

**MINUTES OF THE COMMUNITY RELATIONS COUNCIL'S**  
**50th AUDIT & RISK ASSURANCE COMMITTEE HELD ON THURSDAY**  
**8<sup>TH</sup> DECEMBER 2016 @ 11.00AM IN COMMUNITY RELATIONS**  
**COUNCIL, EQUALITY HOUSE, 7-9 SHAFTESBURY SQUARE,**  
**BELFAST BT2 7DP.**

**Present:** Mr R Campbell (Chair), Mr D Mackay

**Internal attendees:** Ms J Irwin (CEO), Mr G McKeown (DFAP Director),  
Ms T Wilson (Finance Officer), Ms T Gibson (PA to CEO / Board)

**External attendees:** Mr Jonathan Buick (ASM), Mr P Robinson (The  
Executive Office), Ms E Allen (The Executive Office), Ms Kathy Doey  
(NIAO), Mr R Allen (NIAO)

**1** **Apologies:** Ms R McGlone

**2** **Minutes [Appendix 1]:**

Minutes were taken as read.

**3** **Matters Arising:**

A typographical error was pointed out on Pg3 of the minutes. Ms T Gibson will correct this.

Ms J Irwin passed around a copy of an email received from Mr P Robinson, TEO, in relation to the TEO Transition Project which is mentioned under the "New Policies" section of the Risk Register. Mr P Robinson said, at the last Audit and Risk meeting, that the Transition Project was not being taken forward and said he would put this information in writing to CRC.

**4** **2015/16 Annual Report and Accounts**

Mr G McKeown, Director of Finance, Administration and Personnel highlighted various areas within the 2015/16 Annual Report and Accounts including the Directors Report, Governance Statement, Statement of Accounting Officer's and Directors' Responsibilities, the Statement of Financial Activities and the Balance Sheet.

Ms J Irwin said the Annual Report and Accounts had taken longer to produce as additional information had to be sought from the actuaries in relation to the pension for those staff who transferred over to VSS. Ms J Irwin thanked the NIAO for their assistance with this issue and also thanked Mr G McKeown and Ms T Wilson for their work in preparing the report and accounts.

## 5 2015/16 Report to Those Charged with Governance (RTTCWG)

Mr R Allen, NIAO, gave a brief introduction to the Report to Those Charged with Governance. He thanked Ms J Irwin and Mr G McKeown for their work on the accounts in what he described as “a difficult year”.

He said that NIAO intend to recommend to the Comptroller and Auditor General that he certifies the 2015/16 financial statements with an unqualified audit opinion with no emphasis of matter paragraph. He informed the committee that there were 10 recommendations, 5 of which received a Priority 1 rating.

Ms K Doey, NIAO, went through each of the Priority 1 recommendations in turn:

- ***Employee superannuation contributions***

Ms K Doey said this Priority 1 came as a result of CRC “grossing up” employee’s salaries by 6% and as a result CRC incurred £28,674 in irregular expenditure. She added that this is contrary to DoF guidance. She acknowledged that CRC have sought legal advice on this matter and is trying to seek a resolution on a complex issue that is not entirely within CRC’s control. She encouraged CRC to press ahead with this and to seek a resolution as soon as possible.

- ***Bulk transfer of Pension Assets***

Ms K Doey said this Priority 1 is in relation to CRC staff who transferred over to VSS. She added that in previous audit certificates this had resulted in an emphasis of matter paragraph in the accounts but this was removed this year.

Ms K Doey said she had communicated with the actuary and has been informed that the staff concerned have not yet transferred over. She said that a prior period adjustment was required to reinstate the pension assets and liabilities into the accounts.

The Chair of the ARAC raised a concern as to why the actuaries had not drawn attention to this issue sooner. A discussion ensued.

- ***Financial statements***

Ms K Doey said this related to 4 revised versions of the accounts being submitted to NIAO as a result of new guidance in relation to FReM disclosure and requirements from SORP. The Chair asked for clarification on “4 different versions” and suggested “versions” be changed to “redrafts”.

Mr R Allen said this related to presentational and disclosure errors and suggested tighter quality control was needed. Mr G McKeown said that processes would be put in place to avoid this happening again.

- ***Errors***

Ms K Doey reported that there were a number of errors, hence the Priority 1 rating.

