

Does your annual report tell the whole story?

An analysis of the Annual Reports of Irish Charities

November, 2019

Carmichael.

Benefacts |

Table of Contents

	Page
1. Executive summary and key messages	2
2. Background and Research Methodology	4
3. Analysis of the annual reports	9
4. Appendices	22
Appendix 1: Inclusion of the 32 key information items for each category (Cats 1-5)	
Appendix 2: Inclusion of essential information items by category (Cats 1-5)	
Appendix 3: Requirements to include the data items under (1) Company Law, (2) FRS102 and (3) Charities SORP	

Tables & Charts

Tables	Page
Table 1: 32 key Information items assessed	7
Table 2: Number of charities included in the research sample and total number of charities matching the criteria used to generate research sample	9
Table 3: Inclusion of the 32 key information items for all annual reports sorted by frequency of inclusion	12
Table 4: Inclusion of the 32 information items summarised as a heat map	14
Table 5: Essential information items	17
Table 6: Inclusion of the 15 essential information items for all annual reports sorted by frequency of inclusion	18
Table 7: Inclusion of the 15 essential information items summarised as a heat map	19
Table 8: Numbers of charities adhering to SORP	21
Table 9: Inclusion of the 32 key information items for Category 1 annual reports sorted by frequency of inclusion	23
Table 10: Inclusion of the 32 key information items for Category 2 annual reports sorted by frequency of inclusion	25
Table 11: Inclusion of the 32 key information items for Category 3 annual reports sorted by frequency of inclusion	27
Table 12: Inclusion of the 32 key information items for Category 4 annual reports sorted by frequency of inclusion	29
Table 13: Inclusion of the 32 key information items for Category 5 annual reports sorted by frequency of inclusion	31
Table 14: Inclusion of the 15 essential information items for Category 1 annual reports sorted by frequency of inclusion	33
Table 15: Inclusion of the 15 essential information items for Category 2 annual reports sorted by frequency of inclusion	34
Table 16: Inclusion of the 15 essential information items for Category 3 annual reports sorted by frequency of inclusion	35
Table 17: Inclusion of the 15 essential information items for Category 4 annual reports sorted by frequency of inclusion	36
Table 18: Inclusion of the 15 essential information items for Category 5 annual reports sorted by frequency of inclusion	37
Table 19: Requirements to include the data items under (1) Company Law, (2) FRS102 and (3) Charities SORP	39
Charts	
Chart 1: Analysed Annual Reports by Category	8
Chart 2: Summary of key information items included by category	10
Chart 3: The mean, maximum and minimum inclusion scores by category	11
Chart 4: Number and percentage of charities adhering to the SORP standard by category	20
Chart 5: Average (Mean) inclusion of the key information items by category for charities who have used SORP	21

1. Executive summary and key messages

This research was undertaken by Carmichael as part of the Good Governance Awards initiative. The key messages and insights gained from the research are summarised below.

- Annual reports present an excellent opportunity for charities to tell their story and engage with their stakeholders.
- They provide charities with a wonderful platform to tell people why they exist, what they do, what difference they make, how they are funded, how they spend their money, how they are run and governed, what their future plans are and what risks and challenges they face and how they plan to address them.
- The annual report allows the charity trustees to control the narrative in telling their story and demonstrate their commitment to good governance practice, transparency and accountability.
- Unfortunately, far too many charities are missing out on this opportunity to use their annual report as a strategic communications tool by seeing it solely as a legal compliance requirement and taking a minimalist approach to just satisfy compliance requirements.
- The arrival of the Benefacts – the online database of Irish nonprofits, is a game changer. With just a few clicks, anyone can view the annual report of nonprofits. Some of these are regulated as charities, some are not. The annual reports are now more readily accessible than ever before. People, be they potentially new board members, volunteers, staff, funders or supporters are forming an opinion about the nonprofit based on the quality and transparency of the organisation's annual report.
- The Good Governance Awards for Irish nonprofits was established in 2016 to celebrate and promote good governance practice in the area of annual reports. The awards are growing each year and overall standards are improving. However, we acknowledge that those entering the awards are only a small percentage of nonprofits in Ireland and are not representative of the overall standard in the sector.
- This research project was undertaken to get a better sense of the general quality of annual reports in the wider charities sector. Working in collaboration with Benefacts, we selected a sample of 252 annual reports by charities from the Benefacts database and went through an exercise to see how good they were in telling the story of their charities and informing their readers.
- The research looked at non-financial information and in particular, at a set of 32 key information requirements that we in the Good Governance Awards would expect to be included in a good practice annual report, to see how many of these 32 items were addressed in the report.

- We acknowledge that these 32 key information items represent a higher standard of transparent reporting than what is currently required for charities to meet their legal reporting requirements. But we strongly believe that it is good practice for charities to adopt this standard and charities should be going beyond the minimum.
- We were expecting the overall performance not to be great given what we see as the minimalist approach to reporting that a lot of charities adopt. However, the results revealed by the analysis was far weaker than our expectations.
- The actual findings are provided in the main body of this paper. For the purposes of the analysis, we grouped the charities into five broad categories based on their annual turnover ranging from those with an annual turnover of less than €250,000 (Category 1) to those with over €15 million annual turn-over (Category 5). The level of inclusion of key information was poor across all five categories of charities. A poor performance by smaller charities is expected but the findings for larger charities were also lower than expected.
- The findings show the need for a lot of improvement in the quality of annual reports. But this can also be seen as a missed opportunity by charities and one that quickly can be addressed by the boards of charities taking an important strategic decision to substantially enhance the quality and transparency of their annual reports.
- We would urge that the boards of charities recognise that their annual reports are valuable and important tools for engaging with their stakeholders and in strengthening trust and confidence in their charity and to take the necessary actions to ensure that their future annual reports tell the story of their charity comprehensively and transparently in line with good annual reporting practice.

Acknowledgements:

We would like to thank our two researchers, Peter Davis a Business Administration student at the University of Texas and Rachel Wang an Accountancy & Finance student at the University of Illinois, who conducted the detailed research for this project, capturing the data from the 252 annual reports that were analysed. Their commitment and diligence in conducting this research is very much appreciated and it enabled us to bring the analysis and key findings into the public domain.

We also wish to acknowledge the support of Paula Nyland of Benefacts in assisting our researchers in generating the sample of annual reports and providing access to the Benefacts database to conduct the analysis of the reports. Thanks also to Aedín Morkan, Penelope Kenny and Bob Semple from our Good Governance Awards panel of judges for their advice and feedback on the draft research findings.

2. Background and Research Methodology

2.1 Good Governance Awards

This research paper was commissioned as part of the Good Governance Awards¹ initiative for nonprofits in Ireland.

The Good Governance Awards (GGA) seek to;

- Acknowledge, encourage and promote good governance practice in the area of annual reports and others areas of good governance practice.
- Support and encourage the nonprofit sector to use their annual reports and financial statements to showcase their embracement of and adherence to good governance.
- Provide practical examples to other charities as to what an excellent or very good directors' report and financial statements look like.

Public trust in the charities sector in recent years has been damaged by a number of high profile cases of bad governance and unacceptable and in certain cases, illegal activities. In these challenging times, strong governance is more important than ever to enable charities to respond effectively and quickly to emerging risks and deliver their objectives. The GGA aims to support and encourage charities in using their annual reports to manage, and communicate, their adherence to good governance more effectively and, in doing so, build greater trust.

Governance extends far beyond board composition and the frequency of board meetings; a charity's culture, people and public face and how it sets the right tone are all integral parts of governance. Good governance should be transparent and open, encouraging trust within, and of, a charity. Charities, working for the public benefit, should be in a position to demonstrate good governance.

Greater benefit can be obtained by charities from their annual reports². These publications represent a real opportunity for charities to demonstrate transparency and trust, showing how they are governed, what they have achieved and their culture. Unfortunately, we find that many charities stop at meeting the minimum reporting requirements, rather than using the opportunity to demonstrate adherence to good governance practice and to provide a comprehensive picture of their charity and its achievements and future plans. The sector has a lot of work to do to improve

¹ For more information on the Good Governance Awards, see the website www.goodgovernanceawards.ie

² A Charity's Annual report is a document of what the charity has accomplished in the past year and its financial accounts (illustrating the charity's income and expenses). The objective of the annual report and accounts is to provide information about a charity's performance and financial position that will be useful to a wide range of stakeholders in assessing the trustees' stewardship and management of charitable funds, and to assist the user of the accounts to make economic decisions in relation to the charity.

the quality of its communications and accountability to its stakeholders. The Good Governance Awards is but one initiative to seek and encourage higher standards of good practice.

Good governance matters not only because it promotes compliance with the law but also because it has a strong bearing on the charity's effectiveness in achieving its mission. Good governance in charities is at the heart of what makes charities successful. By focusing on the information that charities make available through their annual reports and accounts, this award also underlines the important connection between good governance and accountability. In terms of upholding the precious reputation of the nonprofit sector, being seen to adhere to good governance principles is no less important than the good governance itself. Not only do many charities resource their work directly through voluntary donations and volunteers' time, many charities in the sector benefit from indirect public support through the legal and fiscal privileges charity status confers. So what charities tell us in their annual reports matters. The annual report represents a real opportunity for the charities sector across Ireland to showcase their transparency and trust by outlining their performance, governance, culture and financials. An annual report can provide a comprehensive picture of a charity, as well as its achievements and future plans rather than simply meeting minimum compliance requirements. An annual report serves to reinforce relationships with stakeholders and build relationships with the public, potential donors, volunteers and supporters.

2.2 Annual Reports Research & Analysis

The Awards are now in their fourth year and over that time we have seen a marked improvement in the standards and levels of transparency in the annual reports of nonprofits entering. However, we are very aware that the nonprofits entering the Awards are only a very small proportion of the nonprofits in Ireland and are not a representative sample of the general quality and transparency of annual reporting in the sector. Therefore, the aim of the research project we have undertaken, was to analyse a random sample of charity annual reports to assess their levels of transparency and accountability. We were delighted to get the assistance and support of Benefacts³ in generating this random sample 252 annual reports and in providing access to these reports on their database of Irish nonprofits. Benefacts get their data from many public sources, refine it, and publish it on their database for easy access.

