

**MINUTES OF THE COMMUNITY RELATIONS COUNCIL'S
45th AUDIT & RISK ASSURANCE COMMITTEE HELD ON
WEDNESDAY 13TH JANUARY 2016 @ 1.00PM IN CRC'S SEMINAR
ROOM, 1st FLOOR, GLENDINNING HOUSE, 6 MURRAY STREET,
BELFAST BT1 6DN.**

Present: Mr R Campbell (Chair), Mr G Deane, Mr N McKenna

Internal attendees: Ms J Irwin (CEO), Ms T Wilson (Finance Officer), Ms T Gibson (Admin Officer).

External attendees: Ms E Calvert (NIAO), Mr S McDonnell (ASM), Ms E Allen (OFMdfM), Ms P McConnell (OFMdfM).

1 **Apologies:** Mr D Mackay, Mr J Law, Mr P Dean.

2 **Minutes [Appendix 1]:**

Minutes of the previous meeting could not be agreed as only one member of the committee present had attended the previous meeting on 12th November 2015.

The CEO suggested sending Ms L Keyes (former Audit and Risk Committee member who was present at the November meeting) a copy of the minutes and asking her to give written approval of the minutes. Ms T Gibson will send a copy of the previous ARC minutes to Ms L Keyes.

Action: Ms T Gibson

3 **Matters Arising:**

The CEO said that she had spoken with Mr P Jordan, Director of Funding and Development, about organising a seminar for the Board members of the core funded groups, to provide them with information on governance responsibilities. Mr P Jordan said he would organise this with the groups when final funding decisions were made.

4 **Correspondence [Paper circulated - Appendix 2]**

Ms T Wilson, Finance Officer, said she had received correspondence from the Department in relation to the skills of Audit Committee. She said "*at least one*

member of the committee should have recent and relevant financial experience”.

The CEO suggested bringing this to the Board and asking them if any of them had the necessary qualifications. If no-one had the necessary qualifications or experience, she said she would then seek guidance from the Department in relation to this issue.

Action: CEO / Board

5 Audit Investigations into funded groups [Paper circulated - Appendix 3]

1. Altnaveigh School of Dance: The CEO reported that correspondence had been received from Mark Browne, OFMdfM. The letter confirmed that the Fraud Investigation Oversight Group had agreed to write the debt off in principle, subject to Ministerial approval. The Department will now submit a request for Ministerial approval and inform CRC of the outcome. Up to the 22nd Dec no further update has been received from the Department.
2. Peace and Reconciliation Group: The CEO said that a letter was sent to OFMdfM on 1st September outlining CRC’s response to the audit report. The Department have contacted CRC and requested that a letter be sent to “...confirm whether CRC consider there to be sufficient evidence to warrant further investigation on the basis of suspected fraud”. This letter has been drafted and will be sent to Ms M Matthews OFMdfM, (a copy of which was circulated for member’s attention).

The letter stated “*given the scope of the investigation and complexities of the case we believe further investigation would be necessary*”. Members concurred with the recommendation that a further investigation is needed.

5 Risk Register Paper [Paper circulated: Appendix 4]

The CEO gave a brief overview of the Red and Amber risks on the risk register.

The CEO said the OFMdfM Accounting Officer has confirmed that no additional cuts are anticipated in year. CRC made an application to the November monitoring round and was unsuccessful in this bid but CRC received additional resources from T:BUC ring fenced funds.

The CEO said that one green risk was included for reference to an update on the Articles and Memorandum of the Community Relations Council which will follow the completion of the OFMdfM governance review.

The CEO reported that the risk associated with new policies was revised downward by ARC and the Board following discussion in November. The removal of the “going concern” paragraph in CRC’s accounts and the correspondence received from OFM&FM provided CRC with reassurance to enable the risk to be reduced to amber. The CEO said she hoped this could be reduced to green but said we needed to await the outcome of the governance review.

6 2014/15 Internal Audit Exercise Update [Appendix 5 / 5A]:

Mr S McDonnell, ASM, reported on the findings of the Internal Audit exercise carried out in relation to IT security and Business Continuity Plan. He said that CRC had received a satisfactory assurance rating.

He said that a lot of the issues which were highlighted in the audit findings would be addressed with the premises move to Equality House. Mr McDonnell said the audit reports for the Development Programmes and the Risk Management and Complaints Handling would be issued shortly and would be discussed at the next Audit and Risk Committee meeting.

The CEO thanked Mr McDonnell and confirmed that CRC had already started to address some of the recommendations listed in the audit report in relation to IT security and Business Continuity Plan.

7 2014/15 Internal Audit – Management Responses Update [Appendix 6]:

Ms Wilson, Finance Officer, provided an update on the management responses to the audit findings that were still in the process of being addressed. One recommendation is still outstanding -

- Documenting the process for Direct Awards Contracts – DFP are revising the guidance on DACs and when CRC are in receipt of this guidance the Financial Procedures Manual will be updated and guidance will be distributed to staff.

8 DFP Financial Processes Report – Management Responses Update [Appendix 7]:

Ms Wilson said that 2 recommendations were still being addressed and that there no change on this from the last Audit meeting in November -

- The number of different sign off levels for grant
- CRC monitoring of groups grant claim submissions to ensure the budget is spent on a timely basis

9 NIAO – Report To Those Charged With Governance [Appendix 8]:

Ms Wilson provided an update on the responses to the recommendations arising from the 14/15 NIAO audit. She said there were a few issues still outstanding.

