

The Good Governance Awards

Keynote Address

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I want to thank the organising committee for inviting me to speak tonight. The Charities Regulatory Authority welcomes all initiatives which encourage the better administration and management of Charitable organisations. I welcome the introduction of the good governance awards and particularly note the collaborative cross sectoral approach as evidenced by the members of the judging panel. To my mind, it signals the intent of the good people in the sector to improve and learn lessons. This effort and commitment brings to mind the words of anthropologist Margaret Mead when she stated “Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has.”

On a less positive note, everyone here tonight is very conscious of the fact that the faith, trust and confidence of the Irish people in Charities has been damaged by the controversies of the last number of years. The reputations of the many thousands of volunteers and staff working in these and other charities, and indeed that of the charity sector as a whole, have been impacted. However, it is my view that it is in harder times that your values and commitment are fully tested.

A key function of the Regulator is to ensure that there is public trust and confidence in the charitable sector. Our Mission is to regulate the charity sector in the public interest so as to ensure compliance with the law and support best practice in the governance, management and administration of charities. We are a new young organisation but my board and staff, some of whom are here tonight, are unified and clear in our resolve to realise our vision of a vibrant, trusted charity sector that is valued for the public benefit it provides.

We will ensure that there is effective and robust regulation which is transparent, accountable and proportionate, targeting resources and effort at the areas of highest risk.

Our intention is that all Charities will comply with the law with the least amount of regulatory burden. We want charities to use the minimum amount of time achieving compliance so that the maximum amount of effort goes into service users and beneficiaries. We will approach our compliance activities along a continuum, tailoring our regulatory interventions to be effective, taking into account sector diversity, while keeping focused on the regulator's ultimate goal – ensuring that charities comply with the law and their statutory obligations.

In fulfilling this role, we will work to support charity trustees in complying with their legal obligations, and take action to address non-compliance where necessary. We will promote best practice and, in doing so, we will strive to exemplify these values by operating to high standards of governance, accountability and transparency in our own organisation. I also want to add that for some cases, for example individuals or organisations who falsely and deliberately hold themselves out as Charities to gain significant private benefit, we will have a zero tolerance and move straight to prosecution.

Over the next three years, we will consolidate and further develop the Register of Charities. This work will help to strengthen the accountability of the charity sector, and provide a valuable source of information for charity funding bodies, donors and beneficiaries. We will balance the needs of small and rural charities with the needs of larger organizations with a national or international focus. We will facilitate charities to be compliant. However, where required, we will escalate and enforce the law in an appropriate evidenced based manner.

I have been in post since May 16th this year and it is clear to my mind, having read many documents and engaged with many people that Good Governance will be a key factor over the next few years. Ordinary people are very aware that it is the charity sector that predominantly aims to address homelessness, hunger, domestic abuse, mental health, care for the terminally ill and animal welfare. These are just some of the vast array of charitable purposes which are not provided by anyone else. It is precisely because the work charities do, that it is so essential to the overall good of our society, as well as to the specific individuals they assist, that every charity is managed properly.

Transparency

The activities of charities should occur as transparently as though they are working behind a pane of glass. Ireland is renowned for its tradition of providing assistance to those in need, both at home and abroad. However, the events of the last few years indicate a need to raise the governance and transparency bar. The Regulator will ensure that this vitally important work is done openly, honestly and in a fully accountable manner.

Good quality financial reporting by charities will play a key role in creating transparency. Currently we are carrying out a public consultation on the proposed accounting and reporting regulations. These regulations which are proportionate will set a new bar of clarity and transparency. The Charity Statements of Recommended Practice (SORP) sets out how charities are expected to apply FRS 102 to their particular activities and transactions, and explains how charities should present and disclose their activities and funds within their accounts. The SORP also sets out the content of the trustees' annual report which accompanies the accounts (financial statements).

I have met all of the Charity umbrella organisations who have made it known to me that some and indeed a lot of the members have voluntarily adopted SORP and I have seen the evidence of that in some of my reviews of the annual returns we receive. As the Regulator, I want to put on the record, that I welcome the decision of those charities that have voluntarily adopted the Charity SORP. I think it is a prudent approach and I believe it demonstrates an understanding by the trustees in those charities of the importance of transparency and accountability.