We selected 32 key information items from the GGA annual report best practice template that we believe play an important role in telling the comprehensive story of the charity for the period covered by the annual report and financial statements and demonstrate a high standard of transparency and accountability by the charity in its communication with its stakeholders. The 32 information items cover; (i) the charity's purpose and objectives; (ii) its strategy and performance; (iii) its outputs and impact; (iv) funding and (v) how it is governed. The full list of the 32 information items can be seen in Table 1 below.

³ Benefacts is the leading database for Irish nonprofits. Their free public website provides extensive information about Irish nonprofits including charities, using regulatory data derived from a range of public sources. See www.benefacts.ie

Table 1: 32 Key Information items assessed

1. Mission, purpose & objectives (3)
1(a) Is it clear what the charity's purpose and key objectives are?
1(b) Does the charity state its core values?
1(c) Does it provide an insightful commentary on the charity's broader sector/ environment?
2. Strategy & Performance (5)
2(a) Does it provide a clear review of the charity's performance for the relevant year as well as how the current year's strategy links to the longer term strategy of the charity?
2(b) Does it describe any challenges or barriers that the charity encountered that prevented or constrained the achievement of goals and describe what actions/measures the charity plans to take to address these challenges and constraints?
2(c) Does it show what was achieved in the current year in measurable goals (KPIs)?
2(d) Does it show year-on-year progress (or decline) against those goals/KPIs?
2(e) Does it describe its future plans to achieve its strategic goals?
3. Outputs Outcomes & Impacts (2)
3(a) Does it demonstrate the difference/impact in concrete numbers and targets the charity has made in the year in terms of what it has done or achieved (outcomes) and the difference it has made (impact)?
3(b) Does it provide measures of outputs, outcomes and impact – e.g. use of case studies and testimonials?
4. Funding (4)
4(a) Does it provide clear information on the funding it received by source/type?
4(b) Does it provide commentary analysis or explanatory information on key movements in funding from the previous years?
4(c) Does it set planned actions to be taken to improve/ensure sustainability of future funding?
4(d) Does it comment on continuing availability of funding and highlight any risks/challenges to future funding?
5. Governance (18)
5(a) Does it give details of how the charity is organised and governed (e.g. legal structure, membership role of the board/board committees, appointment and term of directors, registered office, accountants/auditor, solicitors, principal bankers)?
5(b) Does it disclose the name of the Board Chairperson, Company Secretary and the CEO or manager of the charity?
5(c) Does it provide details of board meeting and board committee attendance?
5(d) Does it provide a profile of Board members, skills, experience, tenure/term?
5(e) Does it describe how conflicts of interests are managed?
5(f) Does it provide details of how it engages and communicates with its stakeholders?
5(g) Is it clear that the CEO is not a member of the board?
5(h) Is the CEO's remuneration package disclosed?
5(i) Are the salary bands of those earning over €60,000 per annum disclosed?
5(j) Does it provide details on how new board members are recruited, inducted and on-going development?
5(k) Does it provide details of the charity's decision-making process and the delegation and oversight of delegated decision-making powers?
5(l) Does it set out the charity's approach to risk management and does it disclose specific risks and how they are managed?
5(m) Does it describe the charity's approach to remuneration & performance management?
5(n) Does it describe the charity's approach to investment policy?
5(o) Has it adopted/or is in compliance with a Governance Code?
5(p) Does it provide details of the number of employees and volunteers?
5(q) Is there a reserves policy stated?
5(r) Does the policy set out the target minimum reserves level?

2.3 Research Methodology

The research entailed a review of a sample of charity annual reports listed on the Benefacts database to assess how many of the information items in Table 1 above were included in these reports. Benefacts uses public regulatory sources to access financial statements, and for now, their database doesn't include accounts from unincorporated charities: these are filed with the Charities Regulator but - unlike the accounts of charities that are companies - are not yet available as public documents. In selecting the sample of the annual reports of incorporated charities for analysis, we split the sector into five broad categories by income bands. Annual reports from companies in all five income band categories were analysed to discover key trends and insights about the way Irish charities are disclosing operational information to the public.

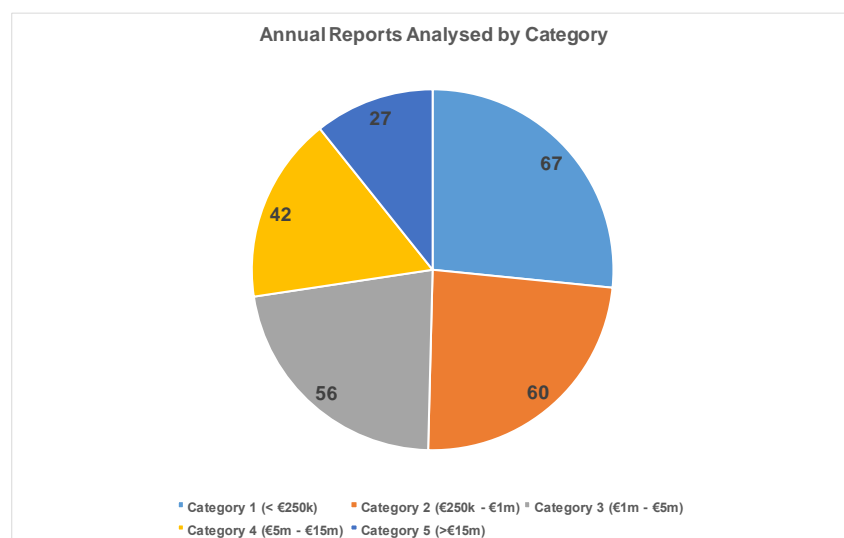
The income bands were as follows:

Category 1	Category 2	Category 3	Category 4	Category 5
Charities with annual income less than or equal to €250,000	Charities with an annual income between €250,000 and €1,000,000	Charities with annual income between €1,000,000 and €5,000,000	Charities with annual income between €5,000,000 and €15,000,000	Charities with annual income greater than or equal to €15,000,000

These income category bands are the bands used in the Good Governance Awards.

The analysis focuses mainly on smaller charities as they constitute the majority of charities. Because of this, about 50% of the annual reports we analysed fall in category 1 or category 2⁴. In Chart 1 below, there is a breakdown of the number of charities in each income band category that were analysed in this research:

Chart 1: Analysed Annual Reports by Category



⁴ Almost two thirds of charities have a turnover of less than €250k and have limited reporting requirements. Using a pro-rata sample size in our research would not have added to the analysis.

The Benefacts database served as the primary resource for this research. The Benefacts advanced search filter tool on their website allows us to generate a random list of charities. The tool allows you to filter the generated list by financial statements, regulatory body, standard compliance, and income bands. For our research, we used the advanced search filter to search for charities that include full account financial statements and are a registered charity. Those charities who publish abridged accounts were excluded from the analysis sample because of their minimalist approach to reporting. Those publishing abridged financial statements, while technically meeting their legal requirements, fly in the face of good governance practice and the principles of accountability and transparency. Unfortunately, this cohort has been growing in recent years. Benefacts have found that 38% of registered filed abridged accounts in 2017, up from 24% in 2015⁵. Charities that aim to comply with the Charities Governance Code by 2020 should take note of standard 6.6 in the Code; “*Produce unabridged (full) financial accounts and make sure that these and your charity’s annual report are widely available and easy for everyone to access*”⁶. We also excluded schools from the sample selection because of their current limited reporting requirements and as a result they would skew the data and the insights that come from it.

The advanced search tool generated a random list of charity profiles that matched our search criteria. From this list, we were able to analyse the annual report that Benefacts attached to each respective charity profile on their database.

Schools and charities that published abridged accounts were excluded from the sample of annual reports analysed.

Table 2: Number of charities included in the research sample and total number of charities matching the criteria used to generate research sample

Category	Number analysed	% of total	Total charities in each Cat ⁷	%
Cat 1	67	27%	4,031	64%
Cat 2	60	24%	1,413	23%
Cat 3	56	22%	561	9%
Cat 4	42	17%	154	2%
Cat 5	27	11%	107	2%
Total	252		6,266	

Benefacts produce a range of valuable quantitative reports and analyses based mainly on the financial data contained in the annual report. In our research, we wanted to assess the quality of the non-financial information provided in the annual report. The 32 key information items listed in Table 1 above were used in analysing the standard of accountability and transparency of the 252 annual reports included in our sample.

⁵ Ref: <https://en.benefacts.ie/2019/01/18/less-doesnt-equal-nonprofit-disclosure/>

⁶ Charities Governance Code, Charities Regulator, 2018

⁷ Based on an estimate provided by Benefacts

3. Analysis of the Annual Reports

Overview

Each of the 252 annual reports was analysed and the inclusion or not of the 32 key information items in each of the annual reports was recorded.

Only two of the annual reports had all 32 items, only one had 31 items and two had 30 of the 32 key information items.

Three annual reports had only one of the key information items in their report while 15 reports had only 2 of the 32 information items.

Below is a series of charts and tables that captures and analyses the results from this exercise.