The Chair of the ARAC asked for further clarification on each of the 5 errors that were noted in the report. Ms K Doey and Mr R Allen provided an explanation for each of the errors that were highlighted in the RTTCWG.

Mr. G McKeown noted that the use of explanation for reporting errors creates a burdensome level of accuracy for recording transactions.

- ***Drawdown of GiA in advance of need***

Ms K Doey said drawn down money in advance of need was contrary to DoF guidance. Ms J Irwin said CRC had received instruction, via email, from TEO to drawdown this money. This was confirmed by TEO when queried. Mr P Robinson, TEO, informed the committee that this was an instruction from their Finance Department.

The Chair suggested the inclusion of the word “there” on Page 22 para 5.

Members agreed to recommend the RTTCWG to the Board on the proviso that the two typographical errors be corrected and NIAO provide some narrative on the £25,000 accrual from the group under investigation (see notes on Audit Investigations).

## **6 Internal investigations into funded groups:**

**Group 1** – Ms J Irwin updated members in respect of this group. Written correspondence has been received from the former Chair of the group. In the correspondence, the former Chair outlines the following:

- the group formally closed in Feb/Mar 2015
- all members of the Board were contacted in writing to say the group was ceasing operation and that they may wish to seek legal advice
- Danske Bank have agreed to write off the group debt
- the Chair is unaware of any other outstanding debts to funding agencies

A very detailed and lengthy discussion followed in relation to the £25,000 accrual and how to move forward with this issue.

A decision was made for CRC to send a report to FIOG and on their instruction, decide whether or not to take further action. NIAO will add some narrative about this issue in their Report to Those Charged With Governance. CRC management will decide on the appropriate accounting treatment.

**Group 2** – Ms J Irwin said this was a new group which had been added to the audit investigations as the group had entered administration. She added that CRC are seeking to vouch the final quarter of the groups claim for 2015/16. The first three quarters of the organisations 15/16 claim has been vouched. The remaining amount to be vouched is £23k and would be completed when the information becomes available from the administrator. CRC had sought to vouch the outstanding amount during the NIAO fieldwork but the administrator had been unable to facilitate the timetable. CRC are still waiting to hear back from the administrator.

**7 Risk Register:**

Members received the full Risk Register in their papers for the meeting. Ms J Irwin reported that there were no changes to the Register. She said there were two amber risks associated with “resources” and “new policies”. Ms J Irwin said the “new policies” risk had been downgraded from red earlier in the year and that potentially it could be changed to green when the outcome of the reviews was known. Ms J Irwin recommended that it stay at amber for now as the implementation of the governance review is currently taking place and TEO have temporarily withdrawn the staffing report.

Members agreed for the “new policies” risk to remain at amber.

Members suggested a change to the format of the Risk Register to enable easier reading. Ms J Irwin agreed to make this change.

**8 Register of Audit (Internal & External) Recommendations [Appendix 9]:**

The Committee received an update from Mr G McKeown on the progress on the implementation of the audit recommendations. The Committee was satisfied that all recommendations are being tracked and implemented on a timely basis.

Mr G McKeown provided members with a new format for the Audit Recommendations Register. Ms E Allen, TEO, suggested adding how the recommendation was implemented. Members were content with the new format subject to a few minor changes.

After some discussion members agreed that the Internal Audit plan should be amended to postpone the IT audit fieldwork as the IT Business Case is with TEO and there may be a delay in getting the new IT provisions in place. An audit on governance, Articles of Association and MSFM will take place in March 2017.

**9 ASM Contract Extension:**

ASM have signed the completed contract and returned to CPD. This matter is now closed. Jonathan Buick confirmed this to be the case.

**10 AFMD Guidance [Appendix 10]:**

Ms T Wilson drew member's attention to the *DAO (DoF) 09/16* Good Practice Procedures in Fraud Investigations and *DAO (DoF) 11/16* Issues and Use of Payment Cards.

Ms T Wilson will issue members of the Audit and Risk Committee with a copy of the Good Practice Procedures in Fraud Investigations.

The Chair of the Audit and Risk Committee will update members on the General Data Protection Regulation (GDPR) which will become law in the UK in 2018.

**11 Direct Awards:**

None.

**12 AOB:**

Ms J Irwin thanked staff, members of the Audit and Risk Committee, TEO, NIAO and ASM for attending the meeting.

**13 Date of Next Meeting:**

Thursday 19<sup>th</sup> January 2017 @ 11.00am.