Carmichael.

Regulatory Frameworks for Charities and Trustees

Phillip Morrison-Gale - consultant | coach

Impact Ireland Consulting

Guiding nonprofits

carmichaelireland.ie

impact ireland consulting

About Carmichael

- Carmichael is a leading specialist training and support body for non-profits in Ireland. Our training, support and resources enable our members and partners to be:
  - Better informed and equipped to carry out their own remits more effectively
  - Aware of and able to employ best practice for good governance
  - Better networked with and supported by peer organisations
  - More efficient and effectively run so that they are trusted by their funders and supporters.

About Impact Ireland Consulting and Coaching

Impact Ireland Consulting is a values-led consultancy and advisory partner to charities, Approved Housing Bodies, and community organisations across Ireland.

We help boards and leadership teams strengthen governance, clarify strategy, manage risk, and turn plans into measurable results - drawing on experience from frontline service delivery to CEO-level leadership.

Recent work includes strategic planning, governance reviews, and leadership workshops with organisations such as Amber Women's Refuge, Saoirse Domestic Violence Services, Aisteach Queer Housing Co-op and Sunbeam House Services.

Our ethos is simple: practical, people-centred support that builds confidence, compliance, and impact.

impact ireland
consulting

Agenda

- The regulatory environment including Charities Act 2009 & Companies Act 2014 and ESG (Environmental, Social & Governance) Frameworks legislation.
- The Charities Governance Code
- What incorporation means and the legal duties and responsibilities of Charity Directors and Company Secretaries.
- The regulations affecting the Financial Statements, Annual Return and Audit.
- Awareness of FRS 102, CSORP, Companies (Accounting) Act 2017 and anticipated changes.

Learning Outcomes

UNDERSTAND THE IRISH REGULATORY ENVIRONMENT: CHARITIES ACT 2009 (AS AMENDED 2024) AND COMPANIES ACT 2014.

KNOW WHAT INCORPORATION (CLG) MEANS AND THE LEGAL DUTIES OF DIRECTORS AND THE COMPANY SECRETARY.

UNDERSTAND THE CHARITIES GOVERNANCE CODE AND HOW TO EVIDENCE COMPLIANCE.

KNOW THE REGULATIONS AFFECTING FINANCIAL STATEMENTS, ANNUAL RETURN (CRO/CRA) AND AUDIT.

BE AWARE OF FRS 102, CHARITIES SORP, COMPANIES (ACCOUNTING) ACT 2017 AND UPCOMING CHANGES.

GAIN A HIGH-LEVEL AWARENESS OF ESG FRAMEWORKS AND THEIR RELEVANCE TO CHARITIES/NGOS.

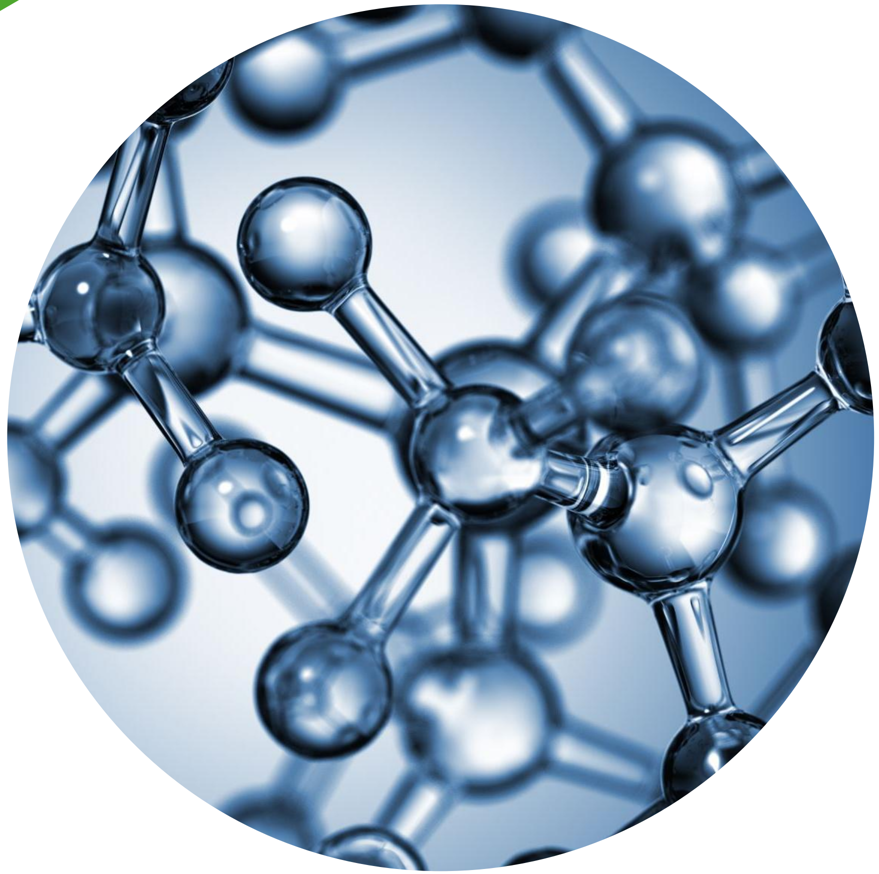
The Regulatory Landscape (at a glance)

Charities Regulator (CRA): register, govern, annual reporting, enforcement powers (Charities Act 2009, amended 2024).