Chart 2: Summary of key information items included by category

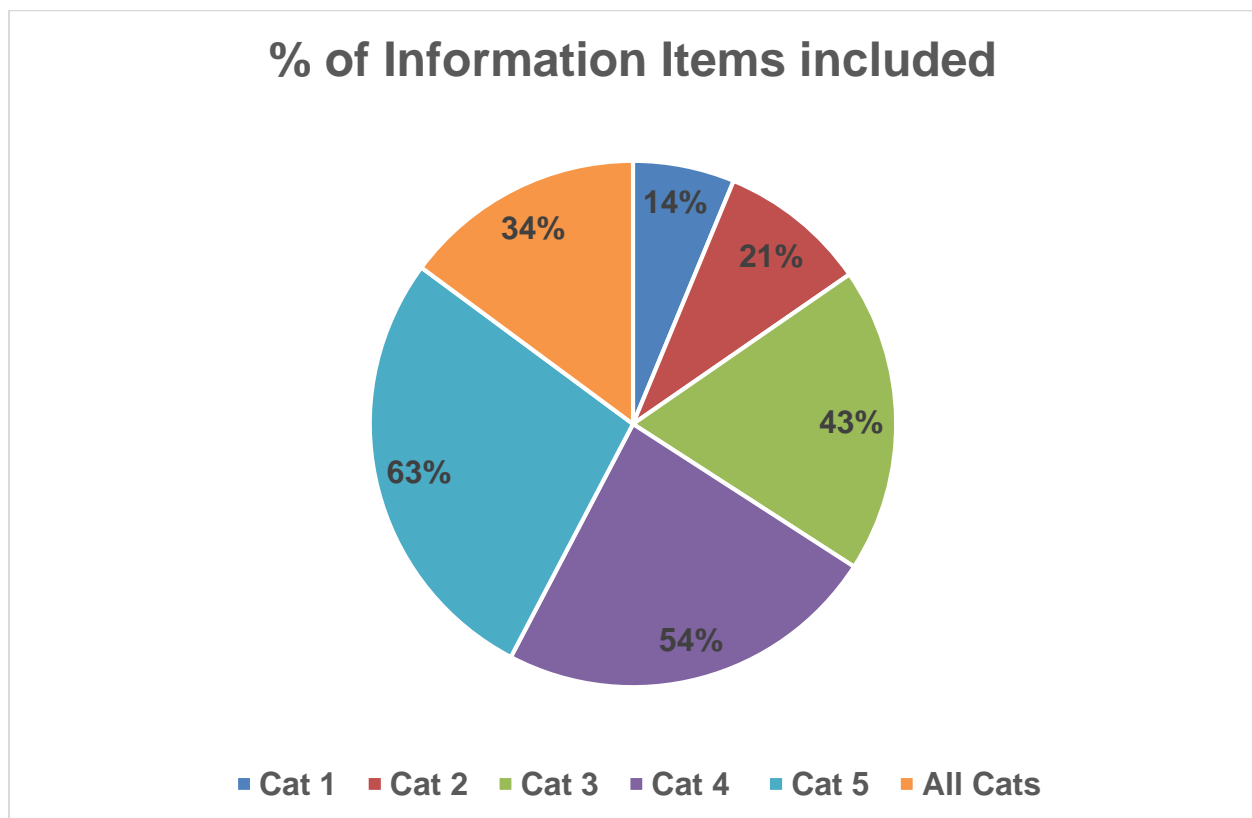
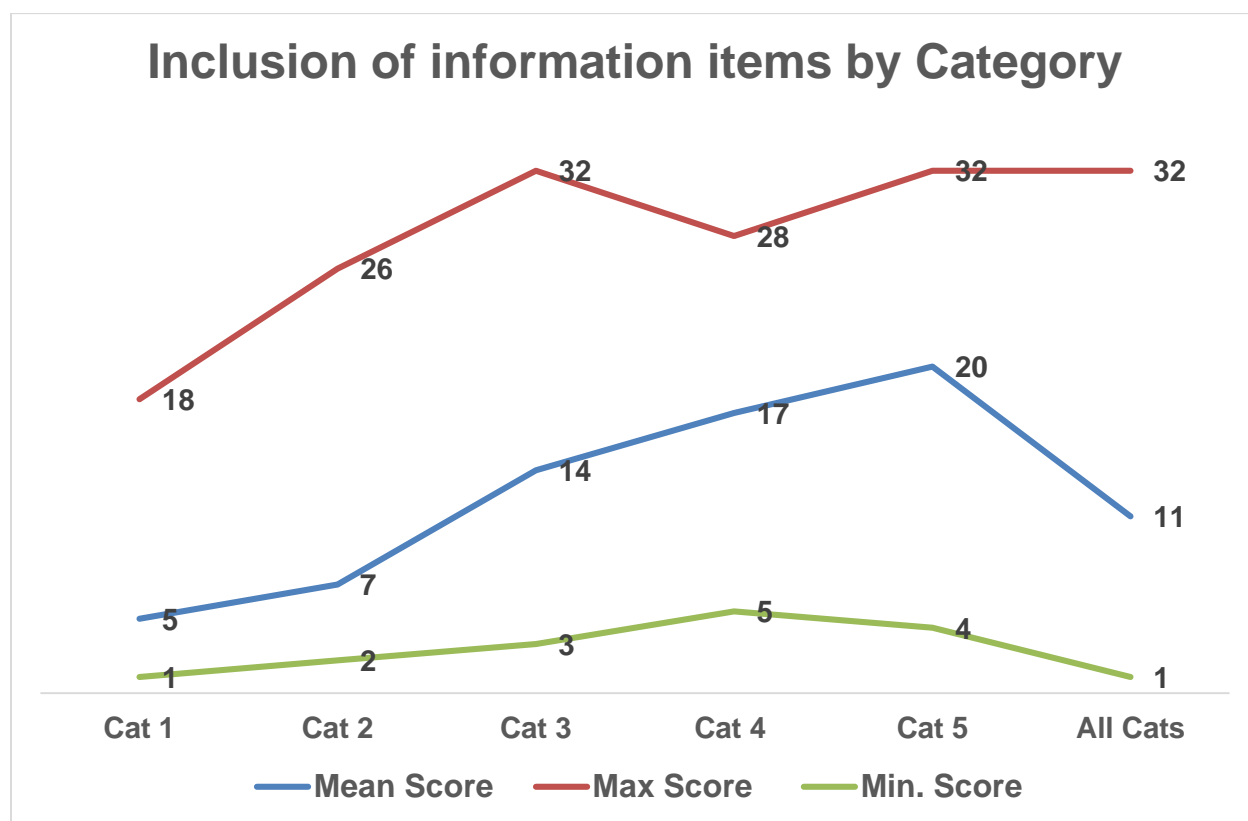


Chart 3: The mean, maximum and minimum inclusion scores by category



- It was anticipated that the annual reports of smaller charities (< €250k annual turnover) due to their lower reporting requirements and capacity would have a lower number of the information items included in their reports. However, an average score of 5 of the key information items was surprisingly low.
- A much higher standard was expected for the larger charities (>€15m) and that proved to be the case. However, an average score of 20 (63%) for the annual reports reviewed in this category was lower than we would expect from this cohort.

Table 3: Inclusion of the 32 key information items for all annual reports sorted by frequency of inclusion

Key information item	No. of occurrences	%
1(a) Is it clear what the charity's purpose and key objectives are?	239	95%
5(a) Does it give details of how the charity is organised and governed (e.g. legal structure, membership role of the board/board committees, appointment and term of directors, registered office, accountants/auditor, solicitors, principal bankers)?	186	74%
5(p) Does it provide details of the number of employees and volunteers?	184	73%
5(b) Does it disclose the names of the Board Chairperson, Company Secretary and the CEO or manager of the charity?	177	70%
4(a) Does it provide clear information on the funding it received by source/type?	161	64%
4(d) Does it comment on continuing availability of funding and highlight any risks/challenges to future funding?	130	52%
2(a) Does it provide a clear review of the charity's performance for the relevant year as well as how the current year's strategy links to the longer term strategy of the charity?	125	50%
5(i) Are the salary bands of those earning over €60,000 per annum disclosed?	116	46%
5(l) Does it set out the charity's approach to risk management and does it disclose specific risks and how they are managed?	108	43%
2(e) Does it describe its future plans to achieve its strategic goals?	99	39%
2(c) Does it show what was achieved in the current year in measurable goals (KPIs)?	97	38%
5(o) Has it adopted/or is in compliance with a Governance Code?	88	35%
5(q) Is there a reserves policy stated?	88	35%
2(b) Does it describe any challenges or barriers that the charity encountered that prevented or constrained the achievement of goals and describe what actions/measures the charity plans to take to address these challenges and constraints?	85	34%
1(b) Does the charity state its core values?	78	31%

Key information item	No. of occurrences	%
4(c) Does it set planned actions to be taken to improve/ensure sustainability of future funding?	77	31%
5(g) Is it clear that the CEO is not a member of the board?	62	25%
5(k) Does it provide details of the charity's decision-making process and the delegation and oversight of delegated decision-making powers?	60	24%
2(d) Does it show year-on-year progress (or decline) against those goals/KPIs?	55	22%
3(a) Does it demonstrate the difference/impact in concrete numbers and targets the charity has made in the year in terms of what it has done or achieved (outcomes) and the difference it has made (impact)?	50	20%
5(c) Does it provide details of board meeting and board committee attendance?	46	18%
5(n) Does it describe the charity's approach to investment policy?	46	18%
5(e) Does it describe how conflicts of interests are managed?	44	17%
5(f) Does it provide details of how it engages and communicates with its stakeholders?	44	17%
5(m) Does it describe the charity's approach to remuneration & performance management?	44	17%
5(j) Does it provide details on how new board members are recruited, inducted and on-going development?	43	17%
1(c) Does it provide an insightful commentary on the charity's broader sector/ environment?	42	17%
4(b) Does it provide commentary analysis or explanatory information on key movements in funding from the previous years?	41	16%
3(b) Does it provide measures of outputs, outcomes and impact – e.g. use of case studies and testimonials?	37	15%
5(r) Does the policy set out the target minimum reserves level?	31	12%
5(h) Is the CEO's remuneration package disclosed?	27	11%
5(d) Does it provide a profile of Board members, skills, experience, tenure/term?	20	8%

