

**Community Relations Council 103<sup>rd</sup> Audit and Risk Assurance Committee**  
**Thursday 14<sup>th</sup> November 2024 11:30am**  
**CRC's Office**

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

**In attendance:** Dr J Irwin (CRC CEO), Mr P Garrity (Finance Manager), Mr R Falls  
(Cavanagh Kelly) Mr A Allen (NIAO), Ms H George (EA to CEO and Board), Ms A  
Ferguson (TEO)

**Apologies:** Mr M McDonnell (Board Member)

**Staff and TEO left the meeting**

**1. Closed Session**

The Committee held a closed session with the 2023/24 Internal Auditors and the  
External Auditors.

**Staff and TEO returned to the meeting**

**2. Welcome**

The Chair welcomed everyone to the 103rd Audit and Risk Assurance Committee.

**3. Conflict of Interests**

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

Mr McCallister previously 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.

**4. Minutes**

The Board reviewed the minutes of the 102<sup>nd</sup> Audit and Risk Assurance  
Committee, which took place on 29<sup>th</sup> August 2024.

The Committee approved the minutes.

**5. Matters Arising**

None

## **6. Review of work of Committee**

Mr J McCallister presented attendees with an evaluation of the work of the Committee for the 2023/24 year.

The report highlighted the high attendance rates of Committee members; the risks overseen and removed from the register; the audit recommendations implemented in the year; the outcome of the external audit; and the outcome of the three internal audits conducted.

The Committee noted the report and thanked Mr J McCallister for presenting.

## **7. Audit and Risk Policies**

Ms H George presented the Committee with a table setting out each of CRC's policies which relate to the work of the audit Committee.

Ms H George worked with the DFAP staff to complete the annual review of these policies, and update them based on current practice and Government Policy amendments.

The following policies were updated and will be presented to the Finance and General Purposes Committee for review and approval: Procurement Policy and Procedures; Finance Procedures Manual; Service Continuity Plan; Fraud Prevention and Fraud Response Plan; Information Security Policy.

Mr A Allen (NIAO) commended CRC on their completion and updating of a policy log. It was agreed that a report on these policies would be provided to the Committee at this meeting every year.

The Committee thanked Ms H George for this update and noted the report. The Committee noted the governance work that other members of staff have take on in the absence of a DFAP Director. They expressed their concern about the reliance on the temporary member of staff, and that this could overstretch the goodwill of staff members who have taken on this work.

The CEO informed the Committee that CRC will be completing a zero based budget exercise and will look at the admin to public facing work ratio. All governance activities that CRC staff conduct are requirements by TEO and therefore are inescapable.

She added that a paper will be presented to the Finance and General Purposes Committee looking at the options to mitigate the issues raised around finance

staffing levels. In addition a staff grading exercise is required, which the CEO has raised with TEO.

## **8. Annual Report and Accounts**

The CEO presented the Committee with CRC's Annual Report and Accounts for 2023/24. The Committee have already seen a version of this report, the first draft presented in July 2024.

Mr P Garrity took the Committee through the financial aspects of the report. CRC operated a resource budget of £3.1m and a capital budget of £30k, which was almost fully spent. There were fewer accruals taken into this year. A pension actuarial loss of £195k was reported.

The CEO thanked CRC's staff, the Audit Office and Cavanagh Kelly 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.

## **9. Report to Those Charged With Governance**

Mr R Falls, Cavanagh Kelly, presented the Committee with the Report to Those Charged with Governance.

Mr R Falls drew the Committee's attention to page 5 of the report which sets out the signification risk that is tested during the audit of every organisation, related to fraud arising from management controls. The review found no evidence of this risk present at CRC.

The auditor found one priority one issue and two priority two issues. The first issue relates to Guidance FD (DFP) 08/14, 09/18. Due to the salary adjustments for historical differences in the level of employee contributions to the pension scheme, this has resulted in a potential irregular expenditure of £14,560 in the 2023-24 accounts. The auditors recommended that CRC continue to work with TEO to resolve this issue.

The Management Response to this issue states that " Since October 2023 TEO has commenced more regular meetings with CRC to discuss the content and timetable for approval of an updated business case (previously provided by CRC to TEO in 2020). The updated Business Case was drafted and approved by CRC Pension Subgroup in December 2023 before submission to TEO on 2<sup>nd</sup> Jan 2024. CRC met with TEO on 16<sup>th</sup> January 2024 and CRC responded to queries on the draft following a meeting of its Pension Subgroup. A range of options were agreed in principle with TEO, subject to union negotiations. A meeting with the union took place on 26<sup>th</sup> March 2024 to discuss the options. The union subsequently sent a list of technical queries advising that they were seeking information but not in

negotiation at this stage. Following agreement on the responses at the Finance and General Purposes meeting on 4<sup>th</sup> July 2024, CRC responded to the union queries on 5<sup>th</sup> July 2024. The Director of Finance, Admin and Personnel who had drafted the updated business case left CRC to take up a new post in April 2024. Since then CRC has been unsuccessful in its attempts to fill the post. TEO has suggested CRC procure the assistance of an external consultant to finalise the draft business case. The Board and Finance Committee will explore this suggestion at an upcoming meeting. CRC will continue to work closely with TEO to resolve this matter”.

