

**Community Relations Council 76<sup>th</sup> Audit and Risk Assurance Committee**  
**Thursday 10<sup>th</sup> September 11am, held online**

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

**In attendance:** Ms J Irwin (CRC CEO), Mr G McKeown (CRC DFAP), Ms T Wilson (CRC Finance), Ms H George (CRC PA), Ms K Doey (NIAO), Ms A McMaw (ASM)

**Apologies:** Ms S Nicholson (TEO)

**1. Welcome**

The Chair welcomed and thanked the Committee for attending today's meeting.

**2. Minutes**

Two amendments to the minutes were proposed:

Page 2 – wording to be amended to read 'Information Sharing Agreements were not signed by CRC'

Page 1 – Cost of Audit to be amended to read '£20,130'

On the addition of these amendments the Audit and Risk Assurance Committee agreed these minutes.

**3. Internal Audit**

i) CRC's Covid-19 Arrangements

Ms A McMaw presented the Audit Committee with a summary of the Internal Audit report into CRC's Covid-19 arrangements. This audit reviewed: the business continuity arrangements on CRCs IT Controls; financial controls; governance arrangements and IT related expenditure.

The audit found that CRC's arrangements are up to date and reflect the necessary controls. The report noted that CRC are reviewing policies and procedures to bring them into line with the future blended working arrangements. The report noted that CRC are reviewing and consider how staff might return to the office and how this will be managed.

Ms A McMaw informed the Committee that this internal audit has received a 'satisfactory' rating.

The Audit Committee thanked Ms A McMaw for presenting the report and welcomed the recommendations.

The CEO added that CRC take assurances from this audit which reported that Covid-19 arrangements are satisfactory. CRC have and will continue to review government guidance when provided. There are no changes to staffs working arrangements at the moment, but the Management Team are reviewing a blended working environment. The office layout and policies are currently being reviewed and risk mitigation is

being considered. The equality and health and safety implications of working from home is also being reviewed.

ii) 2020/21 Audit

Ms A McMaw informed the Committee that CRC's next audit will begin in February 2021. This will review CRC's controls and procedures on its board effectiveness and corporate governance arrangements; grant administration and distribution arrangements; and a follow up review of 2019/20 audit recommendations.

The Terms of Reference have been drafted and shared with CRC. The CEO added that the Terms of Reference will be shared with the Audit and Risk Assurance Committee and CRC Chair in due course, and there will be an opportunity to make suggestions on this audit.

The Committee thanked Ms A McMaw for updating the Committee on the upcoming 2020/21 audit.

#### **4. External Audit**

i) Letter of Understanding

Ms K Doey presented the Audit Committee with a Letter of Understanding setting out the responsibilities of the Northern Ireland Audit Office, and The NI Community Relations Council, in terms of the External Audit.

The Chair asked if, to satisfy CRC's own data protection obligations, they could receive a copy of NIAO's data protection policy. He stated that, while he understand that there is no obligation for a Data Sharing Agreement to be in place, as both CRC and NIAO are Data Controllers, it would be useful to have access to NIAO's policy.

Ms K Doey stated that she would enquire as to whether she can share with policy with CRC.

**ACTION:** NIAO to enquire as to whether their Data Protection Policy can be shared with CRC

The Committee thanked Ms K Doey for presenting the Letter of Understanding.

#### **5. Investigations into Funded Groups**

Mr G McKeown presented the Committee with an update on the internal investigation into an organisation who previously received funding from CRC. He reminded the Committee that, following the last ARAC meeting, he was to ask three things of The Executive Office: whether CRC's and TEO's vouching procedures are aligned; for TEO to confirm the status of their investigation; and whether TEO suspend funding to groups who display non-payment of HMRC Statutory Contributions.

Mr G McKeown stated that TEO have confirmed that CRC's vouching of salaries is aligned with their own, and that payments are suspended to groups who do not provide evidence of payment of their statutory obligations. CRC await a response to their second query.

The Chair asked for an update on the status of the groups 2018 Pathfinder Letter of Offer, which was suspended when the investigation began. Mr G McKeown stated that he would speak to the Funding and Development Team and update the Committee at the next meeting.

**ACTION:** Mr G McKeown to review the status of the investigated group's 2018 Pathfinder Letter of Offer.

The Committee thanked Mr G McKeown for presenting this update.

## **6. Risk Register**

Ms J Irwin presented the Board with CRC's Risk Register updated to September 2020. She explained that this version of the Report contains only the 'red' and 'amber' risks, and that the full Risk Register will be presented at the upcoming Board AGM.

She reminded the Committee that a number of changes were suggested, linking the Risk Register to the Strategic and Operational Plan. A column has been added to the Risk Register titled 'Business Plan Area' which shows what area the risk is related to.

She added that further amendments will be made to the Risk Register following the seminar at the next Board meeting.

The CEO then presented the risks and their status to the Committee.

'Finance', under the 'Resources' Risk was categorised as 'red' previously, as CRC had not yet received a budget, and due to the ongoing Pay Remit issues. The CEO recommended that this Risk be amended to 'amber' as CRC have now received the 2020/21 budget. The Committee approved this change based on the CEO's recommendation and reasoning.

The CEO recommended that 'Human Resources', under the 'Resources' Risk should remain 'amber' due to the ongoing implementation of the LRA Report and staff morale issues. The Committee agreed that this risk should remain amber.

The CEO recommended to the Audit and Risk Assurance Committee that 'Covid-19 Planning' move from the 'Operations' risk to the 'Resilience' risk and suggested that it be categorised as 'amber' due to the nature of, and uncertainty around Covid-19. She explained that, although CRC's mitigations are secure, the situation and guidance changes regularly. The Committee agreed with this recommendation.