Sample size: 252

Table 4: Inclusion of the 32 information items summarised as a heat map

All key Information items	Cat 1	Cat 2	Cat 3	Cat 4	Cat 5	All Cats
1(a) Is it clear what the charity's purpose and key objectives are?	90%	90%	100%	100%	100%	95%
1(b) Does the charity state its core values?	21%	3%	38%	57%	63%	31%
1(c) Does it provide an insightful commentary on the charity's broader sector/ environment?	0%	5%	21%	43%	33%	17%
2(a) Does it provide a clear review of the charity's performance for the relevant year as well as how the current year's strategy links to the longer term strategy of the organisation?	16%	28%	64%	86%	93%	50%
2(b) Does it describe any challenges or barriers that the charity encountered that prevented or constrained the achievement of goals and describe what actions/measures the organisation plans to take to address these challenges and constraints?	13%	13%	55%	52%	56%	34%
2(c) Does it show what was achieved in the current year in measurable goals (KPIs)?	12%	15%	46%	76%	81%	38%
2(d) Does it show year-on-year progress (or decline) against those goals/KPIs?	6%	8%	25%	43%	52%	22%
2(e) Does it describe its future plans to achieve its strategic goals?	15%	20%	54%	71%	63%	39%
3(a) Does it demonstrate the difference/impact in concrete numbers and targets the charity has made in the year in terms of what it has done or achieved (outcomes) and the difference it has made (impact)?	0%	10%	25%	50%	33%	20%
3(b) Does it provide measures of outputs, outcomes and impact – e.g. use of case studies and testimonials?	0%	7%	21%	33%	26%	15%
4(a) Does it provide clear information on the funding it received by source/type?	27%	60%	91%	76%	89%	64%
4(b) Does it provide commentary analysis or explanatory information on key movements in funding from the previous years?	0%	7%	27%	19%	52%	16%
4(c) Does it set planned actions to be taken to improve/ensure sustainability of future funding?	9%	17%	38%	48%	74%	31%

All key Information items	Cat 1	Cat 2	Cat 3	Cat 4	Cat 5	All Cats
4(d) Does it comment on continuing availability of funding and highlight any risks/challenges to future funding?	19%	42%	68%	69%	93%	52%
5(a) Does it give details of how the charity is organised and governed (e.g. legal structure, membership role of the board/board committees, appointment and term of directors, registered office, accountants/auditor, solicitors, principal bankers)?	31%	93%	79%	98%	89%	74%
5(b) Does it disclose the names of the Board Chairperson, Company Secretary and the CEO or manager of the charity?	88%	23%	75%	88%	93%	70%
5(c) Does it provide details of board meeting and board committee attendance?	1%	3%	27%	33%	52%	18%
5(d) Does it provide a profile of Board members, skills, experience, tenure/term?	1%	2%	11%	12%	26%	8%
5(e) Does it describe how conflicts of interests are managed?	1%	5%	23%	33%	48%	17%
5(f) Does it provide details of how it engages and communicates with its stakeholders?	1%	3%	18%	43%	48%	17%
5(g) Is it clear that the CEO is not a member of the board?	6%	3%	32%	48%	67%	25%
5(h) Is the CEO's remuneration package disclosed?	0%	3%	16%	21%	26%	11%
5(i) Are the salary bands of those earning over €60,000 per annum disclosed?	1%	32%	59%	86%	100%	46%
5(j) Does it provide details on how new board members are recruited, inducted and on-going development?	1%	10%	27%	31%	30%	17%
5(k) Does it provide details of the charity's decision-making process and the delegation and oversight of delegated decision-making powers?	0%	7%	36%	50%	56%	24%
5(l) Does it set out the charity's approach to risk management and does it disclose specific risks and how they are managed?	12%	25%	57%	74%	81%	43%
5(m) Does it describe the charity's approach to remuneration & performance management?	3%	2%	21%	31%	59%	17%

All key Information items	Cat 1	Cat 2	Cat 3	Cat 4	Cat 5	All Cats
5(n) Does it describe the charity's approach to investment policy?	0%	3%	23%	31%	67%	18%
5(o) Has it adopted/or is in compliance with a Governance Code?	39%	22%	30%	36%	63%	35%
5(p) Does it provide details of the number of employees and volunteers?	30%	87%	88%	90%	93%	73%
5(q) Is there a reserves policy stated?	9%	12%	52%	64%	70%	35%
5(r) Does the policy set out the target minimum reserves level?	0%	5%	20%	24%	26%	12%

- Nearly all (95%) of the annual reports included information about the charity's purpose and objectives. But in 13 of the reports, this absolutely core information was not included.
- The next three most frequent information items were details about the charity's governance, employees, volunteers, chairperson, secretary and CEO.
- The analysis of all 5 categories collectively and individually reveal a relatively low level of inclusion of key information items in the annual reports.
- Charities are missing an opportunity to engage with their stakeholders and to use their annual reports to tell the stories of their charity's in a comprehensive, transparent and accountable manner.
- Some may view the inclusion of all the 32 information items as particularly onerous and well in excess of what is required to meet the minimum compliance requirements. However, we believe that the inclusion of these information items represents good practice.
- Many charities currently focus only on meeting the legal requirement of filing financial statements with very minimal non- financial information included in these statements. While this approach may allow a compliance box to be ticked, it falls very short of meeting the good governance practice of transparency and accountability.

The details of the inclusion of the information items for each of the 5 categories can be found in Appendix 1.

Essential information items

Some people might consider the 32 key information items to be too high a bar for charities to meet. We therefore stripped these down to what we regard as the 15 absolute minimum essential information items that the annual report of every charity should include and then analysed how the annual reports in our research sample performed.

Our 15 essential information items were as follows:

Table 5: Essential information items

1(a) Is it clear what the charity's purpose and key objectives are?
2(a) Does it provide a clear review of the charity's performance for the relevant year as well as how the current year's strategy links to the longer term strategy of the charity?
2(b) Does it describe any challenges or barriers that the charity encountered that prevented or constrained the achievement of goals and describe what actions/measures the charity plans to take to address these challenges and constraints?
2(c) Does it show what was achieved in the current year in measurable goals (KPIs)?
2(e) Does it describe its future plans to achieve its strategic goals?
3(a) Does it demonstrate the difference/impact in concrete numbers and targets the charity has made in the year in terms of what it has done or achieved (outcomes) and the difference it has made (impact)?
4(a) Does it provide clear information on the funding it received by source/type?
4(c) Does it set planned actions to be taken to improve/ensure sustainability of future funding?
5(a) Does it give details of how the charity is organised and governed (e.g. legal structure, membership role of the board/board committees, appointment and term of directors, registered office, accountants/auditor, solicitors, principal bankers)?
5(b) Does it disclose the names of the Board Chairperson, Company Secretary and the CEO or manager of the charity?
5(f) Does it provide details of how it engages and communicates with its stakeholders?
5(j) Does it provide details on how new board members are recruited, inducted and on-going development?
5(l) Does it set out the charity's approach to risk management and does it disclose specific risks and how they are managed?
5(o) Has it adopted/or is in compliance with a Governance Code?
5(p) Does it provide details of the number of employees and volunteers?

Table 6: Inclusion of the 15 essential information items for all annual reports sorted by frequency of inclusion

Key information item	No. of occurrences	%
1(a) Is it clear what the charity's purpose and key objectives are?	239	95%
5(a) Does it give details of how the charity is organised and governed (e.g. legal structure, membership role of the board/board committees, appointment and term of directors, registered office, accountants/auditor, solicitors, principal bankers)?	186	74%
5(p) Does it provide details of the number of employees and volunteers?	184	73%
5(b) Does it disclose the name of the Board Chairperson, Company Secretary and the CEO or manager of the charity?	177	70%
4(a) Does it provide clear information on the funding it received by source/type?	161	64%
2(a) Does it provide a clear review of the charity's performance for the relevant year as well as how the current year's strategy links to the longer term strategy of the charity?	125	50%
5(l) Does it set out the charity's approach to risk management and does it disclose specific risks and how they are managed?	108	43%
2(e) Does it describe its future plans to achieve its strategic goals?	99	39%
2(c) Does it show what was achieved in the current year in measurable goals (KPIs)?	97	38%
5(o) Has it adopted/or is in compliance with a Governance Code?	88	35%
2(b) Does it describe any challenges or barriers that the charity encountered that prevented or constrained the achievement of goals and describe what actions/measures the charity plans to take to address these challenges and constraints?	85	34%
4(c) Does it set planned actions to be taken to improve/ensure sustainability of future funding?	77	31%
3(a) Does it demonstrate the difference/impact in concrete numbers and targets the charity has made in the year in terms of what it has done or achieved (outcomes) and the difference it has made (impact)?	50	20%
5(f) Does it provide details of how it engages and communicates with its stakeholders?	44	17%
5(j) Does it provide details on how new board members are recruited, inducted and on-going development?	43	17%

Sample size: 252

- Only half of the annual reports provided a clear review of the charity's performance
- Very few (17%) of the reports provided details of how they engage with their stakeholders or how new board members/trustees are recruited, inducted and developed.

