

Community Relations Council 94th Audit and Risk Assurance Committee
Thursday 31st August 2:30pm 2023
Held online

Present: Mr J McCallister (Chair of CRC Audit and Risk Assurance Committee), Mr M McDonnell (Board Member), Mr R Campbell (Board Member)

In attendance: Dr J Irwin (CRC CEO), Mr A Allen (NIAO), Ms H George (CRC EA), Ms S Nicholson (TEO), Mr P Garrity (CRC Finance Manager).

Apologies: Mr B Clerkin (ASM)

1. Welcome

The Chair welcomed members, Staff and colleagues to the 94th Audit and Risk Assurance Committee.

2. Declaration of Interests

Mr R Campbell works at the same firm as CRC's legal advisors, assisting with the FOI set out in the Risk Register and the tribunal case. There is no conflict as Mr R Campbell was not involved in the procurement process and is not involved in these legal matters.

Mr J McCallister informed the Committee that, in relation to the pension risk on the Risk Register, he was a member of the NI Assembly and sat on the Finance Committee when the piece of legislation related to this issue was tabled. There is no current conflict, however the Chair is highlighting this issue for transparency.

3. Minutes

The Board reviewed the minutes of the 93rd Audit and Risk Assurance Committee, which took place on 15th June 2023.

The minutes were approved by the Committee.

4. Matters Arising

All matters arising will be dealt with in other agenda items.

5. External Audit

Mr A Allen updated the Committee on the progress of CRC's audit by the Northern Ireland Audit Office.

The field work on the audit is complete. Only one issue has arisen that needs followed up on and that relates to how the IFRS16 leases will be handled.

The lead tenant in Equality House has accounted for the full IFRS16 lease in their 2022/23 accounts, which have been audited and approved. NIAO are now considering if this was the correct treatment, and have asked CRC to speak to TEO and DoF to seek their advice.

The CEO added that the treatment of this item should be consistent across all bodies in Equality House, therefore CRC will be in contact with ECNI to ensure this is handled in an agreed manner.

6. Internal Audit

The CEO informed the Committee that the next report from the internal auditors will be the plan for the 2023/24, which will take place in quarter four of this year.

7. Risk Register

The CEO presented the Committee with the latest Risk Register.

The Committee reviewed the Register and agreed the risk ratings, upgrading '2023/24 Resource' from amber to a red rating.

The first risk 'Implementation of DoF guidance' remains rated red. TEO contacted CRC in April to request a meeting to discuss progressing this issue. The CEO and Finance Manager attended this meeting on 19th May. TEO asked CRC to provide an update on the superannuation figure for 2022/23, which is £15,302. The number of affected staff members was 9 in 2022/23 and has already reduced to 8 in 2023/24 due to the resignation of the Funding Director. CRC await further information from TEO with a guide to the next steps in the process.

Risk two 'Staffing' remains rated red. CRC's temporary Finance Manager is working well due to previous experience and is very familiar with the reporting requirements on Arms Length Bodies. The DFAP Director will begin full time in September. CRC have begun recruiting for the Director of Funding and Development post. The application process will close on Monday 11 September.

The third risk 'NIAO Audit Fee Increase' remains rated amber. CRC's 2022/23 audit fee increased by 8% on the previous year. The Audit Committee Chair will raise this issue at the upcoming ALB ARAC Chair's forum.

The fourth risk 'NILGOSC Pension Scheme' remains rated amber. There has been no further update on the test cases proceeding through the tribunal service. The Committee and Board will be kept informed if there are any further developments.

CRC's fifth risk 'Resource 2023/24' the Committee agreed to be raised to a red rating. CRC have received the final budget, which includes the 10% cut. However, TEO have placed a 65% cash spend restriction, while the Secretary of State agrees the full budget for Northern Ireland. CRC are approaching this 65% and have asked TEO how to proceed. CRC did not receive a capital budget as part of the final budget letter and have asked TEO if any resource will be provided in this budget line. The CEO will raise these issues with TEO at the upcoming Accountability and Liaison meeting in September.

Ms S Nicholson informed the Committee that the 65% cap affects all department's budgets and ALBs. The Head of Civil Service will continue to raise this with the Secretary of State.