Companies Registration Office (CRO): company filings, annual return (B1), financial statements, audit exemptions.

Revenue (CHY): tax exemption/charitable status (separate to registration).

Other regimes: HIQA, AHBRA, data protection (DP/GDPR), H&S (HSA), fundraising guidelines, funder conditions and covenants.



Charity Regulatory Authority (CRA) – Statutory Functions

CRA Statutory Functions

- Increase public trust and confidence in the management and administration of charitable trusts and charitable organisations.
- Promote compliance by charity trustees with their duties in the control and management of charitable trusts and charitable organisations.
- Promote the effective use of the property of charitable trusts and charitable organisations.
- Ensure the accountability of charitable organisations to donors and beneficiaries of charitable gifts, and the public.
- Establish and maintain a register of charitable organisations.
- Ensure and monitor compliance by charitable organisations with the Charities Act 2009.

An Rialálaí Carthanas

Charities Regulator

CRA Statutory Functions Cont.

- Carry out investigations in accordance with the Act.
- Encourage and facilitate the better administration and management of charitable organisations by the provision of information or advice, including in particular by way of issuing (or, as it considers appropriate, approving) guidelines, codes of conduct, and model constitutional documents.
- Publish information (including statistical information) concerning charitable organisations and charitable trusts as it considers appropriate.
- Provide information (including statistical information) or advice, or make proposals, to the Minister on matters relating to the function of the Regulator.

Charity Trustees (also known as board members, directors, committee, governors)

“Trustees are the people who exercise control over a charity and are legally responsible for the management of a charity. Trustees can delegate tasks, but they cannot delegate accountability.”

CRA Guidelines for Trustees

The guidelines emphasise that charity trustees should:

- Review governing documents regularly to ensure it remains fit for purpose and ensures all decisions taken are within the terms of the charity's constitution or deed or trust.

- Ensure that any sub-committees of the Board work to, and within, very clear Terms of Reference.

- Be proactive (with the board) in satisfying themselves that appropriate and transparent structures are in place, to ensure all aspects of the oversight and management of the charity are functioning correctly.

- Raise concerns with the Board of trustees first. If this is not possible then they should consider who is the most appropriate body to raise the concern with.

Constitution

A constitution is simply the **aims and rules that your organisation will use**. It's a statement of what your organisation is going to do and how it is going to do it.

Any organisation **should have an established constitution and bylaws** at the beginning in order to have a standard for organisational decisions, as well as for the definition of its identity.

The 'Charity Test': Purpose + Public Benefit

Charitable purposes (Charities Act 2009):

- Prevention/relief of poverty or economic hardship
- Advancement of education
- Advancement of religion
- Other purposes beneficial to the community

Advancement of Human Rights

- The 2024 Amendment Act explicitly adds "the advancement of human rights" as a charitable purpose, enabling organisations with such aims to register as charities in Ireland, provided their activities remain exclusively charitable (i.e. not political advocacy).

- **Public benefit:** benefits must be identifiable and for the public or a section of the public.

- **An excluded body** is an organization that cannot register as a charity because its purposes or activities are deemed unsuitable for charitable status by the Charities Act 2009. Examples of excluded bodies include political parties, sports organisations, trade unions, and any entity promoting unlawful purposes, contrary to public policy, or supporting terrorism.

What is a Charity? (Ireland)

A charitable organisation is established for a ‘charitable purpose’ and must provide a public benefit.

To operate in the State, it must register with the Charities Regulator (CRA).

Structures vary (e.g., CLG, Trust, unincorporated association), but trustees carry duties in all cases.

Charities (Amendment) Act 2024: What's Changing

1. Expanded Regulatory Powers & Clarity

- The Charities Regulator's authority is significantly strengthened—enhanced oversight, investigations, information-sharing (with Gardaí and Revenue), and intervention powers are now included.
- Clearer definitions for "charity trustee" (excluding company secretaries unless directors) are introduced. Trustees must act in good faith, avoid conflicts, and ensure proper oversight and financial stewardship.

2. **Governance & Structural Changes**

- Approval from the Regulator is now needed for changes to a charity's name, main/primary objects, purposes, income/property clauses, or winding-up provisions.
- Charities must notify the Regulator about trustee appointments/resignations, changes to their governing documents, registration breaches, or winding-up proposals.
- New "removal notices" must be issued before deregistering charities breaching the Act, allowing charities 21 days to respond.

