

**Community Relations Council 89<sup>th</sup> Audit and Risk Assurance Committee**  
**Wednesday 14<sup>th</sup> December 11am 2022**  
**Held online**

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

**In attendance:** Dr J Irwin (CRC CEO), Ms S McMEnamin (CRC Finance Manager), Ms K Doey (NIAO), Mr B Clerkin (ASM), Ms S Nicholson (TEO), Ms H George (CRC PA).

**Apologies:** None

**1. Conflicts of Interest**

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.

**2. Minutes**

The minutes of the 88<sup>th</sup> Audit and Risk Assurance Committee, which took place on 1<sup>st</sup> September 2-22 were reviewed. The Committee approved the minutes of this meeting.

**3. Matters Arising**

i) Correspondence

The CEO presented the Committee with correspondence received from the Northern Ireland Audit Office regarding changes to the audit process and fee which will come into place in 2023.

Ms K Doey explained that changes will be made to their risk assessment and sampling processes in the next audit and the fee may increase between 10% and 20%. Ms K Doey added that training will not be necessary for audited groups, however, CRC will likely see more queries coming from NIAO during the audit.

The Committee expressed their concern with the increase in fees again, following years of fee increases.

The Committee noted the correspondence, which will be presented to the Board at the next meeting.

**4. External Audit**

i) Annual Report and Accounts

The CEO presented the Committee with CRC's final Annual Report and Accounts draft. This draft has been audited by NIAO.

The CEO informed the Committee that, due to the absence of a DFAP Director and the need to deliver the Accounts with new staff and the assistance of an external agency this audit has been more difficult than usual, however, everyone has done their best to maintain standards achieved in past audits.

She thanked CRC's staff, and the Audit Office for their work on this Report and Accounts.

The Audit and Risk Assurance Committee recommended the approval of the Annual Report and Accounts by the Board.

ii) Report to Those Charged with Governance

Ms K Doey, NI Audit Office, presented the Committee with CRC's Report to Those Charged with Governance.

Ms K Doey drew the Committee's attention to page 7 of the Report which sets out the significant risk that is tested during the audit of every organisation, relating to fraud arising from management override controls. This review found no evidence of this risk present at CRC.

The auditor found 2 priority one issue. The first issue relates to Guidance FD (DFP) 08/14, 09/18 and outstanding Pay Remits. Due to the salary adjustments for historical differences in the level of employee contributions to pension schemes, this has resulted in a potential irregular expenditure of £19,373 in the 2021-22 accounts. The Auditor assured the Committee that CRC have done all they can to progress this issue, and the power to resolve this currently sits with The Executive Office.

The second priority one issue relates to the quality of the financial reporting during the audit process. However, the Audit Office did recognise that CRC were without a DFAP Director and permanent Finance Manager during this period which contributed to this issue.

Two priority 2 issues were identified relating to CRC's accounting software not being utilised fully, and an admin issue with CRC's credit card.

The Committee thanked the Northern Ireland Audit Office for presenting. They expressed their concern at the issues raised, but recognised that the Finance team staffing difficulty affected the audit during this period. The Committee asked CRC to bring a paper to the next meeting providing assurances of the financial procedures and systems for the current financial year.

**ACTION:** CRC to bring a paper to the next ARAC providing assurances that the financial procedures and systems used in 2022/23 are appropriate.

In her role as the Accounting Officer, the CEO noted that she was pleased that CRC received an unqualified audit opinion, and although the quality of the draft accounts for the year was disappointing, work has begun to address all the issues raised.

The CEO then presented the Committee with CRC's 'Management Response' to the recommendations made by the Audit Office.

The Committee approved the Management Response.

The CEO stated that these recommendations will now be added to CRC's 'Audit Register' and updates will be provided at the next meeting. When the Board review the Annual Report and Accounts this afternoon they will then be submitted to Companies House, the NI Assembly, and the Charity Commission.

## 5. Risk Register

The CEO presented the Committee with CRC's updated Risk Register.

The 'Implementation of DoF Guidance' remains rated red as there has been no progress made on this issue.

Staff Morale remains rated amber as there has been no change. The Committee agreed that this risk should remain amber as it is well mitigated and the Chair has conducted a series of check-in meetings with staff.

'Staffing in DFAP Team' remains rated red. The CEO informed the Committee that a successful recruitment process has been conducted and a new DFAP Director is due to begin work at CRC in January 2023. The Committee agreed that this risk should remain rated red and will be reviewed at the next meeting when the new staff member has begun work at CRC.