The Committee thanked Ms S Nicholson for her work with CRC and raising issues on the organisation's behalf.

The Committee agreed that if there has been no resolution to the 65% cap issue by the end of September then it should be raised by the Audit Committee Chair at the upcoming ALB ARAC Chair's Forum in October.

ACTION: Chair to raise the 65% cap issue at the upcoming TEO ALB ARAC Chairs Forum in October.

Mr P Garrity updated the Committee on the 2022/23 pay remit. Ms S Nicholson liaised with TEO and informed CRC that the 2021/22 pay remit template could be updated to reflect the 2022/23 figures. The Finance Team have begun work on this and will submit to TEO for approval, along with the business case. Mr P Garrity assured the Committee that the cost of this pay remit has already been factored into CRC's budget.

The Committee thanked Mr P Garrity, the CEO, and Ms S Nicholson for these updates.

8. Register of Audit Recommendations

The CEO presented the Committee with an update on the recommendations made during CRC's recent audits.

Recommendation one relates to the pension issue. There has been no further update on this. CRC await further guidance from TEO on how to resolve this issue.

Recommendation two relates to the quality of CRC's accounts. This recommendation will be reviewed once the 2022/23 NIAO audit is complete.

Recommendation three relates to the IT systems. The CEO informed the Committee that a review of the funding grant system has taken place and the teams are taking forward the proposed actions. CRC are considering upgrading Sage accounting software to a cloud based version. The costings review and business cases are currently being drafted, however, both IT system changes are dependent on CRC's resource position.

Recommendation four relates to a review of CRC's Staff Handbook. The CEO confirmed that a review took place in June 2023, and the outcome was presented to the Finance and General Purposes Committee in July. A number of recommended updates are being reviewed and will be implemented in due course. This recommendation is now marked as 'complete' and will be removed from the register.

Recommendation five relates to the review of the Engagement Team policies. This review took place in July 2023, therefore this recommendation is now marked as 'complete' and will be removed from the register.

The final recommendation relates to the review of a number of Governance and Data protection policies. Now that the DFAP Director is working full time at CRC this review will be completed in quarter three. Any recommended changes to these policies will be presented to the Finance and General Purposes Committee for approval.

The Committee thanked the CEO for this update and noted the report.

9. Investigations into Funded Groups

The CEO informed the Committee that there are currently no open investigations into groups in receipt of CRC grant funding.

The Committee asked for an update on a 2022/23 Core Fund group that the Board recently agreed to withdraw the offer from. The CEO informed the Committee that the group had been informed of the decision and the matter was now closed. No payments had been made to the group. The group are welcome to apply to CRC's funding grants for the current and incoming year.

10. Department of Finance Guidance

Ms H George presented the Committee with a number of new Department of Finance Guidance letters.

The first piece of guidance is an update to the Declaration of Interest Policy, related to employment legal matters. This guidance has been passed on to CRC's HR Manager to review and update the organisations policy if required.

The second piece of guidance is a notice to all Government Departments, asking them to provide the DoF with details of their own suspected and confirmed incidents of fraud during the year 2021-22. This relates to departments only and is not applicable to CRC. Ms H George assured the Committee that any instances or suspected incidents of fraud will always be reported to the Department, and for the period in question CRC had no incidents of fraud, as reported in the Annual Report and Accounts for that year.

The final piece of guidance is a letter from the Department of Finance to all other Govt Departments notifying them of DoF's increase in board member and Chair attendance rates. The guidance states that it is up to each Department to decide how or if the guidance will be applied to their own Boards. Ms H George informed the Board that TEO decided that the new rates would not apply to their ALBs. Ms S Nicholson explained that CRC's Board member and Chair's rates are set out in the Memorandum of Understanding, and therefore would require Ministers to make changes to rates.

The Committee thanked Ms H George for this update and noted the reports.

11. Direct Awards

Ms H George informed the Committee that there have been no direct awards made following the previous ARAC meeting.

12. Purchases Without a Price Check

Ms H George presented the Committee with a report setting out a number of purchases made following the previous meeting, that did not require a price check.

Payments include: photocopier fees; conference attendance fees; and catering for meetings held in Core Funded group's premises.

The Committee noted the report.

13. Any Other Business

None

14. Date of Next Meeting

19th October 11am – in CRC's office