Table 7: Inclusion of the 15 essential information items summarised as a heat map

15 Essential data items	Cat 1	Cat 2	Cat 3	Cat 4	Cat 5	All Cats
1(a) Is it clear what the charity's purpose and key objectives are?	90%	90%	100%	100%	100%	95%
2(a) Does it provide a clear review of the charity's performance for the relevant year as well as how the current year's strategy links to the longer term strategy of the organisation?	16%	28%	64%	93%	93%	50%
2(b) Does it describe any challenges or barriers that the charity encountered that prevented or constrained the achievement of goals and describe what actions/measures the organisation plans to take to address these challenges and constraints?	13%	13%	55%	56%	56%	34%
2(c) Does it show what was achieved in the current year in measurable goals (KPIs)?	12%	15%	46%	81%	81%	38%
2(e) Does it describe its future plans to achieve its strategic goals?	15%	20%	54%	63%	63%	39%
3(a) Does it demonstrate the difference/impact in concrete numbers and targets the charity has made in the year in terms of what it has done or achieved (outcomes) and the difference it has made (impact)?	0%	10%	25%	33%	33%	20%
4(a) Does it provide clear information on the funding it received by source/type?	27%	60%	91%	89%	89%	64%
4(c) Does it set planned actions to be taken to improve/ensure sustainability of future funding?	9%	17%	38%	74%	74%	31%
5(a) Does it give details of how the charity is organised and governed (e.g. legal structure, membership role of the board/board committees, appointment and term of directors, registered office, accountants/auditor, solicitors, principal bankers)?	31%	93%	79%	89%	89%	74%
5(b) Does it disclose the names of the Board Chairperson, Company Secretary and the CEO or manager of the charity?	88%	23%	75%	93%	93%	70%
5(f) Does it provide details of how it engages and communicates with its stakeholders?	1%	3%	18%	48%	48%	17%
5(j) Does it provide details on how new board members are recruited, inducted and on-going development?	1%	10%	27%	30%	30%	17%
5(l) Does it set out the charity's approach to risk management and does it disclose specific risks and how they are managed?	12%	25%	57%	81%	81%	43%
5(o) Has it adopted/or is in compliance with a Governance Code?	39%	22%	30%	63%	63%	35%
5(p) Does it provide details of the number of employees and volunteers?	30%	87%	88%	93%	93%	73%

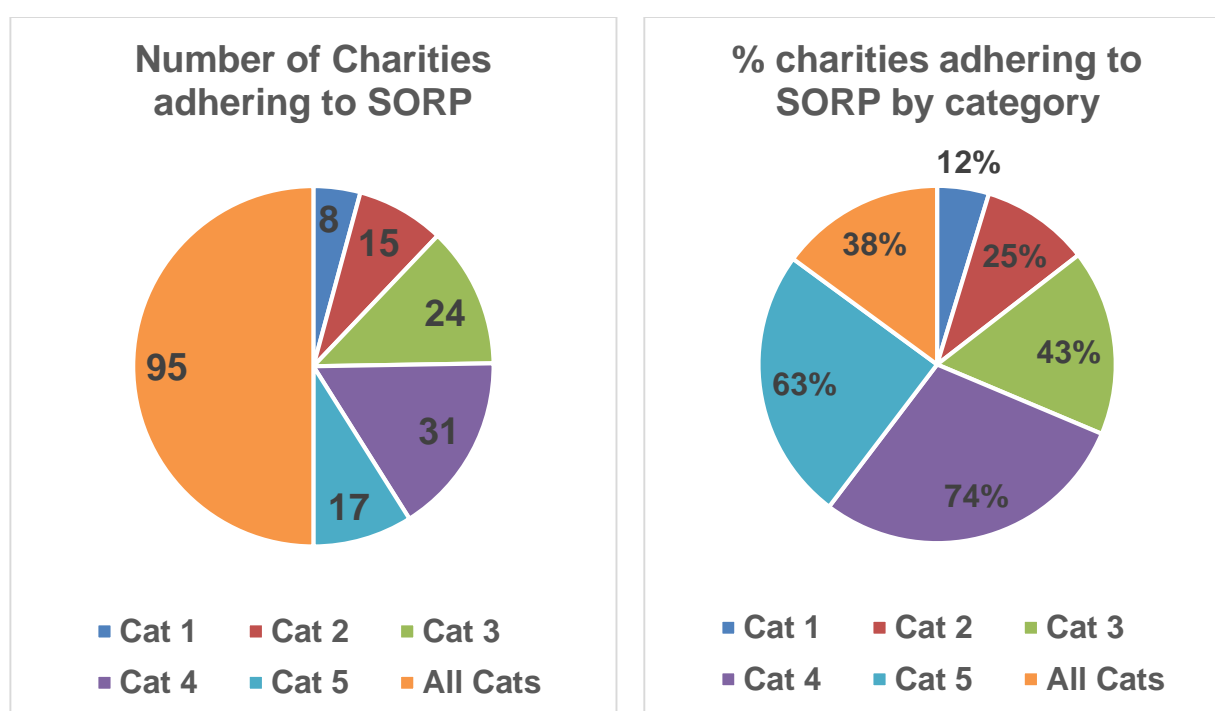
Sample size: 252

The details of the inclusion of the essential information items⁸ for each of the 5 categories can be found in Appendix 2.

Meeting the Charities SORP Standard

The Charities Statement of Recommended Practice (SORP) is a guideline for preparing annual accounts and financial reports with a true and fair view. In order to get an idea of how many of the charities analysed adhere to SORP, we included an analysis. Below is the analysis of charities that adhere to SORP from the sample:

Chart 4: Number and percentage of charities adhering to the SORP standard by category



Below is an analysis of charities that adhere to SORP based on analysis by Benefacts of incorporated charities totaling ~4,500 organisations:

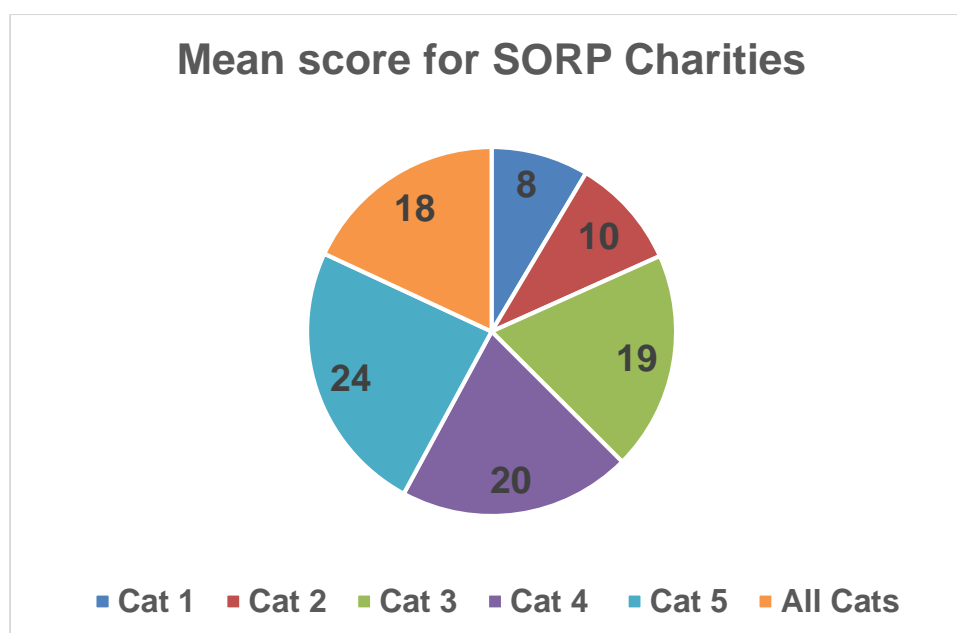
⁸ The 15 essential items is a subjective list of what we believe that as a minimum should be included in a charity's annual report.

Table 8: Numbers of charities adhering to SORP

Category	Number of Orgs	No. of Orgs adhering to SORP	% of Orgs Adhering to SORP
Category 1 (<250k)	1,373	146	11%
Category 2 (250k - 1m)	908	193	21%
Category 3 (1m - 5m)	387	141	36%
Category 4 (5m - 15m)	106	55	52%
Category 5 (> 15m)	59	29	49%
Total excluding Abridged	2,833	564	20%
Abridged	1,632	10	1%
Overall Total	4,465	574	13%

Source: Benefacts

Chart 5: Average (Mean) inclusion of the key information items by category for charities who have used SORP



- There is a general trend that shows a greater percentage of charities adhering to SORP⁹ as the income categories increase. However, one exception lies in the fact that there was a greater percentage of category 4 charities adhering to SORP (74%) than category 5 charities adhering to SORP (63%).
- Only 12% of charities in category 1 and 25% of charities in category 2 adhere to SORP. These low numbers Category 1 are expected as it is unlikely that the SORP standard will be required for charities with an income of less than €250,000.
- The mean inclusion scores for charities adhering to SORP are higher in each of the categories compared to the overall mean scores. It was 8 items for the SORP charities in category 1 compared to 5 for all Cat 1 charities. For Cat 5 it was 24 items included for the SORP charities compared to 20 for all the Cat 5 charities.

⁹ In the more detailed assessment of charities' adherence to SORP that is conducted in the Good Governance Awards at the technical review stage of the process, we have found that many organisations will refer in the Directors' Report and/or the accounting policies to applying SORP but when fully assessed it is found that the actual adherence to SORP is limited. In this review exercise, no assessment of the actual adherence was conducted and the claims in the Annual Report were taken at face value.

Appendices

Appendix 1: Inclusion of the 32 key information items for each Category

Table 9: Inclusion of the 32 key information items for Category 1 annual reports sorted by frequency of inclusion

Key information item	No. of occurrences	%
1(a) Is it clear what the charity's purpose and key objectives are?	60	90%
5(b) Does it disclose the names of the Board Chairperson, Company Secretary and the CEO or manager of the charity?	59	88%
5(o) Has it adopted/or is in compliance with a Governance Code?	26	39%
5(a) Does it give details of how the charity is organised and governed (e.g. legal structure, membership role of the board/board committees, appointment and term of directors, registered office, accountants/auditor, solicitors, principal bankers)?	21	31%
5(p) Does it provide details of the number of employees and volunteers?	20	30%
4(a) Does it provide clear information on the funding it received by source/type?	18	27%
1(b) Does the charity state its core values?	14	21%
4(d) Does it comment on continuing availability of funding and highlight any risks/challenges to future funding?	13	19%
2(a) Does it provide a clear review of the charity's performance for the relevant year as well as how the current year's strategy links to the longer term strategy of the charity?	11	16%
2(e) Does it describe its future plans to achieve its strategic goals?	10	15%
2(b) Does it describe any challenges or barriers that the charity encountered that prevented or constrained the achievement of goals and describe what actions/measures the charity plans to take to address these challenges and constraints?	9	13%
2(c) Does it show what was achieved in the current year in measurable goals (KPIs)?	8	12%
5(l) Does it set out the charity's approach to risk management and does it disclose specific risks and how they are managed?	8	12%
4(c) Does it set planned actions to be taken to improve/ensure sustainability of future funding?	6	9%
5(q) Is there a reserves policy stated?	6	9%