Charities (Amendment) Act 2024: What's Changing

3. Financial Reporting & Regulation

- **Thresholds for financial regulation raised**: exemption from full account preparation now applies to charities under €250,000 turnover (up from €100,000).
- Audit requirement threshold increased - with a minister-set cap (possibly set at €500,000), providing relief for smaller charities.

- **4. Human Rights Recognised**
- "Advancement of human rights" is officially recognised as a **charitable purpose**, enabling organisations with such objectives to register - with the caveat of maintaining exclusively charitable status (non-partisan, non-political)

Charities (Amendment) Act 2024: What’s Changing

5. Protections & Legal Tools

- New provisions allow the High Court to intervene where there's mismanagement or no effective trustee oversight, including appointing interim trustees or dissolving a charity.
- Individuals appointed by the court as trustees are shielded from liability, save for bad faith, negligence, or misconduct.
- Certain restrictions repealed in the Charities Act 1961—e.g., the sale of Mass cards; disposal of land now permitted under broader conditions; streamlined regulatory oversight.
- Revenue may now disclose additional charity-related information to the Regulator for its statutory functions.

Charities (Amendment) Act 2024: What's Changing

6. Implementation Phasing

- Only 12 sections commenced on 27 January 2025 via Statutory Instrument No. 10 of 2025; the remainder await further commencement orders.

Charites Governance Code Reporting **Requirements – CGC Compliance Form**

- Under the Charites Governance Code all registered charities are required to complete this Charities Governance Code Compliance Record Form every year.
- **You should approve the Compliance Record Form at a board meeting before you report on your compliance to the Regulator!**
- **You are <u>NOT</u> required to file the Compliance Record Form with the Charities Regulator. However, you must keep your Compliance Record form as the Charities Regulator could ask you for it at any time.**

Charity Statutory Reporting Requirements – CGC Compliance Form

Fill in Compliance Record Form with your charity's actions and evidence for each standard

Trustees sign-off on Compliance Record Form when completed

Report to Regulator on your compliance as part of your annual reporting requirement

Maintain the Compliance Record Form each year, updating as necessary

Keep each annual Compliance Record Form on file

Sample Compliance Record Form

3.3 Make sure there are arrangements in place that comply with employment legislation for all paid staff including:

- **recruitment;**
- **training and development;**
- **support, supervision and appraisal;**
- **remuneration (money paid for work); and dismissal.**

Actions our charity takes to meet the standards.

All of these arrangements and requirements are captured in our Employee Handbook which every staff receives on appointment and an acknowledgement form is signed by the employee and filed on the HR file.

At least every three years we review our policies in our handbook and to make appropriate recommendations regarding and changes, updates or additions that are required to align developments and changes in Employment law and practice.

A reviewed and updated Employee Handbook is approved by the Board.

The updated Employee Handbook is circulated to all staff and an acknowledgement form is signed by the employee and filed on the HR file.

Evidence of our actions

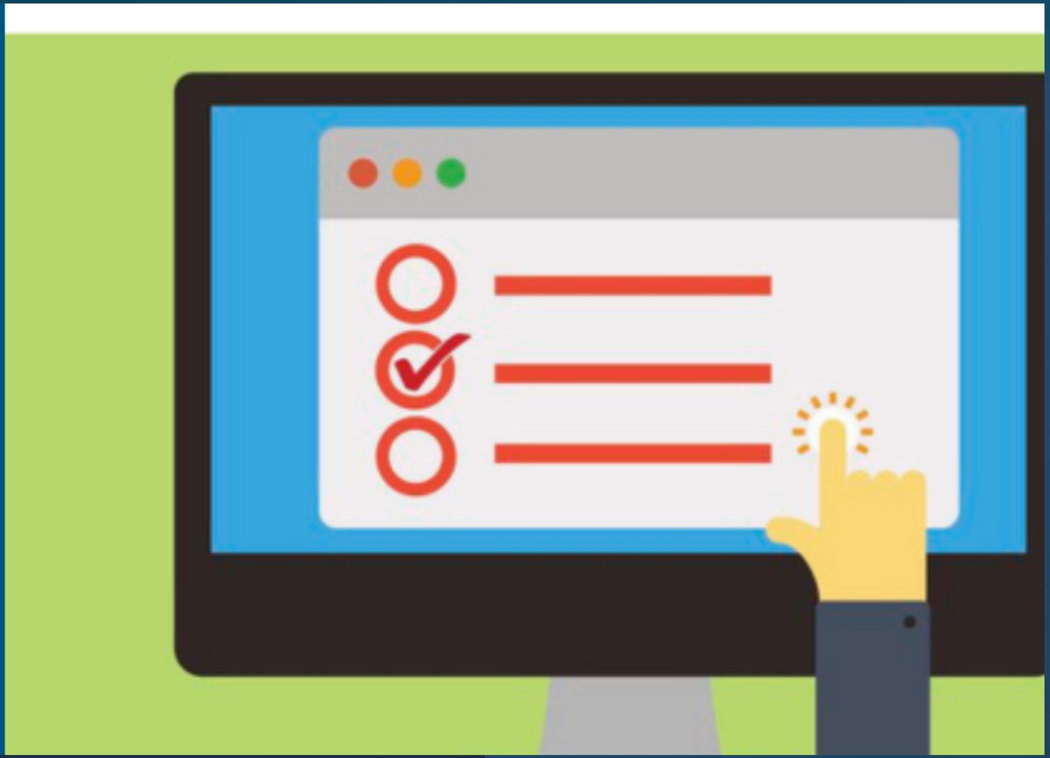
Employee Handbook [Link]