The Committee thanked the CEO for this update agreed her recommended amendments.

## **7. Risk Management Seminar**

Mr G McKeown provided the Committee with details of the upcoming Risk Management Seminar, due to take place at during the Board meeting on 22th September.

Mr G McKeown will prepare a presentation for the Board setting out the key guidance from the NI Audit Office and HM Treasury on risk management and HM Treasury guidance on Audit and Risk Assurance Committees. He will then present the Board with details of recent internal audit recommendations and a summary of the past investigations into fraud from 2010 onwards. The Board will then be provided with a draft Risk Strategy and Risk Registers for review and discussion.

The Audit Committee thanked Mr G McKeown for this overview and recommended that the seminar take place during the Oct/Nov Board meeting, to ensure a fuller Board attendance.

## **8. Register of Audit Recommendations**

Mr G McKeown presented the Committee with an updated report on CRC's register of Audit Recommendations.

Mr G McKeown informed the Committee that, regarding CRC's outstanding Pay Remits, the Board reviewed a Business Plan during their meeting in July and submitted a reviewed Plan to TEO. CRC have received no correspondence or queries from TEO following this submission. The Business Plan is currently with TEO Finance Branch for review.

Mr G McKeown reminded the Committee that the Internal Auditors made a recommendation that CRC consider setting a minimum threshold for the scoring of grant applications. The Funding team have considered this recommendation and concluded that setting a minimum threshold would not bring a benefit to the grant applications scoring process, as the score is only one aspect of reviewing grant applications. Other aspects are considered, such as the location of the project, and whether there is other investment in this area.

Following this update, Ms A McMaw added that CRC have given consideration to this recommendation and ASM will consider the justification and rational during their 2020/21 review of implementation of the audit recommendations.

Mr G McKeown concluded that a number of recommendations categorised as 'Priority three' are in the process of implementation, and are within the agreed timetable for completion.

The Committee thanked Mr G McKeown for this updated and noted the paper.

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

Ms T Wilson presented the Committee with recent Department of Finance Guidance, highlighting those which are applicable to CRC.

'DAO (DoF) 04/20 Update to HM Treasury's Orange Book' relates to the Risk Register. This piece of guidance confirms that there is no change to the Risk Register concepts.

'DAO (DoF) 05/20 Publication of Annual Theft and Fraud Report 2018/19' sets out examples of fraud and cases reported to the Department, for guidance purposes.

'DAO (DoF) 08/20 Continued Payment of Grants during the period of Covid-19 response' discusses how the Covid-19 situation is not a short term crisis, and that organisations should show flexibility when dealing with grants but should maintain responsible vouching and verification processes.

‘FD (DoF) 05/20 2019-20 Departmental Annual Reports and Accounts changes as a result of Covid -19’ sets out reducing reporting requirements and a revised timetable for organisations completing Annual Report and Accounts.

‘FD (DoF) 07/20 Annual Theft and Fraud Return to DoF: 19/20’ sets out the organisations responsibility to complete the Annual Theft and Fraud Report, declaring any cases of detected or suspected fraud.

‘(FD) (DoF) 09/20 Remuneration of Chairpersons and Members of public bodies and other fee rates - daily rates with effect from 1 Aug 2019’ sets out the rates for remuneration of public body Chairpersons.

The Department of Finance have published their 2020/21 Pay Remit Guidance in ‘FD (DoF) 10/20 Pay Remit Approval Process and Guidance (2020/21)’ The pay scales for this period have not yet been published.

The Chair thanked Ms T Wilson for presenting the guidance to the Committee, and noted the paper.

## **10. Direct Awards**

Ms T Wilson informed the Audit and Risk Assurance Committee that no direct awards had been made.

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

Ms T Wilson presented the Committee with details of small purchases which did not require a price check. These included software, attendance fee for a conference, membership fees, and photocopier costs.

The Committee noted this paper.

## **12. Any Other Business**

### **i) CRC’s 2019/20 NIAO Audit**

Mr G McKeown informed the Committee of recent communication with the Northern Ireland Audit Office. Due to delays in other audits not related to CRC, the completion of CRC’s audit will be delayed. The Annual Report and Accounts are now scheduled to cleared by the NIAO by 6<sup>th</sup> November 2020. This is not a result of any problems from CRC, rather due to the impact of departmental audit delays. Mr G McKeown confirmed to the Committee the NIAOs revised clearance date will still allow Annual Report and Accounts to be filed by the 31<sup>st</sup> December, which is the deadline for the filing of Accounts with Companies House.

Ms K Doey added that one member of NIAO staff will remain working on CRC’s audit while the lead auditor will focus on the completion of the Departmental audit.

Mr G McKeown added that this delay will affect the date of CRC’s Board AGM meeting and the next ARAC meeting.

### **ii) The Chairing of September’s Board meeting**

The Committee recorded their condolences and sympathies for CRC's Chair.

The Chair asked the Audit and Risk Assurance Committee if they believed there was a governance issue with him stepping in to Chair the next Board meeting. He explained that he would be chairing the next Board meeting only, and, if necessary, other Board members would be required to chair further meetings.

The Committee agreed that there was no governance issue with the ARAC Chair stepping in to chair one Board meeting.

The CEO thanked the Audit Committee Chair for agreeing to chair the next Board meeting, and thanked all Board members for their upcoming involvement in Good Relations Week.

She explained that she will get in contact with the Chair at the end of September, at his request, to review the situation.

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

The provisional date of the next meeting is the 22<sup>nd</sup> October, however, this date will be depended on the completion of the external audit.