Key information item	No. of occurrences	%
2(d) Does it show year-on-year progress (or decline) against those goals/KPIs?	4	6%
5(g) Is it clear that the CEO is not a member of the board?	4	6%
5(m) Does it describe the charity's approach to remuneration & performance management?	2	3%
5(c) Does it provide details of board meeting and board committee attendance?	1	1%
5(d) Does it provide a profile of Board members, skills, experience, tenure/term?	1	1%
5(e) Does it describe how conflicts of interests are managed?	1	1%
5(f) Does it provide details of how it engages and communicates with its stakeholders?	1	1%
5(i) Are the salary bands of those earning over €60,000 per annum disclosed?	1	1%
5(j) Does it provide details on how new board members are recruited, inducted and on-going development?	1	1%
1(c) Does it provide an insightful commentary on the charity's broader sector/ environment?	0	0%
3(a) Does it demonstrate the difference/impact in concrete numbers and targets the charity has made in the year in terms of what it has done or achieved (outcomes) and the difference it has made (impact)?	0	0%
3(b) Does it provide measures of outputs, outcomes and impact – e.g. use of case studies and testimonials?	0	0%
4(b) Does it provide commentary analysis or explanatory information on key movements in funding from the previous years?	0	0%
5(h) Is the CEO's remuneration package disclosed?	0	0%
5(k) Does it provide details of the charity's decision-making process and the delegation and oversight of delegated decision-making powers?	0	0%
5(n) Does it describe the charity's approach to investment policy?	0	0%
5(r) Does the policy set out the target minimum reserves level?	0	0%

Sample size: 67

- 90% of the Category 1 annual reports included information about the charity's purpose and objectives.
- 88% included details about the charity's chairperson, secretary and CEO.
- After those two items there is a big drop with less than half including any of the information items and eight of the items were not included in any of the reports.

Table 10: Inclusion of the 32 key information items for Category 2 annual reports sorted by frequency of inclusion

Key information item	No. of occurrences	%
5(a) Does it give details of how the charity is organised and governed (e.g. legal structure, membership role of the board/board committees, appointment and term of directors, registered office, accountants/auditor, solicitors, principal bankers)?	56	93%
1(a) Is it clear what the charity's purpose and key objectives are?	54	90%
5(p) Does it provide details of the number of employees and volunteers?	52	87%
4(a) Does it provide clear information on the funding it received by source/type?	36	60%
4(d) Does it comment on continuing availability of funding and highlight any risks/challenges to future funding?	25	42%
5(i) Are the salary bands of those earning over €60,000 per annum disclosed?	19	32%
2(a) Does it provide a clear review of the charity's performance for the relevant year as well as how the current year's strategy links to the longer term strategy of the charity?	17	28%
5(l) Does it set out the charity's approach to risk management and does it disclose specific risks and how they are managed?	15	25%
5(b) Does it disclose the name of the Board Chairperson, Company Secretary and the CEO or manager of the charity?	14	23%
5(o) Has it adopted/or is in compliance with a Governance Code?	13	22%
2(e) Does it describe its future plans to achieve its strategic goals?	12	20%
4(c) Does it set planned actions to be taken to improve/ensure sustainability of future funding?	10	17%
2(c) Does it show what was achieved in the current year in measurable goals (KPIs)?	9	15%
2(b) Does it describe any challenges or barriers that the charity encountered that prevented or constrained the achievement of goals and describe what actions/measures the charity plans to take to address these challenges and constraints?	8	13%
5(q) Is there a reserves policy stated?	7	12%

Key information item	No. of occurrences	%
3(a) Does it demonstrate the difference/impact in concrete numbers and targets the charity has made in the year in terms of what it has done or achieved (outcomes) and the difference it has made (impact)?	6	10%
5(j) Does it provide details on how new board members are recruited, inducted and on-going development?	6	10%
2(d) Does it show year-on-year progress (or decline) against those goals/KPIs?	5	8%
3(b) Does it provide measures of outputs, outcomes and impact – e.g. use of case studies and testimonials?	4	7%
4(b) Does it provide commentary analysis or explanatory information on key movements in funding from the previous years?	4	7%
5(k) Does it provide details of the charity's decision-making process and the delegation and oversight of delegated decision-making powers?	4	7%
1(c) Does it provide an insightful commentary on the charity's broader sector/ environment?	3	5%
5(e) Does it describe how conflicts of interests are managed?	3	5%
5(r) Does the policy set out the target minimum reserves level?	3	5%
1(b) Does the charity state its core values?	2	3%
5(c) Does it provide details of board meeting and board committee attendance?	2	3%
5(f) Does it provide details of how it engages and communicates with its stakeholders?	2	3%
5(g) Is it clear that the CEO is not a member of the board?	2	3%
5(h) Is the CEO's remuneration package disclosed?	2	3%
5(n) Does it describe the charity's approach to investment policy?	2	3%
5(d) Does it provide a profile of Board members, skills, experience, tenure/term?	1	2%
5(m) Does it describe the charity's approach to remuneration & performance management?	1	2%

Sample size: 60

- There is some improvement in the number of the key information items including in the annual reports of the Category 2 charities reviewed, but the improvement is relatively modest with only 4 of the information items being included in more than half of the annual reports.
- 15 of the information items are included in less than 10% of the reports.

Table 11: Inclusion of the 32 key information items for Category 3 annual reports sorted by frequency of inclusion

Key information item	No. of occurrences	%
1(a) Is it clear what the charity's purpose and key objectives are?	56	100%
4(a) Does it provide clear information on the funding it received by source/type?	51	91%
5(p) Does it provide details of the number of employees and volunteers?	49	88%
5(a) Does it give details of how the charity is organised and governed (e.g. legal structure, membership role of the board/board committees, appointment and term of directors, registered office, accountants/auditor, solicitors, principal bankers)?	44	79%
5(b) Does it disclose the names of the Board Chairperson, Company Secretary and the CEO or manager of the charity?	42	75%
4(d) Does it comment on continuing availability of funding and highlight any risks/challenges to future funding?	38	68%
2(a) Does it provide a clear review of the charity's performance for the relevant year as well as how the current year's strategy links to the longer term strategy of the charity?	36	64%
5(i) Are the salary bands of those earning over €60,000 per annum disclosed?	33	59%
5(l) Does it set out the charity's approach to risk management and does it disclose specific risks and how they are managed?	32	57%
2(b) Does it describe any challenges or barriers that the charity encountered that prevented or constrained the achievement of goals and describe what actions/measures the charity plans to take to address these challenges and constraints?	31	55%
2(e) Does it describe its future plans to achieve its strategic goals?	30	54%
5(q) Is there a reserves policy stated?	29	52%
2(c) Does it show what was achieved in the current year in measurable goals (KPIs)?	26	46%
1(b) Does the charity state its core values?	21	38%
4(c) Does it set planned actions to be taken to improve/ensure sustainability of future funding?	21	38%
5(k) Does it provide details of the charity's decision-making process and the delegation and oversight of delegated decision-making powers?	20	36%
5(g) Is it clear that the CEO is not a member of the board?	18	32%

Key information item	No. of occurrences	%
5(o) Has it adopted/or is in compliance with a Governance Code?	17	30%
4(b) Does it provide commentary analysis or explanatory information on key movements in funding from the previous years?	15	27%
5(c) Does it provide details of board meeting and board committee attendance?	15	27%
5(j) Does it provide details on how new board members are recruited, inducted and on-going development?	15	27%
2(d) Does it show year-on-year progress (or decline) against those goals/KPIs?	14	25%
3(a) Does it demonstrate the difference/impact in concrete numbers and targets the charity has made in the year in terms of what it has done or achieved (outcomes) and the difference it has made (impact)?	14	25%
5(e) Does it describe how conflicts of interests are managed?	13	23%
5(n) Does it describe the charity's approach to investment policy?	13	23%
1(c) Does it provide an insightful commentary on the charity's broader sector/ environment?	12	21%
3(b) Does it provide measures of outputs, outcomes and impact – e.g. use of case studies and testimonials?	12	21%
5(m) Does it describe the charity's approach to remuneration & performance management?	12	21%
5(r) Does the policy set out the target minimum reserves level?	11	20%
5(f) Does it provide details of how it engages and communicates with its stakeholders?	10	18%
5(h) Is the CEO's remuneration package disclosed?	9	16%
5(d) Does it provide a profile of Board members, skills, experience, tenure/term?	6	11%

Sample size: 56

- Twelve of the information items were included in over half of the Category 3 annual reports.
- However only 6 (11%) included a profile of its board members/trustees and tenure in their reports.