Charity Statutory Reporting Requirements – CGC Compliance Form

Home > Information for Charities > Annual report - how to submit

Annual Report - how to submit

All charitable organisations are legally required to complete and submit an Annual Report to the Charities Regulator regarding their activities and financial affairs in the previous financial year.



What is the Annual Report?

All charities are required to report to the Charities Regulator every year on their activities and finances for the preceding twelve months using the online annual report form available through their Charities Regulator account. The contents of the report form are published on the online **public Register of Charities** and help to inform the donors and the general public of:

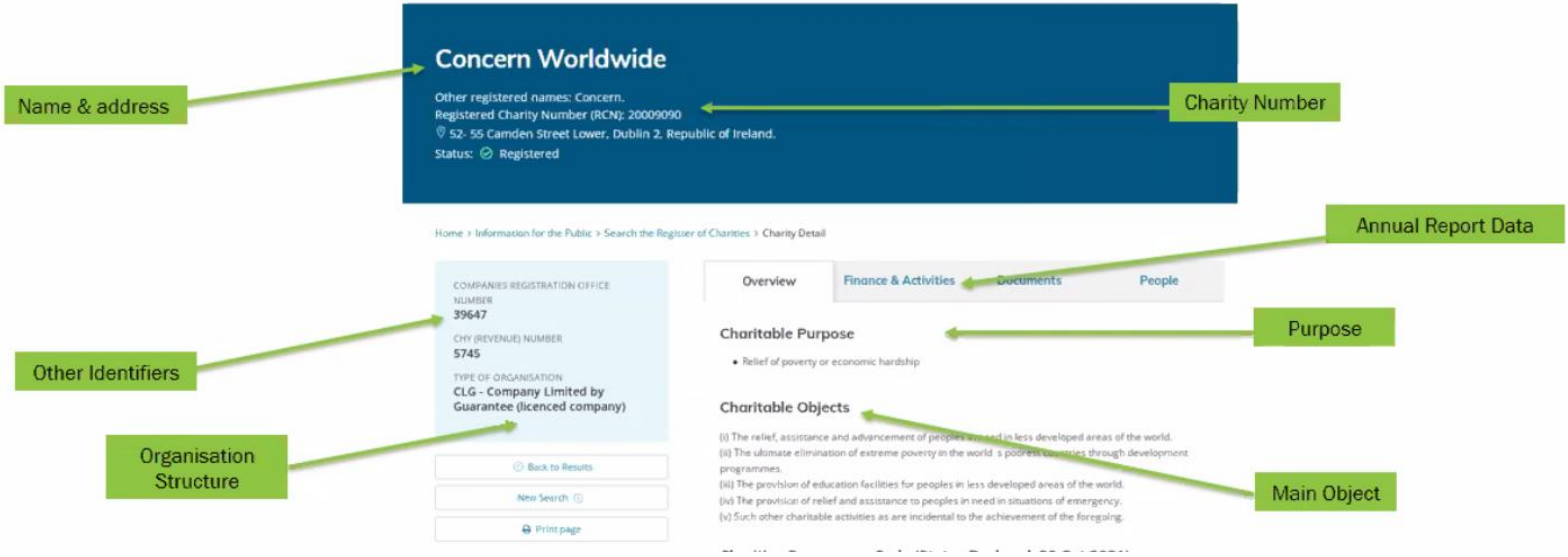
- **What** your charity has done over the last 12 months to further each of its charitable purposes
- **Who** your charity has helped
- **How** your charity raised and spent funds
- **Where** the benefits of your charity's work were felt

Aside from complying with the law, submitting an annual report provides charities with an excellent opportunity to showcase the good work that they do and to demonstrate their commitment to good governance, transparency and accountability.

Annual reports should be completed and submitted within ten months of your charity's financial year-end date. For example, if your charity's financial year-end date is 31 December, the Annual Report is due on or before 31 October of the following year.

- Green: The charity submitted its annual report on time
- Amber: The charity submitted its annual report late
- Red: The charity has not submitted its annual report

Public Information – trust and confidence in charities



Charity Statutory Reporting Requirements – CGC Compliance Form

- **Declaration A:** fully compliant
- **Declaration B:** 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 C:** has not started implementing the Charities Governance Code, with a free text box allowing the charity to explain why it is not in compliance
- *NOTE: 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.*

What will appear on the Register of Charities?

