

Community Relations Council 73rd Audit and Risk Assurance Committee
Thursday 20th February 2020 11am, CRC Offices, Equality House, 7-9 Shaftesbury
Square, Belfast

1. **In attendance:** Mr R Campbell (Chair of the Committee), Mr M McDonnell (Board Member), Mr J McCallister (Board Member).
2. **Present:** Ms J Irwin (CEO), Mr G McKeown (DFAP), Ms K Doey (NIO), Ms A McMaw (ASM), Ms S Nicholson (TEO), Ms H George (PA to Board).
3. **Apologies:** Ms T Wilson (Finance Manager).

4. Minutes

The Committee members agreed the minutes of the 72nd Audit and Committee meeting, which took place on Thursday 9th January.

5. Matters Arising

There were no matters airing which are not dealt with in another section of the agenda.

6. Internal Audit

Ms A McMaw informed the Committee that the 2019/20 audit would begin on Monday 24th February. It will review: grants administration, and distribution; risk management; and a review of the 2018/19 audit recommendations. She added that this audit would be completed by, and presented at the next Committee meeting.

7. Audit Investigation into Funded Groups

i) Report on Investigations

Mr G McKeown informed the Committee that the Group Fraud Investigation Service had completed and finalised its report on the organisation previously funded by CRC. The investigator asked that only a summary and recommendations be shared with the Committee, due to the sensitivity of the issue.

They found that, following discussions with PSNI, no fraud had taken place. The conclusions however, did not confirm whether CRC's funding was used for its intended purpose.

The Committee noted that the report did not find evidence of fraud, however the report did not confirm that the funds provided to the group were used for the purposes intended.

ii) Review of Past Investigations

The Committee thanked Mr G McKeown for compiling this information. They noted the report, and the Chair asked Committee members to take the review away, along with the Recommendations, and come back to the next Committee meeting with any comments.

The CEO added that there are three things to take away from the review: learning to spot potential issues; meeting with TEO to review the report recommendations to ensure CRC and TEO take a common approach; and for CRC to consider what the warning indications may be for similar issues with groups.

Committee members enquired as to whether the groups are asked to provide their Management Accounts and Financial Statements, to which the CEO explained that all Core Funded groups are required to provide these documents during the application process. Mr G McKeown that updated management accounts are not requested when the grants are in effect and noted that in year financial monitoring could provide further mitigation.

ACTION: Mr G McKeown to consider how to monitor group's financial position in year including providing Management Accounts during their six-month review.

8. Mr R Campbell's feedback on ARAC ALB Chairs' meeting

Mr R Campbell informed the meeting that he attended a meeting of ALB ARAC Chairs, held by TEO on 3rd February 2020. This meeting is an annual briefing for ARAC Chairs on risks and governance.

He asked the Committee to note that there are two governance issues which the Committee, Board, and CRC should consider:

- Stormont is back up after the interregnum period. TEO will now be shifting from a period without Ministers and Special Advisors, to a period where they have returned.
- Constitutional shift in terms of Partnership Agreements. These agreements will move away from a one-size fits all approach to ALBs.

He added that there is still a general feeling of political uncertainty, as well as increased workload for TEO staff, and increased expenditure in terms of Ministers and Special Advisors' salaries.

Also raised at the meeting, was ALB's Whistleblowing Policy. The Chair asked if it could be circulated, following the RHI enquiry, to ensure that everyone knows the procedures.

ACTION: Mr G McKeown to circulate CRC's Whistleblowing Policy

9. Risk Register

The CEO presented the Board with an updated Risk Register.

Mr R Campbell recommended that the 6% pension issue should be registered as a red risk on the Risk Register. He stated that this is a real situation with potential negative consequences. TEO and the Pension Subgroup are working to identify a proposal to put to CRC staff to deal with the 6% uplift. The steer from TEO is that it needs to be addressed before the end of March 2020. It is CRC's responsibility to look at the options, review the risks and benefits, and put the best option to The Executive Office.

