

Good Governance Awards 2024 Technical Assessment of the Financial Statements

Introduction

The Carmichael Good Governance Awards consists of a three-staged process to identify the winners in each of the categories; a general assessment stage, a technical assessment of financial statements of those entries that have been longlisted in the general assessment and a judging stage of the shortlisted entries to select the category winners. The technical assessment is conducted by our panel of accounting firms who assess the compliance of the financial statements with relevant legal and accounting standard requirements. This information resource is a list of the compliance issues identified by our Technical Assessors in the 2024 Good Governance Awards.

Charities SORP: Compliance issues identified by the Technical Assessors of longlisted entries.

Compliance issue	SORP section	Requirement
The Annual Report does not identify funds which are materially in deficit or explain the circumstances giving rise to the deficit and the steps being taken to eliminate this.	1.24	Must
How the charity is (or its trustees are) constituted is not disclosed	1.25	Should
While the organisation has trustee term limits in place, there is no maximum tenure as recommended by the Charities Governance Code	1.25	Should
No reference made to any related or connected party	1.25, 1.51	Must
No mention of charity's name in this page Reference and administrative details	1.27	Must
The nationality of non-Irish directors should be noted	1.27	Must
Noted in the 'Changes in Directors' section that there were no changes between 31 December 2022 and the date of signing of the financial statements, however, it's noted that Director X resigned on the date the financial statements were signed	1.27	May
Going concern paragraph not included within the trustees' annual report. Included in accounting policies	1.23	Must
Directors Report: No details of the amount spent on, or the number of staff engaged in, undertaking a particular activity.	1.37	May
There is only an accounting policy related to volunteers but no further disclosure on the scale and nature of activities undertaken within directors' report	1.38	Must
No explanation of the activities which volunteers support or provide	1.39	May
Programme reports were disclosed. However, there is no information for material fundraising activities against fundraising objectives set.	1.41	Must
There is mention of funding sources during the year however no mention of how these resources support the key objectives of the charity.	1.47	Should

Compliance issue	SORP section	Requirement
While there is a detailed investment policy and disclosures included in the Annual Report, there is a lack of detail around how investments performed against objectives and the extent to which ESG is considered as part of the investment policy.	1.41/1.46/1.47	Must
Reserves Policy: Only mention of unrestricted reserves, nothing on restricted reserves	1.48	Should
Total funds held by the Charity at the end of reporting period is not disclosed within Reserves Policy per Directors Report and no comparison of the amount of actual reserves with the target per the charity's reserves policy.	1.48	Should
There is a paragraph on future plans under Governance, Structure and Management however not very detailed and covers only the 2024 plans.	1.49	Must
No reference to solicitors' details in the info section of the Annual Report	1.52	Must
Name of CEO was not disclosed on Reference & Administrative info but is disclosed under Structure, Governance & Management.	1.52	Must
No date of approval on the Annual report by the Board of Trustee. Approval was only included in the Statement of Directors' Responsibilities with the name of Directors.	1.8	Must
Items in the SOFA related to 2022 have not been analysed between unrestricted and restricted funds	2.27	Must
There is no table summarizing the assets and liabilities that are restricted and unrestricted	2.28	Must
No comparative figures given for Analysis of Net Assets by Fund Note.	2.29	Should
No explanation as to the factors that support the conclusions that the charity is a going concern	3.38	Must
Not stated that there are no material uncertainties about the Charity's ability to continue	3.39	Must
Notes to the accounts: The charity is a public benefit entity: Explicitly mentioned in the Overview of Company Structure but not mentioned explicitly in the notes.	3.4	Must
The accounts do not specify that the charity is a public benefit entity	3.4	Must
The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities is not disclosed in the Financial Statements.	3.4	Must

Compliance issue	SORP section	Requirement
Supplementary notes do not show deferred income for prior year	3.49	
Comparative balances for income and expenditure not split between restricted and unrestricted	3.49	Must
The accounts are not accompanied by an explanation of the bases and estimation techniques used in their preparation.	3.8	Must
Going concern assessment was covered with detailed disclosure only within the Directors' Report and not within the Notes to the Financial Statements.	3.9	Must
There is limited disclosure on the split of expenditure on the relevant headings of fundraising support and or governance costs "DUE TO THE SMALL SIZE OF THE ORGANISATION"	4.2	Should
Accounting policy on Revenue grants states that grant income is deferred to ensure the income is recognised in the same period of the related expenditure. This matching principle is not allowed per SORP.	4.33	Must
No accounting policy disclosure related to Other Trading Activities.	4.36	Must
Notes only include a reference to GSO Programme charge. However, accounting policy does not specifically disclose the nature of this charge.	4.41	Must
There is no disclosure per notes to Financial Statements on the nature of other income for Financial Year 2023 amount	4.42	Must
<p>Sources of income A charity MUST provide an analysis (unless shown on the face of the SoFA) of the material components of income within each sub-heading in the SoFA, aggregating similar activities/sources to distinguish:</p> <ul style="list-style-type: none"> • for donations & legacies – the type of gift – e.g., donations; grants of a general nature; legacies • for charitable activities – the nature of activity and of the associated income • for other trading activities – the nature of the trading or fundraising activity and income produced <p>The organisation notes 4.2 'Other trading activities' has very little commentary on the activities, what type of activities and how ties out to stock, if at all. Also, no reference to 'Other Income' in Income policy (over 100k EUR in Current Year so sizeable)</p>	4.42	Must
There is a disclosure on donations and charitable activities which was presented per programme. However, it would be better if disclosed per material components of the SOFA (i.e. either classified as Donations or Charitable Activities, etc.) or same with Previous Year presentation (or if programme	4.42	Must