Table 12: Inclusion of the 32 key information items for Category 4 annual reports sorted by frequency of inclusion

Key information item	No. of occurrences	%
1(a) Is it clear what the charity's purpose and key objectives are?	42	100%
5(a) Does it give details of how the charity is organised and governed (e.g. legal structure, membership role of the board/board committees, appointment and term of directors, registered office, accountants/auditor, solicitors, principal bankers)?	41	98%
5(p) Does it provide details of the number of employees and volunteers?	38	90%
5(b) Does it disclose the names of the Board Chairperson, Company Secretary and the CEO or manager of the charity?	37	88%
2(a) Does it provide a clear review of the charity's performance for the relevant year as well as how the current year's strategy links to the longer term strategy of the charity?	36	86%
5(i) Are the salary bands of those earning over €60,000 per annum disclosed?	36	86%
2(c) Does it show what was achieved in the current year in measurable goals (KPIs)?	32	76%
4(a) Does it provide clear information on the funding it received by source/type?	32	76%
5(l) Does it set out the charity's approach to risk management and does it disclose specific risks and how they are managed?	31	74%
2(e) Does it describe its future plans to achieve its strategic goals?	30	71%
4(d) Does it comment on continuing availability of funding and highlight any risks/challenges to future funding?	29	69%
5(q) Is there a reserves policy stated?	27	64%
1(b) Does the charity state its core values?	24	57%
2(b) Does it describe any challenges or barriers that the charity encountered that prevented or constrained the achievement of goals and describe what actions/measures the charity plans to take to address these challenges and constraints?	22	52%
3(a) Does it demonstrate the difference/impact in concrete numbers and targets the charity has made in the year in terms of what it has done or achieved (outcomes) and the difference it has made (impact)?	21	50%

Key information item	No. of occurrences	%
5(k) Does it provide details of the charity's decision-making process and the delegation and oversight of delegated decision-making powers?	21	50%
4(c) Does it set planned actions to be taken to improve/ensure sustainability of future funding?	20	48%
5(g) Is it clear that the CEO is not a member of the board?	20	48%
1(c) Does it provide an insightful commentary on the charity's broader sector/ environment?	18	43%
2(d) Does it show year-on-year progress (or decline) against those goals/KPIs?	18	43%
5(f) Does it provide details of how it engages and communicates with its stakeholders?	18	43%
5(o) Has it adopted/or is in compliance with a Governance Code?	15	36%
3(b) Does it provide measures of outputs, outcomes and impact – e.g. use of case studies and testimonials?	14	33%
5(c) Does it provide details of board meeting and board committee attendance?	14	33%
5(e) Does it describe how conflicts of interests are managed?	14	33%
5(j) Does it provide details on how new board members are recruited, inducted and on-going development?	13	31%
5(m) Does it describe the charity's approach to remuneration & performance management?	13	31%
5(n) Does it describe the charity's approach to investment policy?	13	31%
5(r) Does the policy set out the target minimum reserves level?	10	24%
5(h) Is the CEO's remuneration package disclosed?	9	21%
4(b) Does it provide commentary analysis or explanatory information on key movements in funding from the previous years?	8	19%
5(d) Does it provide a profile of Board members, skills, experience, tenure/term?	5	12%

Sample size: 42

- Half (16) of the key information items in 50% of the Category 4 annual reports.
- Again as with the Category 3 reports a very low number, only 5 (12%) included a profile of its board members/trustees and tenure in their reports.

Table 13: Inclusion of the 32 key information items for Category 5 annual reports sorted by frequency of inclusion

Key information item	No. of occurrences	%
1(a) Is it clear what the charity's purpose and key objectives are?	27	100%
5(i) Are the salary bands of those earning over €60,000 per annum disclosed?	27	100%
2(a) Does it provide a clear review of the charity's performance for the relevant year as well as how the current year's strategy links to the longer term strategy of the charity?	25	93%
4(d) Does it comment on continuing availability of funding and highlight any risks/challenges to future funding?	25	93%
5(b) Does it disclose the names of the Board Chairperson, Company Secretary and the CEO or manager of the charity?	25	93%
5(p) Does it provide details of the number of employees and volunteers?	25	93%
4(a) Does it provide clear information on the funding it received by source/type?	24	89%
5(a) Does it give details of how the charity is organised and governed (e.g. legal structure, membership role of the board/board committees, appointment and term of directors, registered office, accountants/auditor, solicitors, principal bankers)?	24	89%
2(c) Does it show what was achieved in the current year in measurable goals (KPIs)?	22	81%
5(l) Does it set out the charity's approach to risk management and does it disclose specific risks and how they are managed?	22	81%
4(c) Does it set planned actions to be taken to improve/ensure sustainability of future funding?	20	74%
5(q) Is there a reserves policy stated?	19	70%
5(g) Is it clear that the CEO is not a member of the board?	18	67%
5(n) Does it describe the charity's approach to investment policy?	18	67%
1(b) Does the charity state its core values?	17	63%
2(e) Does it describe its future plans to achieve its strategic goals?	17	63%
5(o) Has it adopted/or is in compliance with a Governance Code?	17	63%
5(m) Does it describe the charity's approach to remuneration & performance management?	16	59%

Key information item	No. of occurrences	%
2(b) Does it describe any challenges or barriers that the charity encountered that prevented or constrained the achievement of goals and describe what actions/measures the charity plans to take to address these challenges and constraints?	15	56%
5(k) Does it provide details of the charity's decision-making process and the delegation and oversight of delegated decision-making powers?	15	56%
2(d) Does it show year-on-year progress (or decline) against those goals/KPIs?	14	52%
4(b) Does it provide commentary analysis or explanatory information on key movements in funding from the previous years?	14	52%
5(c) Does it provide details of board meeting and board committee attendance?	14	52%
5(e) Does it describe how conflicts of interests are managed?	13	48%
5(f) Does it provide details of how it engages and communicates with its stakeholders?	13	48%
1(c) Does it provide an insightful commentary on the charity's broader sector/ environment?	9	33%
3(a) Does it demonstrate the difference/impact in concrete numbers and targets the charity has made in the year in terms of what it has done or achieved (outcomes) and the difference it has made (impact)?	9	33%
5(j) Does it provide details on how new board members are recruited, inducted and on-going development?	8	30%
3(b) Does it provide measures of outputs, outcomes and impact – e.g. use of case studies and testimonials?	7	26%
5(d) Does it provide a profile of Board members, skills, experience, tenure/term?	7	26%
5(h) Is the CEO's remuneration package disclosed?	7	26%
5(r) Does the policy set out the target minimum reserves level?	7	26%

Sample size: 27

- 10 of the key information items were included in over 80% of the Category 5 annual reports. 23 of the information items were included in over half of the report.
- However only 7 (26%) of the annual reports of these large charities disclosed the CEO's remuneration package or what they had set as their target minimum reserves level.

Appendix 2: Inclusion of essential information items by category

Table 14: Inclusion of the 15 essential information items for Category 1 annual reports sorted by frequency of inclusion

Key information item	No. of occurrences	%
1(a) Is it clear what the charity's purpose and key objectives are?	60	90%
5(b) Does it disclose the names of the Board Chairperson, Company Secretary and the CEO or manager of the charity?	59	88%
5(o) Has it adopted/or is in compliance with a Governance Code?	26	39%
5(a) Does it give details of how the charity is organised and governed (e.g. legal structure, membership role of the board/board committees, appointment and term of directors, registered office, accountants/auditor, solicitors, principal bankers)?	21	31%
5(p) Does it provide details of the number of employees and volunteers?	20	30%
4(a) Does it provide clear information on the funding it received by source/type?	18	27%
2(a) Does it provide a clear review of the charity's performance for the relevant year as well as how the current year's strategy links to the longer term strategy of the charity?	11	16%
2(e) Does it describe its future plans to achieve its strategic goals?	10	15%
2(b) Does it describe any challenges or barriers that the charity encountered that prevented or constrained the achievement of goals and describe what actions/measures the charity plans to take to address these challenges and constraints?	9	13%
2(c) Does it show what was achieved in the current year in measurable goals (KPIs)?	8	12%
5(l) Does it set out the charity's approach to risk management and does it disclose specific risks and how they are managed?	8	12%
4(c) Does it set planned actions to be taken to improve/ensure sustainability of future funding?	6	9%
5(f) Does it provide details of how it engages and communicates with its stakeholders?	1	1%
5(j) Does it provide details on how new board members are recruited, inducted and on-going development?	1	1%
3(a) Does it demonstrate the difference/impact in concrete numbers and targets the charity has made in the year in terms of what it has done or achieved (outcomes) and the difference it has made (impact)?	0	0%

Sample size: 67

- For category 1 charities, the average number of essential key information items met out of 15 is 4.

Table 15: Inclusion of the 15 essential information items for Category 2 annual reports sorted by frequency of inclusion

Key information item	No. of occurrences	%
5(a) Does it give details of how the charity is organised and governed (e.g. legal structure, membership role of the board/board committees, appointment and term of directors, registered office, accountants/auditor, solicitors, principal bankers)?	56	93%
1(a) Is it clear what the charity's purpose and key objectives are?	54	90%
5(p) Does it provide details of the number of employees and volunteers?	52	87%
4(a) Does it provide clear information on the funding it received by source/type?	36	60%
2(a) Does it provide a clear review of the charity's performance for the relevant year as well as how the current year's strategy links to the longer term strategy of the charity?	17	28%
5(l) Does it set out the charity's approach to risk management and does it disclose specific risks and how they are managed?	15	25%
5(b) Does it disclose the names of the Board Chairperson, Company Secretary and the CEO or manager of the charity?	14	23%
5(o) Has it adopted/or is in compliance with a Governance Code?	13	22%
2(e) Does it describe its future plans to achieve its strategic goals?	12	20%
4(c) Does it set planned actions to be taken to improve/ensure sustainability of future funding?	10	17%
2(c) Does it show what was achieved in the current year in measurable goals (KPIs)?	9	15%
2(b) Does it describe any challenges or barriers that the charity encountered that prevented or constrained the achievement of goals and describe what actions/measures the charity plans to take to address these challenges and constraints?	8	13%
3(a) Does it demonstrate the difference/impact in concrete numbers and targets the charity has made in the year in terms of what it has done or achieved (outcomes) and the difference it has made (impact)?	6	10%
5(j) Does it provide details on how new board members are recruited, inducted and on-going development?	6	10%
5(f) Does it provide details of how it engages and communicates with its stakeholders?	2	3%

Sample size: 60

- For category 2, the average number of essential key information items met out of 15 is 5.

