

**Community Relations Council 64<sup>th</sup> Audit and Risk Assurance Committee**  
**Thursday 25<sup>th</sup> November 2019 3:00pm**  
**CRC Offices, Equality House, Shaftesbury Square, Belfast**

1. **In attendance:** Chair of Committee Mr R Campbell, Mr J McCallister, Mr M McDonnell
2. **Present:** Ms J Irwin (CEO) Mr G McKeown (DFAP), Ms T Wilson (Finance), Ms S Nicholson (TEO), Mr A Jarman (NIAO), Ms H George (PA to CEO & Board).

**3. Minutes**

The minutes of the 17<sup>th</sup> October Audit and Risk Assurance Committee meeting were agreed.

**4. Matters Arising**

i) CRCD Grant Applications

Following on from a discussion at the previous Audit and Risk Assurance Committee, Mr G McKeown informed Committee members that the number of CRCD applications in 2018 was 83 and in 2019 was 85. Two applications were made compared to the previous year's applications, following the introduction of CRC's online grant management system. He explained that the Engagement Team and the Funding Team have been promoting and informing groups and potential applicants of the new system, and how to make an application.

**5. Internal Audit**

No internal audit papers or updates were presented.

**6. Audit Investigations into Funded Groups**

Mr G McKeown presented Committee members with an update on the investigation into a group previously funded by CRC.

He explained that at the last ARAC meeting Committee members were informed that this group had submitted the documents requested by CRC in relation to a 2016/17 Core Funding award, and that it would now be reviewed with a view to complete the claim. When staff reviewed the documents they found a single page from a bank statement for a different bank account that is also in the group's name. The bank statement show receipts with a description indicating a payment from HMRC. From the same documents staff also noted the group's HMRC account documentation indicated that the group was not settling all HMRC liabilities during that financial year. The staff were concerned that that together these document suggested claimed HMRC payments had not in fact been made to HMRC.

CRC have reported this to the Department of Finance Group Fraud Investigation Services (GFIS), including a detailed explanation of the background and what CRC found. CRC met with Mr K Oakman from GFIS to discuss the issue further and to provide additional information about the people in the organisation. Mr K Oakman requested a summary of all grants awarded to the group by CRC, the bank details of the group, and contact details of the group's Chair.

The Committee asked whether CRC should be informing HMRC, to which Mr G McKeown stated that he would speak to Mr K Oakman for his advice.

**ACTION:** Mr G McKeown to ask Mr C Oakman whether CRC should notify HMRC of this issue.

Ms S Nicholson added that there was a previous investigation into the group and that GFIS did not find any evidence of fraud. A whistle-blower contacted TEO and CRC in 2018 regarding this issue, and therefore, a new investigation commenced.

The Committee asked whether, if fraud was found, that would breach the contract of the grant. The CEO stated that it would breach the contract, and added that consideration could then be given to how and what value could be recouped.

The CEO added that CRC are now in the process of reviewing Core applications and that in the application form and letter of offer CRC highlight the funded group's duty to consider their financial responsibilities, such as pension and HMRC payments.

## **7. Risk Register**

The CEO presented the Committee with an updated Risk Register. She reminded members that at the last ARAC meeting 'New Policies' was downgraded to 'green', and therefore was removed from the 'Amber and Red' Risk Register.

Committee members discussed the 'Political' risk and agreed that it should remain 'red', as there has been no change to the instability of Stormont and Brexit. The CEO noted that TEO view this risk as amber at most.

They then discussed the 'Resources' risk and agreed that it should remain 'amber' due to the ongoing discussion with the Union regarding the alignment of HR policies, and the LRA staff morale issue.

The Committee recommended that the Register be reviewed and the Risks be broken down further, as some areas within the 'amber' risk have been mitigated and may not necessarily be considered 'amber' on their own.

**ACTION:** The CEO to review the structure and template of the Risk Register, to amend the layout and categorise the items individually.