- **Declaration A:** declaration publicly displayed on the Register from the date that the Annual Report is filed
- **Declaration B:** not publicly visible on the Register, unless the charity specifically requests that the declaration is shown along with the reason for partial compliance
- **Declaration C:** not publicly visible on the Register

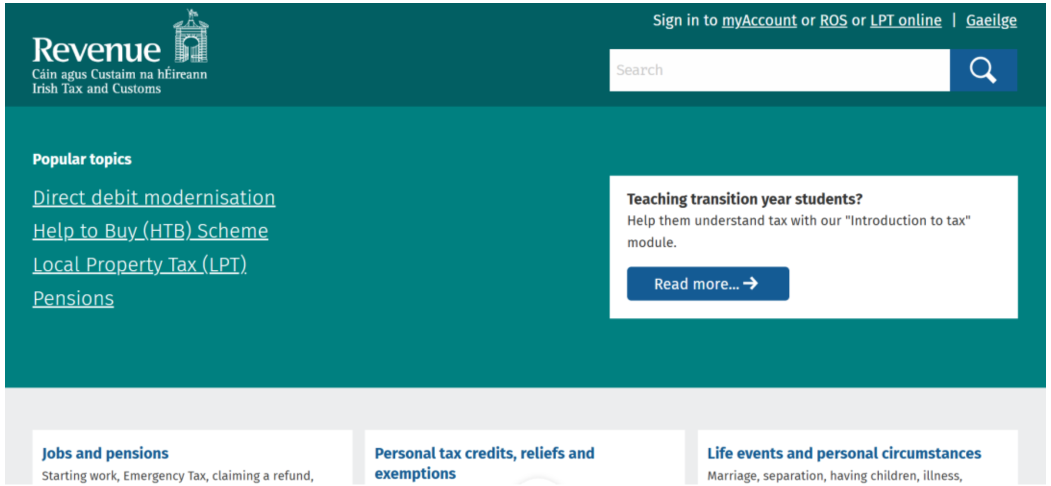
The Role of the Charities Regulator - recap

- **Register & Regulate**
  Maintains the public Register of Charities and ensures compliance with the Charities Acts and issued the RCN.
- **Promote Transparency & Trust**
  Ensures charities are accountable to donors, beneficiaries, and the public.
- **Support Good Governance**
  Provides guidance on the Charities Governance Code and best practice in management.
- **Investigate & Enforce**
  Has powers to investigate misconduct, issue directions, and take enforcement action.
- **Educate & Inform**
  Publishes guidance, research, and resources to strengthen the sector.

The Role of the Companies Registration Office (CRO)

- **Company Register**
  Maintains the official register of companies and filing records in Ireland.
- **Compliance & Filings**
  Receives annual returns, financial statements, and director updates.
- **Transparency**
  Provides public access to company information, ensuring accountability.
- **Enforcement**
  Can strike off companies for failure to file or non-compliance.
- **Oversight for Charities (Companies Limited by Guarantee)**
  Many charities are registered companies - they must meet both CRO company law requirements **and** Charities Regulator obligations.

What is a CHY Number?



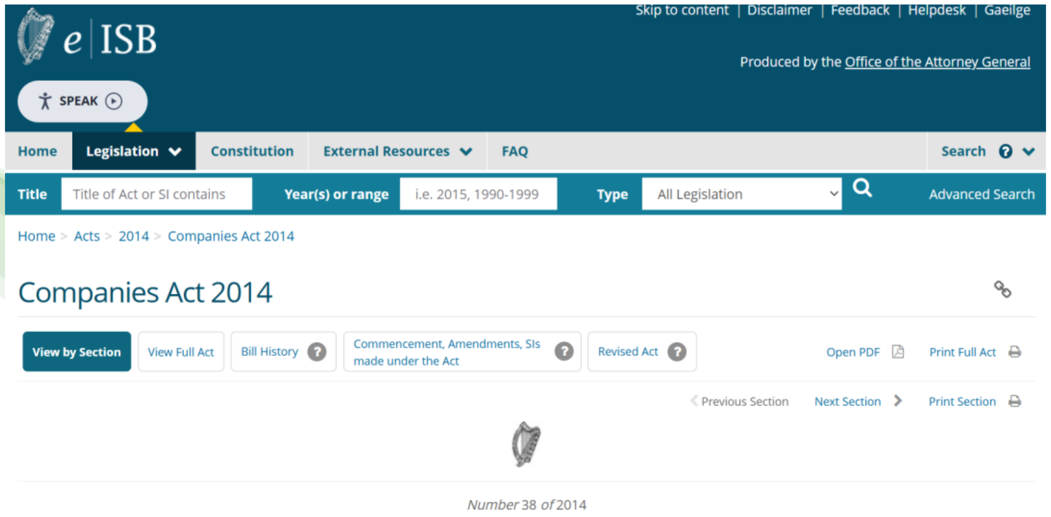
- **Tax Exemption Reference**
  Issued by Revenue Commissioners, not the Charities Regulator.

