing charities with advice and assistance on meeting the standards set out in the Code in the first instance.

Review

A review of reported compliance with the Code will be undertaken by the Charities Regulator towards the end of 2021, and any potential for further development of the process for compliance reporting in respect of the Code will be considered at that stage.

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