Now, that brings us to Charities, some of which have income and expenditure in the millions that have not adopted SORP. And that is their right....currently! However, I want to send a clear message to those charities tonight, that the Charities Regulator has a statutory function to

- Increase Public Trust and Confidence in the management and administration of Charities and to

- Ensure the accountability of Charities to their donors and beneficiaries and the public.

We see the adoption of the SORP by charities as playing a vital role in delivering on those functions. And we plan (in discussion and agreement with the Department) that all charities over a certain threshold, regardless of their form or structure be it incorporated or not will be required to adopt SORP for reporting purposes.

Optimising Consultation and Engagement

I spoke earlier about engagement. I believe the Charities Regulator will more effectively achieve our mandate if we understand the charitable organisations we regulate. This requires engagement and consultation. The international evidence shows that engagement is a key feature of an effective regulator. Because of the diversity of mission and capacity in the sector it will be imperative to work closely with and leverage the capacity of parties who understand and communicate into the sector.

We have put considerable effort into this to date and we are hoping to increase this activity in the future. For example, in May we completed a nationwide series of 23 information workshops for charities which were attended by approximately 1,700 individuals representing 1,200 charities. Our staff have taken 6000 calls and queries from various charities in this year alone as we believe we must be available to support compliance. In the last month we have commenced an online consultation on accounting regulations and our approach to fundraising. We have also carried out a consultation process in Dublin, Cork and Galway on foot of the work of our first consultation panel on charitable fundraising. We will continue to actively engage; seeking ways to achieve our goal and regulatory approach, for example engaging more formally with the academic sector to assist us in developing educational programs and by working with umbrella bodies to communicate to smaller charities and drive through the message that registration and reporting is required by law.

The majority of charities welcome the emergence of a clear regulatory framework as an important instrument to foster transparency and ensure public confidence. The charities sector should not be stigmatised for the misdeeds of a few. When the image of the charities sector is undermined, society is weakened. Society needs charities; it needs a strong civil society which in my view softens the State.

Responsibility & Integrity

We are all responsible for the foreseeable consequences of our actions and inactions. Independent personal responsibility is always at the heart of ethical behaviour. Good governance in my mind is about the responsible application of fundamental principles to the decisions we make. When things go wrong it can be very easy to say that I did not know and that the blame is with someone else or really with no one, just a systems failure. In the words of Archbishop Dermot Martin, we need to move beyond the “baking the cake culture”. “I only put in the sugar” and “he only put in the flour”, but neither of us have any responsibility for the cake because we were not there when it was put into the oven. We are all responsible for the foreseeable consequences of our actions and for our omissions. Rules and norms are necessary but they can remain a skeleton unless they are covered in the clothes of personal integrity. In speaking to various Trustees it is evident that many Charities are learning lessons. Many Charities now understand the benefits of limiting the opportunities for reappointment of both Trustees and Chairs in order to support the flow of new volunteers, to minimise the risk of ‘group think’ and of governors becoming too close to the senior management team. Trustees are learning that the controlling mind of any Charity should always be the Board and are realising the dangers of not having appropriate and robust, checks and balances in place. Unfortunately, our data on some charities and in reviewing applications for registration it is also evident that some charities have not yet learned lessons.

In conclusion, good governance is not a charitable purpose or activity but it is essential. Personal responsibility and integrity at the level of Trustees is the key to success and ensuring public trust and confidence.

The mechanics can be learned and or advised but will only real take root when tended by Trustees who are well intentioned and well informed ensuring that charitable purpose and public good are at the heart of all activity. Decisions by Trustees must be value driven, closely guarding the charitable purpose and activity from any potential private benefit. Adherence to the law and the future regulatory framework will assist trustees through this journey. I make a commitment that the Charities Regulator will be there to support and encourage these trustees while the legal and regulatory framework will make unwanted, self-serving behaviour less likely and less attractive.

I invite all to work hard so as to ensure compliance with the law and support best practice in the governance, management and administration of charities. Notwithstanding our different roles it is critical that all concerned parties stay firm in their resolve to create and support a vibrant, trusted charity sector that is valued for the public benefit it provides.