- **Employee Superannuation Contributions:** this relates to a historical matter of CRC contributions to employee pension contributions. DFP has issued guidance under cover of FD (DFP) 08/14 ‘Pay Remit Approval Process and Guidance 2014-15’ stating that staff on terms analogous to those of the NICS are to be ‘no better off, and no worse off, as a result of the pension scheme to which they contribute’. Consequently, bodies are required to review the position for each member of staff on an annual basis to ensure that any adjustment to their salary maintains this principle. NICRC has sought guidance on how to undertake this analysis and has passed the relevant information to OFMdfM to enable the Department to progress the issue with colleagues in DFP.

The NIAO considered the matter in the 2014-15 audit and concluded that whilst there was potential for around £31k of expenditure to be classed as irregular, it was not considered to be material in terms of the accounts in 2014-15. However based on this valuation, should the issue remain unresolved for the 2015-16 audit, the aggregate value over the two years could have potential implications for the audit opinion.

Ms Irwin updated members in relation to progress on this matter. She noted that she had received correspondence from the Department on 23rd November advising that Mark Browne had written to the Strategic Policy and Reform Director in DFP requesting advice on the way forward. On 7th December Ms Irwin wrote to the Department requesting an update and suggesting a meeting between OFMdfM, DFP, CRC, and the NIAO to reach a settlement on the issue, either interim or final in view of the priority given to the matter in the NIAO Report to those Charged with Governance. In the absence of a response she wrote again on 18th December and 11th January. On the 13th January the Department responded to say that “Finance colleagues have confirmed that they are aware of the urgency of this issue, as is DFP. The issue is being taken forward by the DFP Supply team. Unfortunately they are currently involved in the budgetary process and it is unlikely that we will be able to meet on this issue, before late January 2016. Finance have also confirmed that at this stage it will be an OFMdfM Finance/DFP Supply meeting in the first instance”.

Ms Irwin expressed concern and asked Ms Calvert, NIAO, for some guidance in relation to what further CRC could do on this issue. Ms Calvert said she had been speaking with Ms Christine Burns, Audit Manager, who had indicated the NIAO would look favourably if there was sufficient evidence to prove that action was being taken to try to resolve the issue. Ms Calvert suggested it would be a good idea to devise a timed action plan which shows how things are being progressed. Ms Irwin thanked Ms Calvert for this reassurance and said that CRC was maintaining a full record of the correspondence with the Department on this matter. Ms Irwin asked if she could contact Ms Calvert to get this assurance in written form for the minutes of the meeting and CRC's records for the 2015-16 audit record. Ms Calvert confirmed that she was content with this.

- **Supporting documentation:** this relates to accruals, journals and supporting documentation held on file. Ms Wilson said she has put on file all relevant documentation to support accruals and journals as part of the management accounts process. She asked for approval that this issue be removed as it had now been addressed.

Approval was granted by the Audit Committee.

- **Checking of Source Data for Pension Figures:** this relates to the instructions to the actuary at the outset when requesting the annual pension report. CRC provides the number of staff but NIAO has requested that the number of starters and leavers be reported also, as well as any other significant changes in the year Ms Wilson said CRC accepts this recommendation and will do so in the future. CRC will document their assessment of relevant changes each year and conclude as to whether any changes have the potential to be significant in terms of movement of the pension figures, prior to making returns for the actuarial report.
- **Reconciling the accounts to the General Ledger:** this relates to the Trial Balance at the 31/03/2015 and the SAGE software treatment of a bank balance. Ms Wilson said the accounts do balance but the SAGE software isn't pulling the information forward to the Trial Balance. She confirmed that she had contacted SAGE and that they were assisting in getting this problem remedied.
- **Management account control:** this relates to high level controls around management accounts. The recommendation is accepted and CRC will consider the enhancements. Ms Wilson said resources are low at present but this would be fully addressed when the new Director of Finance, Administration and Personnel was in place.

FD (DFP) 09/15 NIAO Publication – Managing Fraud in a Changing Environment: A Good Practice Guide.

Ms Wilson said that CRC’s Fraud Policy would be reviewed in the near future.

FD (DFP) 10/15 Business Cases for Contracts and Procurements

Procurement Guidance Note 01/07/ - The Use of Grant for Procurement (as amended)

12 Direct Awards [Appendix 10]:

Ms Wilson reported on three Direct Awards; two of which CRC were obliged to use as premises hired by CRC had their own catering facilities in place.

Beyond Skin Direct Award - Ms Wilson said she would be able to get a competitive quote for this.

13 Government Procurement [Appendix 11]:

Ms Wilson told members that the total spent on the procurement card was £60.00 which was for travel to Dublin for the CEO and Cultural Diversity Director to visit the Royal Irish Academy on Monday 14th December 2015.

14 AOB:

Mr Campbell, Chair of Audit and Risk Committee, provided members with an update on the investigation which was carried out as a result of Mr J Kearney’s resignation from CRC. Mr Kearney stated his reasons for leaving were due to governance and accountability reasons. Mr Campbell had carried out this investigation as part of his remit as Chair of the Audit and Risk Committee.

A discussion ensued among members on this issue. Mr Campbell proposed contacting Mr Kearney again to convey the following:

- that he didn’t think there was a breach of governance, and
- to say that this issue should have been addressed much sooner.

Members were content for Mr Campbell to contact Mr Kearney.

15 Date of next meeting:

Thursday 10th March 2016

Thursday 12th May 2016

Thursday 16th June 2016

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