Table 16: Inclusion of the 15 essential information items for Category 3 annual reports sorted by frequency of inclusion

Key information item	No. of occurrences	%
1(a) Is it clear what the charity's purpose and key objectives are?	56	100%
4(a) Does it provide clear information on the funding it received by source/type?	51	91%
5(p) Does it provide details of the number of employees and volunteers?	49	88%
5(a) Does it give details of how the charity is organised and governed (e.g. legal structure, membership role of the board/board committees, appointment and term of directors, registered office, accountants/auditor, solicitors, principal bankers)?	44	79%
5(b) Does it disclose the names of the Board Chairperson, Company Secretary and the CEO or manager of the charity?	42	75%
2(a) Does it provide a clear review of the charity's performance for the relevant year as well as how the current year's strategy links to the longer term strategy of the charity?	36	64%
5(l) Does it set out the charity's approach to risk management and does it disclose specific risks and how they are managed?	32	57%
2(b) Does it describe any challenges or barriers that the charity encountered that prevented or constrained the achievement of goals and describe what actions/measures the charity plans to take to address these challenges and constraints?	31	55%
2(e) Does it describe its future plans to achieve its strategic goals?	30	54%
2(c) Does it show what was achieved in the current year in measurable goals (KPIs)?	26	46%
4(c) Does it set planned actions to be taken to improve/ensure sustainability of future funding?	21	38%
5(o) Has it adopted/or is in compliance with a Governance Code?	17	30%
5(j) Does it provide details on how new board members are recruited, inducted and on-going development?	15	27%
3(a) Does it demonstrate the difference/impact in concrete numbers and targets the charity has made in the year in terms of what it has done or achieved (outcomes) and the difference it has made (impact)?	14	25%
5(f) Does it provide details of how it engages and communicates with its stakeholders?	10	18%

Sample size: 56

- For category 3, the average number of essential key information items met out of 15 is 8, which is 56% of the essential key information items.

Table 17: Inclusion of the 15 essential information items for Category 4 annual reports sorted by frequency of inclusion

Key information item	No. of occurrences	%
1(a) Is it clear what the charity's purpose and key objectives are?	42	100%
5(a) Does it give details of how the charity's is organised and governed (e.g. legal structure, membership role of the board/board committees, appointment and term of directors, registered office, accountants/auditor, solicitors, principal bankers)?	41	98%
5(p) Does it provide details of the number of employees and volunteers?	38	90%
5(b) Does it disclose the names of the Board Chairperson, Company Secretary and the CEO or manager of the charity?	37	88%
2(a) Does it provide a clear review of the charity's performance for the relevant year as well as how the current year's strategy links to the longer term strategy of the charity?	36	86%
2(c) Does it show what was achieved in the current year in measurable goals (KPIs)?	32	76%
4(a) Does it provide clear information on the funding it received by source/type?	32	76%
5(l) Does it set out the charity's approach to risk management and does it disclose specific risks and how they are managed?	31	74%
2(e) Does it describe its future plans to achieve its strategic goals?	30	71%
2(b) Does it describe any challenges or barriers that the charity encountered that prevented or constrained the achievement of goals and describe what actions/measures the charity plans to take to address these challenges and constraints?	22	52%
3(a) Does it demonstrate the difference/impact in concrete numbers and targets the charity has made in the year in terms of what it has done or achieved (outcomes) and the difference it has made (impact)?	21	50%
4(c) Does it set planned actions to be taken to improve/ensure sustainability of future funding?	20	48%
5(f) Does it provide details of how it engages and communicates with its stakeholders?	18	43%
5(o) Has it adopted/or is in compliance with a Governance Code?	15	36%
5(j) Does it provide details on how new board members are recruited, inducted and on-going development?	13	31%

Sample size: 42

- For category 4, the average number of essential key information items met out of 15 is 10, which is 68% of the essential key information items.

Table 18: Inclusion of the 15 essential information items for Category 5 annual reports sorted by frequency of inclusion

Key information item	No. of occurrences	%
1(a) Is it clear what the charity's purpose and key objectives are?	27	100%
2(a) Does it provide a clear review of the charity's performance for the relevant year as well as how the current year's strategy links to the longer term strategy of the charity?	25	93%
5(b) Does it disclose the names of the Board Chairperson, Company Secretary and the CEO or manager of the charity?	25	93%
5(p) Does it provide details of the number of employees and volunteers?	25	93%
4(a) Does it provide clear information on the funding it received by source/type?	24	89%
5(a) Does it give details of how the charity is organised and governed (e.g. legal structure, membership role of the board/board committees, appointment and term of directors, registered office, accountants/auditor, solicitors, principal bankers)?	24	89%
2(c) Does it show what was achieved in the current year in measurable goals (KPIs)?	22	81%
5(l) Does it set out the charity's approach to risk management and does it disclose specific risks and how they are managed?	22	81%
4(c) Does it set planned actions to be taken to improve/ensure sustainability of future funding?	20	74%
2(e) Does it describe its future plans to achieve its strategic goals?	17	63%
5(o) Has it adopted/or is in compliance with a Governance Code?	17	63%
2(b) Does it describe any challenges or barriers that the charity encountered that prevented or constrained the achievement of goals and describe what actions/measures the charity plans to take to address these challenges and constraints?	15	56%
5(f) Does it provide details of how it engages and communicates with its stakeholders?	13	48%
3(a) Does it demonstrate the difference/impact in concrete numbers and targets the charity has made in the year in terms of what it has done or achieved (outcomes) and the difference it has made (impact)?	9	33%
5(j) Does it provide details on how new board members are recruited, inducted and on-going development?	8	30%

Sample size: 27

- For category 5, the average number of essential key information items met out of 15 is 11, which is 72% of the essential key information items.

Appendix 3: Requirements to include the data items under (1) Company Law, (2) FRS102 and (3) Charities SORP

Table 19: Requirements to include the data items under (1) Company Law, (2) FRS102 and (3) Charities SORP

Data item	Co. Law Y/N	FRS102	Charities SORP / SORP Checklist ¹⁰
1(a) Is it clear what the organisation's purpose and key objectives are?	N	N	Y
1(b) Does the organisation state its core values?	N	N	N
1(c) Does it provide an insightful commentary on the organisation's broader sector/ environment?	Y - Large companies only	N	N
Section 1	1 out 3	0 out 3	1 out 3
2(a) Does it provide a clear review of the organisation's performance for the relevant year as well as how the current year's strategy links to the longer term strategy of the organisation?	Y - business review required although tends to be brief in a lot of cases	N	Y
2(b) Does it describe any challenges or barriers that the organisation encountered that prevented or constrained the achievement of goals and describe what actions/measures the organisation plans to take to address these challenges and constraints?	N (other than requirement re principle risks and uncertainties)	N	Y - Larger charities only
2(c) Does it show what was achieved in the current year in measurable goals (KPIs)?	Y - Large companies only	N	N (larger charities 'should' do so but not an absolute requirement)
2(d) Does it show year-on-year progress (or decline) against those goals/KPIs?	N	N	N
2(e) Does it describe its future plans to achieve its strategic goals?	Y - Large companies only	N	N (larger charities 'should' do so but not an absolute requirement)
Section 2	2 out of 5	2 out of 5	2 out of 5
3(a) Does it demonstrate the difference/impact in concrete numbers and targets the NFP has made in the year in terms of what it has done or achieved (outcomes) and the difference it has made (impact)?	N	N	N (larger charities 'should' do so but not an absolute requirement)

¹⁰ Regarding compliance with SORP, there are three levels - **must**, **should**, and **may**. Only non-compliance with a **must** is deemed non-adherence to SORP.

Data item	Co. Law Y/N	FRS102	Charities SORP / SORP Checklist ¹⁰
3(b) Does it provide measures of outputs, outcomes and impact – e.g. use of case studies and testimonials?	N	N	N (larger charities 'should' do so but not an absolute requirement)
Section 3	0 out of 2	0 out of 2	0 out of 2
4(a) Does it provide clear information on the funding it received by source/type?	N	N	Y
4(b) Does it provide commentary analysis or explanatory information on key movements in funding from the previous years?	N	N	Y
4(c) Does it set planned actions to be taken to improve/ensure sustainability of future funding?	N	N	N
4(d) Does it comment on continuing availability of funding and highlight any risks/challenges to future funding?	N	N	Y (larger charities only)
Section 4	0 out of 4	0 out of 4	2 out of 4
5(a) Does it give details of how the NFP is organised and governed (e.g. legal structure, membership role of the board/board committees, appointment and term of directors, registered office, accountants/auditor, solicitors, principal bankers)?	N	N	Y
5(b) Does it disclose the name of the Board Chairperson, Company Secretary and the CEO or manager of the organisation?	Y* - only directors required	N	Y - Larger charities only
5(c) Does it provide details of board meeting and board committee attendance?	N	N	N
5(d) Does it provide a profile of Board members, skills, experience, tenure/term?	N	N	N
5(e) Does it describe how conflicts of interests are managed?	N	N	N
5(f) Does it provide details of how it engages and communicates with its stakeholders?	N	N	N
5(g) Is it clear that the CEO is not a member of the board?	N	N	N
5(h) Is the CEO's remuneration package disclosed?	N	N	N - Larger charities 'may'
5(i) Are the salary bands of those earning over €60,000 per annum disclosed?	N	N	Y

Data item	Co. Law Y/N	FRS102	Charities SORP / SORP Checklist ¹⁰
5(j) Does it provide details on how new board members are recruited, inducted and on-going development?	N	N	Y
5(k) Does it provide details of the organisation's decision-making process and the delegation and oversight of delegated decision-making powers?	N	N	Y - Larger charities only
5(l) Does it set out the organisation's approach to risk management and does it disclose specific risks and how they are managed?	Y - principle risks & uncertainties	N	Y - Larger charities only
5(m) Does it describe the organisation's approach to remuneration & performance management?	N	N	Y* - only for key management personnel
5(n) Does it describe the organisation's approach to investment policy?	N	N	Y* - Larger charities if amounts material
5(o) Has it adopted/or is in compliance with a Governance Code?	N	N	Y* - Larger charities only
5(p) Does it provide details of the number of employees and volunteers?	N	Y* - only for employees	Y* only for employees
5(q) Is there a reserves policy stated?	N	N	Y
5(r) Does the policy set out the target minimum reserves level?	N	N	N
Section 5	2 out of 18	2 out of 18	12 out of 18
Total	5 out of 32	5 out of 32	17 out of 32