The Committee discussed the risk workshop, agreeing that the workshop will review what needs to remain on the corporate register, the environmental context, and NIAO risk register guidance. This Risk workshop will take place once the Strategic Planning process is complete.

## **8. Register of Audit (Internal and External) Recommendations**

Mr G McKeown presented the Committee with an update on the Audit recommendations, making particular reference to the following:

### **i) Review of grant process**

CRC have added an implementation date of March 2020. The revised Management Statement/Financial Memorandum (MSFM) has now been drafted and will be submitted to the Board in December. He added that, when reviewing the changes, Board members would receive a copy of the current wording, the revised wording, and a mapping document. Following approval of the MSFM TEO will be consulted regarding how they wish to manage the grant approval process included delegate authorities.

### **ii) Pay Remit**

Mr G McKeown informed Committee members that the 2016/17 and 2017/18 Pay Remits have now been paid to staff.

He noted his thanks to Mr C Gardner and Ms S Nicholson for their work on this.

CRC will begin work on the 18/19 Pay Remit, which will be submitted before the Christmas break. He explained that the 2019/20 pay remit will be effective from 1<sup>st</sup> August 2019, the 2019/20 pay scales have been issued, and the Northern Ireland Civil Service and Northern Ireland Public Service Alliance (NIPSA) have recently started negotiations.

Mr G McKeown added that TEO have a business case from CRC with proposals to implement DoF guidance in respect of 'No better No Worse Off' and equal pay.

The Sponsor Branch will now meet with the Finance Branch of TEO, and then meet with CRC.

### **iii) Projections**

Mr G McKeown informed Committee members that CRC have put in place processes that uses evaluation dates to get realistic projection.

### **iv) Data Breach and Subject Access Request**

Mr G McKeown stated that a data breach and subject access request test will be conducted in January 2020.

### **v) 6% uplift to salaries**

Mr G McKeown informed Committee members that this item relates to the Pay Remit and equal pay issue. This recommendation supersedes 'Item II Pay Remit' above, which will now drop off the register.

vi) Grant recorded incorrectly

NIAO audit found a CRC grant recorded incorrectly as a CRCD grant rather than Pathfinder. Mr G McKeown stated that this issue will not occur again as CRC's have introduced a new Grants Management System.

vii) Expenses incurred for claims outside of award dates

Mr G McKeown stated that NIAO's audit found that a group had received funding for an event which occurred outside the grant award dates. The funding team and funded groups have been alerted to this.

## 9. Department of Finance Guidance

Ms T Wilson presented the Committee with details of DoF guidance:

i) Pay Remit 19/20

This guidance gives responsibility to the TEO to sign off Pay Remits

ii) National Fraud Initiative

Ms T Wilson explained that every two years CRC will submit three sets of data covering three years, to the National Fraud Initiative for review. This review round no matches on CRC's payroll, and found 39 matches on trade/creditors. She stated that each of these matches were explainable. For example, NICVA and Sector Matters address appears as the same, this is because it is the same organisation. JPR and JComms appear the same, this is because the organisation changed their name. Premier – CRC submit regular weekly payments to this organisation.

Mr A Jarman from NIAO added that CRC received a low number of matches and that in the draft review, sent to the operator, he recommended that CRC be categorised as low risk.

The Committee thanked Ms T Wilson and Mr A Jarman for their report on this.

## 10. Direct Awards

No direct awards to report

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

Ms T Wilson presented the Committee with detail of CRC purchases which did not receive a price check, highlighting the following:

- Corrymeela – in house catering for Shared Learning Forum
- Arbutus Catering – contract caterer for Guildhall

Mr G McKeown added that the Council assured CRC that appropriate procurement procedures were followed when appointing their contract to Arbutus.

- Canon – photocopier maintenance
- NI Museums Council – membership
- Pitney Bowes – postage

The Board noted this report.

## **12. Any Other Business**

None

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

9<sup>th</sup> January 2020 11am