- **Purpose**
  Confirms eligibility for charitable tax exemptions (e.g. on donations, income, VAT reliefs).

- **Not the Same as RCN**
  - RCN (Registered Charity Number) → From the Charities Regulator, must be publicly displayed.
  - CHY Number → Revenue reference for tax exemption only.

- **Best Practice**
  Charities should display their RCN for compliance and transparency. They may also display their CHY number, but it is optional.

Companies Act 2014: Why Trustees Should Care



- Most Irish charities incorporate as a CLG (Company Limited by Guarantee).
- If you're a trustee of a CLG, you're also a company director with *statutory duties* under the Companies Act 2014.
- Company Secretary: *statutory* role supporting compliance and filings.

What Incorporation (CLG) Means

- **CLG = Company Limited by Guarantee (Ireland)**
- It's the standard not-for-profit company form (usually no share capital).
- Members are *guarantors*, not *shareholders* - their liability is capped at a nominal amount they agree to contribute if the company is wound up (often €1 or €10).
- It has separate legal personality (can own property, contract, sue/be sued) and is governed by a board of directors and a company secretary.
- Compliance: files an Annual Return (B1) and financial statements with the CRO; many CLGs qualify for audit exemption if they meet small-company thresholds.
- Common for charities, community groups, clubs, and associations. If it's also a registered charity, the trustees are typically also company directors, so their duties arise under both the Companies Act 2014 and the Charities Act 2009.

Directors’ Fiduciary Duties

A *fiduciary* is a person or organisation that acts on behalf of others and is legally bound to act in their best interests.

- Directors' fiduciary duties are formally expressed responsibilities in the Companies Act 2014 (s.228)
- Act in good faith in the interests of the company.
- Act honestly and responsibly; obey the constitution; proper purpose.
- Avoid conflicts of interest; disclose interests.
- Exercise care, skill and diligence; regard to creditors in insolvency proximity.

Company Secretary: Key Responsibilities

- Maintain statutory registers & minutes; manage notices & meetings.

- Ensure filings: annual return (B1), financial statements, changes in officers/constitution.

- Advise on governance process and documentation; supports the Chair and CEO.

Company Secretary

- Every company must have a company secretary who will be an "officer" of the company.
- A company secretary can be another company and need not be a natural person.
- The company secretary is appointed by the directors (section 129(3) of the Companies Act 2014).

Company Secretary

- The directors of a company have a duty to ensure that the person appointed as secretary "*has the skills or resources necessary to discharge his or her statutory and other duties*" (section 129(4)).

- The directors also have a duty to ensure that the person appointed has the skills necessary so as to enable him or her maintain (or procure the maintenance of) the records (other than accounting records) required to be kept under the Companies Act in relation to the company (section 226(2)).

The legal role of the company secretary

- The 2014 Act contains many references to the company secretary but imposes very few actual duties. The duties it imposes are:

- To discharge such duties as are delegated to the secretary from time to time by the board of directors (section 226(1));

- To provide information to the company sufficient for it to file details of the secretary in the CRO (s 150(3));

- To notify the company of details of shares and debentures held by the secretary (s 262(1)(a)).

The legal role of the company secretary

- The Charities (Amendment) Act 2024 removed the automatic assumption that a company secretary was a charity trustee, unless they are also a director of the company. This change aligns with the position of company secretaries under the Companies Act 2014.

The legal role of the company secretary

- In practice, if you’re a company secretary of a CLG (typical for charities/AHBs), you usually won’t hold shares (since a CLG doesn’t issue them).
- But the requirement still exists in the Act because it applies across all company types.

The practical role of the company secretary

- The job specification of most company secretaries is, therefore, almost entirely
- dependent upon what the board of directors of a company delegate to the secretary.

- Amongst the usual functions delegated are:
- keeper of the statutory registers;
- compiler of board packs;
- taker of minutes;
- filer of forms in the CRO;
- adviser on the memorandum and articles; and
- organiser of AGM and EGMs.

The practical role of the company secretary

- Other functions as might be delegated tend to play to the individual's strengths e.g.

- legal
- financial
- accounting
- managerial
- human resources

- But there are no hard and fast rules.

The practical role of the company secretary

Under the **Companies Act 2014**, a company secretary can either be:

a natural person (an individual), or
a body corporate / firm (such as a solicitors' practice, accountancy firm, or professional company secretarial service).

The Charities (Amendment) Act 2024 only clarified that someone holding the office of *company secretary* is not automatically deemed to be a "charity trustee" unless they are also on the governing body/board. It did not change the Companies Act rules on *who* can be appointed as company secretary.

