



Our Not-For-Profit team **understand** the unique and **specialist expertise Irish Charities demand**

## New Law Means Stricter Regime for Charities

The long awaited Charity Act was passed by Dáil Éireann in February 2009 but to date only a small number of sections have actually been commenced by the Government. The Department of Justice opened a consultation process earlier this year and it is expected that some of the significant sections of the act will be commenced in the near future. The sections yet to be commenced will in practice impose a very strict regulatory, accounting and reporting regime on all charities and now is the time to familiarise yourself with these requirements and to prepare.

Non-compliance with the new requirements will be a criminal offence; and many aspects of the work of the charity and indeed your financial statements will become public documents open to inspection by anybody; although the level and extent of public filing of documents and reports will depend on the income level of your organisation.

For charities that are not formed under the Companies Acts, you will have new requirements in respect of:-

1. the keeping of proper books of account,
2. an audit or review requirement (depending on your income),
3. an obligation to make a public report of your activities.

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While you may already keep good accounting records that are adequate for your needs, the rules in the Act are quite formal and require that the records are kept in a very specific manner, including a requirement that they are capable of being readily audited. Some have joked that the reference to “proper books of account” in the Act should actually refer to “perfect books of account”.

It is important that specific and quite formal accounting systems are put in place in the year preceding the first year subject to audit; failing this your auditor may not be able to provide your organisation with an unqualified audit report. The audit report, once the relevant section of the legislation is commenced, would be a public document, so the adverse publicity attaching to a qualified audit report is something that all public benefit entities would be keen to avoid. Waiting until after the requirement for an audit becomes law will be too late as the required controls cannot be implemented retrospectively.

Whilst this all sounds particularly daunting, please remember help is on hand. Here at LHM Casey McGrath we have been advising Charities and Not for Profit Organisations for over twenty years on their audit, accounting and governance obligations. So much so that we have a dedicated Charities and Not-for-Profit partner with an experienced team of professionals on hand to assist you. Should you wish to discuss the implications of this important legislation for your organisation or indeed any other requirements you may have in regard to Audit, Accounting or Governance then please do not hesitate to contact me.

**Damien Kealy, Partner**  
**Charity and Not-For-Profit Sector**



**Contact Us:**  
For more details about our firm and our partners please visit our website at [lhmcaseymcgrath.ie](http://lhmcaseymcgrath.ie)  
If you have a specific query in regard to the Not-For-Profit and Charity sector then please feel free to contact Damien Kealy, lead partner with our Not-For-Profit team:

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