Compliance issue	SORP section	Requirement
analysis more meaningful than a reconciliation between this analysis and what is presented in SOFA)		
There is no detailed disclosure under Directors Report on the analysis of charitable activities. Amounts were not disclosed and compared to the financial statements.	4.53	May
Only the total amount of Charitable Donations was disclosed in note 6. Furthermore, note 8, there is no disclosure on the total amount of cost of grant funding to third parties. No detailed analysis on the grants	4.58	Must
The financial statements do not confirm whether there are any unfulfilled conditions or other contingencies attaching to grants that have been recognised in income	5.58	Must
When a charity has deferred income, the notes to the accounts MUST explain the reasons why income is deferred and should analyse the movement on the deferred income account, identifying income deferred in the current year and the amounts released from previous reporting periods.	5.59	Must
While the charity has deferred income, the notes to the financial statements do not explain the reasons why income is deferred and does not analyse the movement on the deferred income account, identify income deferred in the current year and the amounts released from previous reporting periods.	5.59	Must
A description of the role played by general volunteers is not included in the financial statements and there is no indication of the nature of volunteer's contribution.	6.19	Must
The organisation does not have a 'Donated goods and services policy'. But have 'Stock on hand' (EUR 6k) and refer to "it is not considered practicable to value inventories of unsold donated goods at the financial year end."	6.31	Must
No details of accounting policy adopted for the apportionment of support costs and estimation techniques used to calculate their apportionment.	7.4	Must
No detailed disclosure on the activities and funds that support costs.	8.7	Must
There has been no mention of whether Trustee expenses have been reimbursed or not	9.11	Must
A columnar presentation has not been adopted to distinguish between cashflows relating to restricted funds and cashflows relating to unrestricted funds. Only disclosure in Note 20 relates to classification (restricted or unrestricted) of ending cash balance account Note 16 includes the breakdown of deferred income per programme for ESF. However, no note reference of such balances within Note 15.	14.7	May

Compliance issue	SORP section	Requirement
Furthermore, there is no detailed disclosure of deferred income amounting to 2.033m in note 15 as support for the calculation/movement from Previous Year.	9.18	Must
There has been no mention of whether related party transactions have occurred or not	9.19	Must
Auditor remuneration not disclosed independent of professional fees	9.23	Must
A charity Must state its accounting policy in respect of any redundancy or termination payments relating to the reporting period. The accounts did not contain a policy on redundancy payments.	9.27	Must
A note does not set out the number of full-time equivalent staff or analysis of staff engaged in particular activities	9.29	Must
It has not been disclosed as to whether any employee's benefits exceed €60,000 or not	9.3	Must
Key Management personnel note does not include all required information	9.32	Must
There is no note explaining if there are any capital commitments at the year end	10.37	Must
For investments, a charity Must disclose an analysis of investments by class of investment identifying amounts held in each class. While we do positively note that the accounts contain this disclosure in the group table, the disclosure has not been applied to the company table	10.53/10.54	Must
Total Charity Funds was disclosed as 'Income Funds' instead	10.6	Must
Annual Report/financial statements contain no stock accounting policy	10.63	Must
No note which sets out, within the disclosure of accounting policies, the basis on which debtors are measured.	10.67	Must
There is no accounting policy on the investments noted in the balance sheet	10.72	May
Cash & Cash Equivalents. There is no specific accounting policy to explain how cash/cash equivalents are measured	10.75	Must
Date on which the accounts (i.e. Balance Sheet) were approved by the trustee body is not specifically disclosed	10.8	Must
Creditors & provisions: The accounting policies note MUST explain the basis on which creditors and provisions for liabilities and charges are recognised and measured. "No note to explain how creditors are recognised and measured	10.80,10.81	Must
No recognition and measurement basis for creditors and provisions included in accounting policies	10.81	Must