So, a solicitors' firm or a chartered secretaries firm can still act as company secretary for a CLG that is also a registered charity.

Financial Statements & Annual Returns Statements & Annual Returns

- CRO: Annual Return (B1) due within 56 days of ARD; first return at 6 months post-incorporation (no accounts).
- Subsequent returns must annex financial statements, directors' report (audit report if audited).
- CRA: Annual report due within 10 months of FYE (submit via MyAccount @ ROS).

Audit Exemption (Small Company) – Current Thresholds (Small Company) – Current Thresholds

- A company qualifies if it meets ≥2 of:
- • Balance sheet total ≤ €7.5m
- • Turnover ≤ €15m
- • Employees ≤ 50

- Note: thresholds increased from 1 July 2023; late CRO filing typically causes loss of audit exemption for two years.

Audit Exemption (Small Company) – Current Thresholds

Charity/tax overlay (this often decides it):
Revenue requires audited accounts when annual income is over €250,000 to retain charitable tax exemption. So even if you qualify for the company-law exemption, you'll still need an audit once you cross €250k.

Charities Act changes (watch this space):
The Charities (Amendment) Act 2024 lets the Minister set a higher audit threshold for charities (up to €1m).

Government materials note the Act is in force in stages, and reputable commentary indicates the Minister has signaled **€500k** as the intended audit threshold (for the Charities Act regime). This sits alongside the separate Revenue **€250k** requirement.

Accounting Frameworks: FRS 102 & Charities SORP

The main UK–Ireland accounting standard for general-purpose financial statements when you’re not using IFRS or FRS 105 (micro). It applies to companies and public-benefit entities like charities.

The Financial Reporting Council (FRC) issued amendments in March 2024. Most changes apply to periods beginning on/after 1 Jan 2026 (though early adoption is allowed). Expect bigger changes around revenue and lease accounting.

FRC Factsheets are available from frc.org.uk – so make sure you whoever is doing your accounts and audit is aware of the requirements and upcoming changes.

Accounting Frameworks: FRS 102 & Charities SORP

Charities SORP (what it does)

The Statement of Recommended Practice that tailors FRS 102 for charities - telling you how to present things like the Trustees' Annual Report, Statement of Financial Activities (SoFA), fund accounting, and specific notes.

It applies to charities preparing accruals accounts under UK-Irish Generally Accepted Accounting Principals (GAAP) (FRS 102). In the Republic of Ireland, adoption is voluntary but strongly expected, and charitable companies in ROI that follow SORP must use the FRS 102 SORP (not older SORPs).

Accounting Frameworks: FRS 102 & Charities SORP

A refreshed SORP aligned to the 2026 FRS 102 changes is being prepared - watch for updates and consultations.

Rule of thumb:
Think of **FRS 102** as the core accounting rulebook, and **Charities SORP** as the charity-specific playbook that shows how to apply it (narrative reporting, funds, SoFA) so your accounts are “true and fair” and regulator-ready.

Companies (Accounting) Act 2017 & Thresholds

Companies (Accounting) Act 2017 - what it did…

- Transposed the EU Accounting Directive into Irish law, introduced the "micro-company" category, and reset the size thresholds that determine reporting/audit regimes.

Why it matters

- Size drives eligibility for **abridged filing** and **audit exemption** (for small companies only), and affects disclosures and governance obligations.

What is ESG?

ESG is a trio of criteria that measures the ethical impact and sustainability of an organisation. According to EY it is *"A systematic manner of approaching, planning, and disclosing the non-financial impacts any given activity".*

- 'Environmental' - scrutinises a Companies ecological stewardship.
- 'Social Agenda' - assesses how it fosters relationships with its workforce, partners, donors, & the communities it serves.
- 'Governance' - encompasses the company's leadership ethics, financial transparency, and the rights of its stakeholders.

Examples of environmental, social and governance (ESG) factors

Environmental

- Climate change and greenhouse gas emissions
- Emissions to air, water and land, pollution and waste
- Biodiversity, deforestation and land use
- Energy efficiency
- Resource depletion (including water)

Social

- Human rights (including modern slavery and forced labor)
- Health and safety
- Diversity, equity and inclusion (DEI)
- Conflict zones and conflict minerals
- Community engagement

Governance

- Executive pay and board independence and structure
- Conflicts of interest
- Anti-money laundering, bribery and corruption
- Responsible tax strategy
- Stakeholder engagement

ESG for Charities: Why It Matters

ESG = **Environmental, Social, and Governance** - a framework for how an organisation manages its impact, risks, and opportunities beyond pure finances. Boards use ESG to decide what matters, set targets, and report transparently to stakeholders (funders, regulators, communities)

What is ESRS?

- European Sustainability Reporting Standards — the EU's mandatory rulebook for how companies report ESG information under the Corporate Sustainability Reporting Directive (CSRD) . They turn "do ESG reporting" into concrete, comparable disclosures.