'External Audit Fee' remains rated amber as there has been no change. The issue was raised at a recent TEO Arm's Length Body Forum, and is being reviewed by TEO.

Ms S Nicholson informed the Committee that TEO's Permanent Secretary has written to NIAO to express their ALBs' collective concern about the increase in the audit fees.

TEO have confirmed that the resources for the North Belfast Strategic Good Relations Grant will be approved and covered by TEO, outside of CRC's opening budget, however, no formal correspondence has been received on this. First payments have been made to the groups awarded funding through this grant. It was agreed that the 'North Belfast Grant Resources' risk should be deescalated and rated 'green'.

The 'Freedom of Information Request' risk remains rated amber as there has been no further correspondence from the Information Commissioners Office on this matter.

The CEO presented the Committee with CRC's 7<sup>th</sup> risk, set out in the register. This is a new risk, relating to the pension tribunal case, brought by members of the NIPSA union to a large number of department and public bodies in Northern Ireland. The Committee agreed that this risk should be rated 'amber'.

The Committee asked for issues raised in the audit related to CRC's financial systems to be added to the 'DFAP Team' risk currently in the register.

**ACTION:** CRC to add the issues raised in the audit relating to the financial systems to the 'DFAP Team' risk.

The Committee thanked the CEO for presenting this Risk Register and full Risk Depository. This will now be presented to the Board at their Annual General Meeting this afternoon.

## **6. Internal Audit**

Mr B Clerkin informed the meeting that CRC's internal audit will begin in Feb 2023. He will be meeting with the CEO in January to discuss the Audit Strategy and when field work will begin.

The Committee thanked Mr B Clerkin for this update.

## **7. Audit Investigation into Funded Groups**

The CEO presented the Committee with a Report setting out an ongoing investigation into a funded group.

She explained that CRC were contacted by TEO regarding a double funding issue relating to a group that CRC also funds. The double funding is not linked to CRC's funding, however, while TEO investigate this matter, all CRC funding to this group has been suspended at the request of TEO.

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

## **8. Audit Recommendation Register**

The CEO presented the Committee with the register of audit recommendations.

The first recommendation relates to CRC's implementation of DoF pension guidance. This issue is outside of CRC's control, and will remain on the register until progress is made by TEO and DoF.

Two recommendations on the register relate to the review of HR Handbook and the Comms policies. These reviews will take place as set out in the management response.

The CEO informed the Committee that the recommendations made during the Annual Report and Accounts audit will now be added to this register.

The Committee noted the Register.

## **9. Department of Finance Guidance**

Ms H George presented four items of Departmental Guidance to the Committee.

The first piece of guidance defines what constitutes 'Direct Awards'. The second item of guidance sets out what constitutes grant funding and procurement of resources.

The third item of guidance presented to the Committee sets out the timetable for the preparation and audit of the 2021-22 Review of Financial Process (RoFP) dry run consolidated accounts. It contains guidance on the scope of the third and final dry run, and advises on the next steps of the process.

The final guidance sets out a new process for Pay Remit approval. Recently the DoF conducted an exercise with the NI Departments, asking their opinion on a proposed new Pay Remit approval system for ALBs under their authority. The new system suggest that ALB Accounting Officers approve the implementation of all NICS Pay Remits. The Department

explains that ALBs account for 40% of all pay remits, but only 3% of all the pay bill. Therefore, this proposed change would cut down on departmental time. Departments were positive about the proposed change. Departments will now be required to respond to the DoF informing them whether they would like to be included in the new process, and letting them know to which ALBs this would be applied.

The CEO informed the Committee that this final piece of guidance was discussed at CRC's Accountability and Liaison meeting with TEO. TEO and CRC agreed that CRC's pay remits would continue to be approved by TEO due to the unresolved pension issue.

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

#### **10. Direct Awards**

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

#### **11. Small Purchases Without a Price Check**

Ms H George presented the Committee with a number of items purchased by CRC that did not require a price check:

Sage IT Support - £954  
Vipre IT Security - £658.88  
Canon printer costs - £6.20  
Xerox printer costs - £0.07

The Committee noted this report.

#### **12. Any Other Business**

None

#### **13. Date of Next Meeting**

As this meeting had been moved to mid December to accommodate the audit completion, the Committee agreed that the date of the next meeting should be moved to February 2022. Ms H George will be in touch with potential dates for this meeting.

The Chair wished Committee and Staff members a happy Christmas and New Year.