Issue two relates to the finance staffing levels and the reliance on an agency staff member. The auditors recommended that CRC seek to recruit staff and ensure appropriate succession planning takes place.

CRC’s response states “The CRC finance team is currently made up of two members of staff, one employed full time and the other from an agency. There is strict segregation of duties across all areas. Journals were being approved by the DFAP Director when that post was filled. These are now being approved by the CEO (Accounting Office), in the absence of a DFAP Director. CRC is very keen to permanently fill its two finance posts but has struggled to do so in a very competitive employment market. The Finance Manager role advertised again in September 2024, with no applications meeting the required criteria. CRC’s Finance and General Purposes Committee is due to discuss next steps at an upcoming meeting. As a precaution and due to the continued difficulty in filling the DFAP Director post, another member of staff will be trained to prepare and post journals, which the FM can then approve. In addition, CRC’s Finance and General Purposes Committee and Audit Committee has Board membership with strong finance, audit, and legal background who provide CRC with assistance when needed”.

The final issue raised relates to the accounting used to report CRC’s defined pension asset. The report showed a pension asset of £912,000. The actuary was given incorrect instruction to recognise the pension surplus. The auditors recommend that CRC should review reports received from its experts.

CRC’s response states “This was human error in relation to an ambiguous, detailed template, using confusing dropdown menus received from NILGOSC and completed in March for the first time by the current Interim Finance Manager and approved by the then DFAP Director before forwarding on to NILGOSC. We have since been advised by NILGOSC that it was not the first time that this sort of incident has occurred for other bodies in relation to this form. Albeit that this is the first time it has occurred in CRC; to mitigate risk in future years in relation to the completion of this form, we have made a note on our audit file”.

The Committee approved the draft Management Responses to the issues raised in the Report. The CEO added that these recommendations will now be added to CRC's Audit Recommendation Register.

The auditors drew the Committees attention to page 14 which sets out the only adjusted misstatement, which relates to the pension asset report.

One uncorrected misstatement is set out on page 15 of £42k which is below the level of materiality. Mr P Garrity explained that this was due to the accrual of grants into this financial year.

The auditor confirmed that CRC have received an unqualified audit opinion, which is presented in the C&AG's certificate on page 22-27. This will now be inserted into CRC's Annual Report and Accounts.

## **10. Internal Audit**

Mr P Garrity informed the meeting that CRC's first attempt to procure an internal auditor was unsuccessful. The team consulted with other ALBs in Equality House, and have now increased the daily rate. A second tender exercise will now be undertaken.

The CEO highlighted that there is a new requirement of internal auditors, imposed by TEO, to ensure they have independent quality assurance in place. Mr A Allen indicated that firms should already have this in place, so this should not be an obstacle.

The Committee thanked Mr P Garrity and the CEO for this update.

## **11. Risk Strategy**

The Committee reviewed the risk strategy and made no recommended changes.

This will be presented at the Board AGM this afternoon.

## **12. Risk Register and Full Risk Repository**

The CEO presented the Board with CRC's full Risk Register which contains details of all risks rated red to green.

Risk one relates to 'Compliance with DoF Guidance FD (DFP 08/14)'. This risk remains rated red. The Board will be asked at the AGM to consider procuring for assistance to complete the financial aspects of the Business Case.

Risk two, rated red, relates to CRC's Finance Staffing levels. A paper will be presented at the upcoming Finance and General Purposes Committee with options for discussion.

Risk three, rated amber, relates to the ongoing NILGOSC pension scheme case. There have been no recent updates on this issue.

Risk four, rated amber, relates to CRC's resources for the year. CRC are still awaiting a response to the recent January Monitoring Round. The October Monitoring Round provided CRC with some but not all additional funding requested.

Risk five, rated red, relates to CRC's Board member's terms of office, and the delay in receiving official confirmation from TEO of their second term.

Risk six, rated amber, relates to the tender exercise to fill the Internal Audit contract. A second tender exercise is currently ongoing. The Committee discussed this risk and agreed to raise its rating to 'red'.

The Committee approved the risk ratings and thanked the CEO for presenting the report.

### **13. Register of Audit Recommendations**

The CEO presented the Committee with CRC's one current audit recommendation, related to the pension issue.

Following today's meeting the recommendations raised during the 2023-24 audit will be added to the register and reported to the Committee at the next meeting.

The Committee noted the report.

### **14. Investigations into Funded Groups**

Ms H George informed the Committee that there are no current investigations into funded groups.

### **15. Department of Finance Guidance**

Ms H Geoge presented the Committee with three pieces of recent Department of Finance Guidance.

Guidance one relates to the completion of the Annual Theft and Fraud Return.

Guidance two provides advice to Departments and ALBs on responding to NI Audit Office recommendations.

The final publication is the Department of Finance's 2021-22 Annual Theft and Fraud Report.

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

#### **16. Direct Awards**

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

#### **17. Small Purchases without a Price Check**

Ms H George presented a paper setting out a number of purchases made by CRC which did not require a price check. These include:

Halmark Solutions HR Management Software - £2,592.00

DoF Access to NICS e-learning suite - £345

Vipre email safe send - £900

Canon printer costs - £0.04

Companies House Annual Statement submission fee - £34.00

The Committee noted the report

#### **18. Any Other Business**

None

#### **19. Date of Next Meeting**

TBC