How ESRS fits into ESG

- CSRD says *who* must report and *when*; ESRS says *what* and *how* to report.

Do charities need to report?

- Most charities in Ireland are not directly in scope, because they are usually companies limited by guarantee (CLGs), not listed companies, and they rarely exceed those size thresholds.

ESG for Charities: Why It Matters

Why charities still get affected

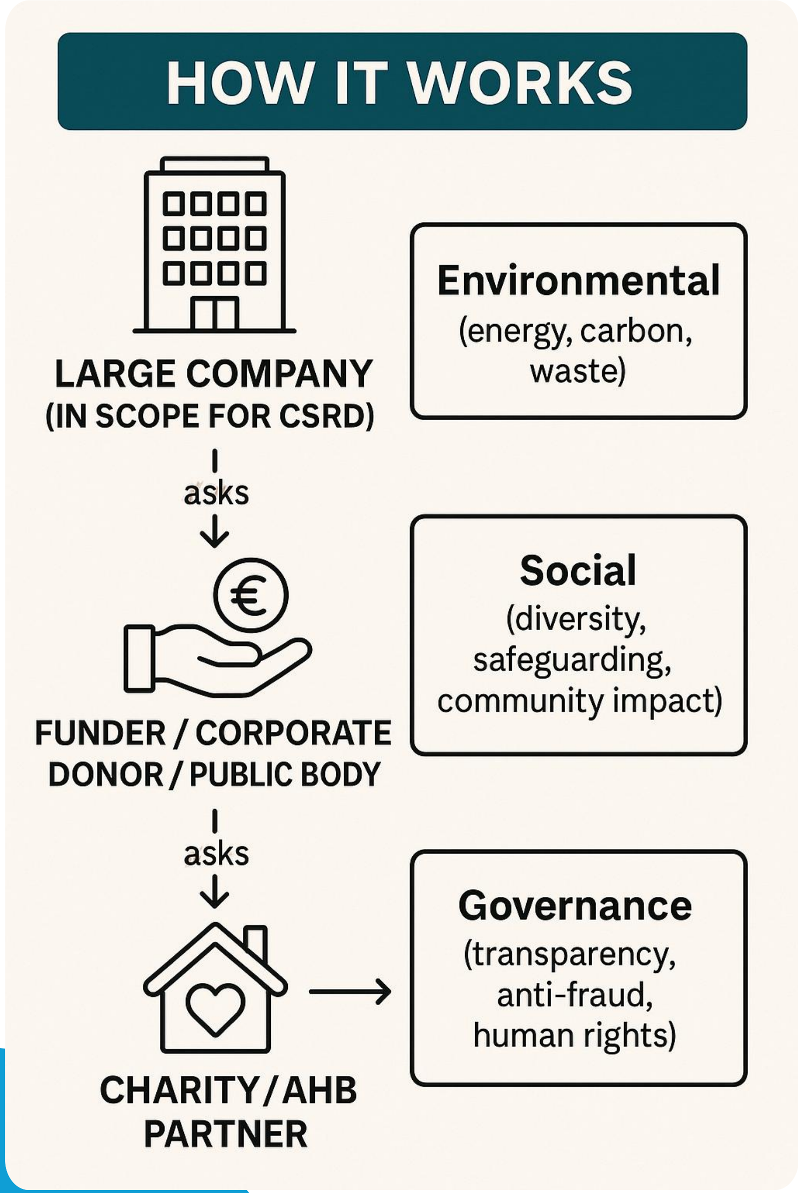
CSRD requires companies to report on their **entire value chain** – meaning not just what happens inside their own organisation, but also their **suppliers, partners, grantees, and funded projects**.

This is embedded in the **European Sustainability Reporting Standards (ESRS)**, which use a **value-chain concept**.

So, if a large company (say, a bank, a corporate funder, or a supplier) is preparing its CSRD report, it may need to collect data from the charities it funds or partners with - for example:

- **Environmental data** (energy use, carbon footprint of a housing project).
- **Social data** (staff diversity, safeguarding, community impact).
- **Governance data** (policies on transparency, anti-fraud, human rights).

ESG for Charities: Why It Matters



- **Practical impact for charities**

- Even if you're **not legally required** to produce a CSRD/ESRS sustainability report, you may still get **questionnaires or data requests** from:
  - Corporate donors/funders,
  - Local authorities or government departments,
  - Large AHBs, or NGOs that you partner with.

- This means boards and management teams should expect ESG reporting pressures and may want to get ahead by aligning with basic ESRS categories (environment, social, governance).

Phillip Morrison-Gale – consultant | coach

Phillip@impactirelandconsulting.com

impact ireland consulting

Carmichael.

Carmichael.

A selection of resources including, templates, guidance documents and podcasts under the following headings:

- Communications
- Finance
- Governance & Compliance
- Human Resources and
- Planning.

https://www.carmichaelireland.ie/resources/