As a member of the Pension Subgroup, the Chair stated that he is concerned about the imposed deadline, as CRC will need to seek legal advice about the risks of any solution proposed, and this may affect the deadline.

He expressed his concern around the consequences of any solution to the problem, including: breach of contract; judicial reviews, effect on staff morale; and legal costs if staff make a claim.

Ms S Nicholson informed the Board that this issue was raised with CRC in 2013. She added that the deadline has been imposed by DoF who stated that they would not progress any further Pay Remits until this issue is resolved.

Mr G McKeown added that CRC had worked closely with TEO to resolve this with DoFs approval over the years. DoF's wording around the deadline reads "A solution would be considered by 31st March 2020".

The CEO added that the 6% issue sits in the Risk Register under 'Resources' and 'Finance' as amber, and that she understands that the timeframe and due diligence required makes the timeline challenging.

The CEO stated that she is very directly adversely affected by this issue. The CEO added that she may face a conflict of interest signing off any business case with a

proposed solution and would welcome the view of CRCs auditors on how to manage the conflict of interest.

Ms K Doey recognised the conflict and that is an unusual situation. Ms K Doey stated that a CEO of an ALB in a similar situation, where HR changes affected all staff, did sign off a business case.

The Committee agreed that the 6% pension issue should be drawn out of 'Finance' and 'Resources' in the Risk Register and marked as 'red'.

The CEO presented the 'Political' risk to the Committee, stating that she proposes the risk be deescalated to 'green' considering the return of Ministers.

Mr R Campbell added that notes coming out of the ALB ARAC Chairs meeting would recommend 'Political' remains red, however, he suggested that it be categorised as 'green' until he circulates the notes from this meeting.

ACTION: Mr R Campbell to circulate the notes from the ALB ARAC Chairs meeting.

His note of the meeting will be taken into account when the Risk Register is reviewed at the next Committee meeting.

The CEO added that CRC will be holding a risk workshop following the Strategic Planning period, where the whole Risk Register will be reviewed.

10. Register of Audit Recommendations

Mr G McKeown presented the Committee with the Audit Recommendations Register, highlighting the following:

- Delegation limits – were reviewed by the Board in December 2019 and will be marked as complete in the next meeting.
- Simulated Data Access Tests – The test was completed, and the results will be reported later in the agenda. This item will be marked as complete.
- 6% uplift to staff salaries – ongoing

The Committee noted that this Register may change following CRC's audit in February.

The Committee asked for a column to be added, displaying the 'original implementation date'.

ACTION: Mr G McKeown to add a column to the Register of Audit Recommendations, showing the ‘Original Implementation Date’.

11. Date Protection Test

Mr G McKeown informed the Committee that, as a result of the audit, CRC conducted two simulated data access requests. One subject access request, and one data breach test.

The results showed that CRC’s procedures were found to be affective.

The Committee asked how the subjects were chosen. Mr G McKeown explained that CRC hold two broad sets of personal data: HR; and financial. DFAP identified an ex-employee and raised questions about payroll and back pay. This tested that HR records, the response times, and the online documents.

Following this it was tested how CRC return sensitive data to funded groups.

Mr G McKeown added that this process would be reviewed as part of the upcoming internal audit.

12. Financial Guidance

Mr G McKeown informed the Committee of three pieces of Department of Finance Guidance, to note:

- Accounts Directions for 2019/20
- Government Financial Report Manual 2019/20 no significant changes
- Designation of Bodies for Whole Government Accounts for 2019/20 – CRC have been, and continue to be, exempt from this guidance.

13. Small Purchases without a Price Check

Mr G McKeown presented the Committee with details of purchases made by CRC that did not require a price check:

- Pitney Bowes – postage top up.
- Chartered Accountants Ireland – Annual subscriptions for Ms T Wilson and Mr G McKeown.

14. AOB

None

15. Date of next Meeting

2nd April 2020- 11am