



**27 July, 2017**

### **Charities Regulator publishes inspectors' report into Ataxia Ireland CLG**

The Charities Regulator has written to the trustees of Ataxia Ireland CLG (Charity Number 20014469) requiring the implementation of a series of corrective actions, identified by the inspectors following their investigation into affairs of the charity.

The Charities Regulator appointed two inspectors in November 2016 to investigate the affairs of the charity following concerns it received. The Charities Regulator received the inspectors' report this week and, having reviewed and considered its findings, accepted the recommendations in full.

The charity trustees have been given 21 days to respond to the Charities Regulator following the publication of the inspectors' report today (27 July).

"We have written to the charity trustees to instruct them that we require an action plan which addresses the inspectors' recommendations," Charities Regulator CEO John Farrelly said. "If we are not satisfied with the response from the charity trustees we reserve the right to intervene under section 74 of the Charities Act 2009 to ensure the charity is protected."

Section 74 provides the Charities Regulator with the power to apply to the High Court for a range of measures to protect a charity.

Among the findings and conclusions of the inspectors' report were:

- Payments to two former trustees of Ataxia Ireland CLG (totalling €84,009 between January 2008 and April 2016) were contrary to the Revenue's stated position in correspondence to the charity that, other than reasonable out of pocket expenses, officers/directors/trustees of a charity should carry out their duties without payment. The Inspectors questioned the appropriateness of the payments and whether the founding trustees met their trustee obligations – to act in the best interest of the charity – by continuing to receive payments, contrary to the stated position of Revenue;
- The CEO did not inform the charity's other trustees between January 2014 and June 2015 of the existence of these payments to the two founding trustees (who were her parents) and how the payments were in conflict with the Revenue's stated position on

trustee remuneration, or bring the matter to the Revenue's attention. The inspectors were not satisfied the CEO's actions, in respect of the payments, were adequate to safeguard the interests of the charity;

- The two founding trustees did not disclose to the wider management committee that served between January 2014 and mid-2015 details of any payments they received;
- The two founding trustees and the CEO, given her knowledge of the payments and her position within the charity, potentially undermined the management committee's obligations to consider the disclosure of such payments within the financial statements;
- The absence of the disclosure of the payments to the former founding trustees within the financial statements inhibited the ability of any potential users of the financial statements (including funders or members of the charity at the AGM) to have any knowledge of the existence of any actual payments to trustees or to understand the nature or value of them;
- There was a fundamental weakness in the financial management and control of the charity between 2014 and mid-June 2015. Evidence of this was the fact that the charity paid the employee pension contributions of the CEO (totally approximately €38,500) and another staff member (totalling approximately €900) rather than deducting these payments from their salaries. This began in July 2010 and was not identified until October 2016;
- The charity did not implement adequate financial controls across a number of areas;
- The charity did not fully operate in accordance with governance best practice in a number of key areas.

The inspectors recommended that the Charities Regulator obtain undertakings from the charity trustees of Ataxia Ireland CLG to implement a detailed action plan in order to address the deficiencies in the direction and management of the charity's affairs. These include that the charity trustees should:

- Determine whether the payments made to the two founding former trustees are recoverable;
- Develop, document and implement suitable procedures for the recruitment of senior roles
- Implement more formal monitoring and reporting arrangements in respect of the role of the CEO;
- Agree and implement a formal arrangement with the CEO to recover the overpayment of employee pension contributions;
- Implement existing plans to strengthen the governance framework, including conflict of interests, board induction, board policies and procedures, skills mix and overall board effectiveness;
- Develop and document a formal work plan for the charity which sets out the charity's objectives, activities, timelines and targets;
- Ensure that future financial statements are prepared by the trustees in accordance with best practice financial reporting requirements, including disclosure requirements;
- The Charities Regulator should consider furnishing a copy of this report to the Revenue Commissioner's Charity Section.

“The Charities Regulator has written to the charity trustees to let them know that we are available to meet, assist and support them if needed, as we are conscious of the work they have to do,” Mr Farrelly said.

A copy of the inspectors’ report has been sent to the Revenue Commissioners. The Charities Regulator has also met with the HSE, as a primary funders of Ataxia Ireland CLG, to get assurances that services provided to Ataxia Ireland CLG’s service users are maintained, while required actions are being addressed.

A copy of the inspector’s report can be read [here](#)

ENDS.

## **NOTES TO THE EDITOR**

- The Charities Regulator is an independent statutory authority, established on 16 October 2014 under the Charities Act 2009. The key functions of the Regulator are to increase public trust and confidence in the management and administration of charities, ensure the accountability of charitable organisations to donors, beneficiaries and the public, establish and maintain a public register of charitable organisations operating in Ireland, and ensure their compliance with the Charities Acts.
- In September, 2016, the Charities Regulator received investigative and protective powers, when Part 4 of the Charities Act 2009 was enacted. The appointment of inspectors to investigate the affairs of Ataxia Ireland was the first time these powers were used.
- The Charities Regulator’s 2016 annual report was published on 18 July and can be read at <http://bit.ly/CharRegAR16>
- The full list of registered Irish charities can be accessed by clicking <http://bit.ly/CharRegRegister>
- To report a concern about a charity click [bit.ly/CharRegConcerns](http://bit.ly/CharRegConcerns)