Compliance issue	SORP section	Requirement
No disclosure on the nature of accrued awardee commitments	10.82	Must
No analysis of reconciling the opening and closing carrying amounts of provision was noted. Only ending balances were disclosed in Note 15.	10.83	Must
Items on the balance sheet are not analysed by class of fund (restricted, unrestricted income and endowment) [OPTIONAL]	10.9	May
Financial instruments: No disclosure or notes for financial instrument	11.35	Must
There is no note or disclosure in relation to post balance sheet events.	13.8	Must
Cashflow: Charities MUST provide a reconciliation to show how the net income / (expenditure) presented in the SoFA has been adjusted to arrive at the cash flows from operating activities presented in the statement of cash flows. The format of the cashflow is incorrect - Movement in debtors and creditors is classified under "Movements in working capital" rather than "Operating Activities"	14.17	Must
Cashflows have not been distinguished between restricted and unrestricted	14.7	May
A columnar presentation has not been adopted to distinguish between cashflows relating to restricted funds and cashflows relating to unrestricted funds.	14.7	May
It is not clear that the combined Trustees/Director's report in the front half of the FS contains a director's report as required by company law.	15.6	Must
Total amount of charitable donations was disclosed. However, there was no detailed description on the activities being funded.	16.8, 16.22, 16.25	Must
Rent is included in expenses but there is not operating lease note in the financial statements.	20.16	Should
There is no numerical information provided in the annual report about the resources spent was per activity / programme was disclosed. Hence, cannot be referred on the analysis provided in the accounts.	1.19, 4.5, 8.6	Should
Reserves policy of organisation does not outline and compare the reserves as noted above.	1.22, 1.48	Must
The Annual Report does not provide detail on the methods used to recruit and appoint new charity trustees.	1.25&1.51	Must
Pension costs are not clear as to whether they are operating a defined contribution scheme or not.	17.21; 17.22; 17.23	Must
Comparative figures have not been provided for the summary of assets and liabilities of each category of fund of the charity	2.28&2.29	Should

Compliance issue	SORP section	Requirement
Comparative year movement in funds is not disclosed	2.28,2.29	Must
No accounting policy as to the nature of Other Income was disclosed	4.39,4.42	Must
Goods & services for donation, details surrounding how the organisation account for donated goods and services are not specified, there is just a statement that says that there is no policy in place due to the size of the activity in this regard	6.4-6.24	Should
There are no details of the average number of full-time and part-time staff for the reporting period and further analysis of staffing according to the number of staff engaged in particular activities	7.9.29	May
There is only one support costs in Note 4. No other categories of expenditure were disclosed that are within support costs and governance costs is not separately identified	8.13,8.14	Must
There are no details of the average number of full-time and part-time staff for the reporting period and further analysis of staffing according to the number of staff engaged in particular activities	8.9.29	May
Key Management Remuneration was disclosed; however, actual remuneration of the CEO is not disclosed.	9.4	May
There is no breakdown of Debtors? All Prepayments? Charities SORP – at a minimum the debtors note must be split between trade debtors, amounts owed by group undertakings, amounts owed by associated undertakings; prepayments and accrued income; and other debtors. Company law requires any type of taxation debtor to be disclosed separately	S19.68	Must
Restricted funds - Note 17 Funds of the Charity S2.28 of Charities SORP requires the movement by fund to be shown including providing information on the purpose of the funds	S2.28	Must
The Statement of Financial Activities uses the terminology "Incoming resources" and "Resources expended"	This is old version of SORP4.1	Should
There is a transfer taking money from the Restricted Reserves into Unrestricted with no explanation noted. Previously given the amounts relates to income for a specific purpose, we would have expected there to be an explanation	S.4.60 of SORP SORP 2.28-30	Should
Under the general information section, there is no mention of the company number, charity number or the fact the company does not have any share capital	Mentioned in the Organisational Structure but may be noted in the general information	May

Compliance issue	SORP section	Requirement
There is no mention in the notes to the financial statements of the members' liability should the company be wound up	Mentioned in the Organisational Structure but may be noted in the general information	May
Within the Unrestricted Funds - General note, the 'expenditure and transfers' are combined into one column. The remaining reserves split these out (note 20)	SORP 4.57-58	Should
Classification of defined contribution plan (either restricted or unrestricted funds) is not disclosed in notes 21	17.21	Must

Carmichael wishes to acknowledge and thank our accounting firms on the Technical Assessment panel for their fantastic work and support for the Good Governance Awards.

- Azets
- BDO
- Forvis Mazars
- ND Audit & Advisory
- PwC
- RBK
- UHY FDW
- Walsh O'Brien Harnett