

**MINUTES OF THE COMMUNITY RELATIONS COUNCIL'S**  
**46th AUDIT & RISK ASSURANCE COMMITTEE HELD ON THURSDAY**  
**12<sup>TH</sup> MAY 2016 @ 11.30AM IN COMMUNITY RELATIONS COUNCIL,**  
**EQUALITY HOUSE, 7-9 SHAFTESBURY SQUARE, BELFAST BT2 7DP.**

**Present:** Mr R Campbell (Chair), Mr N McKenna, Mr J Law

**Internal attendees:** Ms J Irwin (CEO), Mr G McKeown (DFAP Director),  
Ms T Wilson (Finance Officer), Ms T Gibson (Admin Officer).

**External attendees:** Ms A McMaw (ASM), Mr P Robinson (The Executive  
Office), Mr R Allen (NIAO)

**1** **Apologies:** Mr D Mackay, Ms R McGlone, Mr G Deane

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

Minutes were taken as read.

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

The Chair welcomed Mr G McKeown to the post of Director of Finance,  
Administration and Personnel and to his first ARC meeting.

Ms J Irwin updated members on the current situation regarding the  
Department's request for a member of the Audit and Risk Committee to have  
"recent and relevant financial experience".

Ms T Wilson said that further correspondence has been received from the  
Department in which they did not give a definitive answer to whether or not the  
evidence provided was sufficient and that it was up to CRC to decide. Ms Irwin  
said that making a decision would be put on hold until CRC knows the outcome  
of the Governance Review.

**4** **Training [Appendix 2]:**

Information was provided on "The effective audit and risk committee" training  
course which members could attend if they wished. Mr R Campbell reminded  
members of the importance of keeping up with training. Mr Campbell  
expressed an interest in attending the training course in September 2016.

Mr R Allen, NIAO, said that the Chief Executives Forum ran similar training courses and suggested CRC have a look to see what is available.

## **5 Audit Investigations into funded groups [Appendix 3]**

1. : Ms Irwin informed the ARC that approval had been granted to write off the debt (Appendix 4A). The letter from Mark Brown had made particular reference to the fact that the irregularities were detected by another funder. In her reply (Appendix 4B), Ms Irwin made reference to the steps CRC had taken in order to minimise the risk of future financial irregularities, in particular:

- groups providing original receipts which would be tallied with corresponding cheque numbers and original bank statements
- percentage of grant aid paid at the beginning of the project was reduced from 80% to 50%
- grant recipients receive a copy of financial guidelines
- application forms and guidance notes were updated

2. Ms Irwin said further correspondence had been received from the Department on 13<sup>th</sup> April requesting additional information in relation to whether or not CRC believes further investigation is required. Mr P Jordan (Director of Funding and Development) met with the Department on 9<sup>th</sup> May to seek clarity in relation to the Departments requirements.

The Department have requested that CRC contact the other funders to find out if there is anything further of importance from their point of view and also to contact the group to find out their current position. CRC will then write back to the Department with the findings.

A discussion ensued in relation to this request, with one particular member voicing concerns in relation to the Department's request. Ms Irwin said CRC would seek some legal advice and will update members at the next ARC meeting.

Mr Allen (NIAO) provided some information in terms of process in relation to suspected fraud or financial irregularities. He said the Fraud Response plan should be put in place and an investigation carried out. The findings of the investigation should be analysed in relation to the Letter of Offer and the grants Terms and Conditions. A judgement should then be made - this rests with the funding organisation. If fraud is suspected it should then go to a secondary stage. Mr Allen suggested that the Internal Audit Investigation Service which is linked to the Civil Service, may be able to help but was unsure if this service is available to NDPBs. He said this would be worth exploring. Members of the Audit and Risk Committee found this information very helpful.

**6 Write off approval [Appendix 4A/ 4B]**

See above

**7 Risk Register [Appendix 5]**

Ms Irwin provided a summary of the red and amber risks on the risk register.

She said there was one amber risk associated with new policies and added that this may be de-escalated to green following the outcome of The Executive Office reviews.

Ms Irwin asked members if they were content for the economic risk to remain at green and if so it could be removed from this register She added that at present there was nothing new to add and that this would be kept on the agenda and would be reported at every Audit and Risk meeting. Members were content.

Ms Irwin informed members that the Operations Risk is rated at green and remains on this register until the Governance Review outcome is implemented.

Ms Irwin made reference to the new elements which have been added to the Risk Register as a result of NIAO guidance – the 3x3 matrix and an overall list of areas associated with each of the risks.

**8 NIAO Strategy [Appendix 6A/6B]:**

Mr R Allen, NIAO, provided a synopsis of the external audit and annual plan for the 2015/16 financial statements.

He said NIAO would be using a risk based approach beginning with ascertaining if there were any significant and specific risks which would require a specific audit response. He said no significant risks were identified but drew attention to the risks associated with the pension liability, superannuation contributions and the additional T:BUC funding which was received at the end of the year.

He explained the concept of materiality and said that the tolerance for audit would be £61,000 and that any errors under £1,200 would not be reported.

Mr Allen said the financial statements would be laid out in a different way this year. He referred to the timetable on Pg.5 of the audit plan and said the findings should be available mid-September. He added that there would be a change in personnel this year.

**9 Internal Audit Strategy 2016/17 [Appendix 7A/7B]:**

Ms McMaw, ASM, said the Internal Audit Plan which had been presented at the March Audit and Risk Committee meeting, had one amendment due to the Department wanting some things included in the grants administration and distribution section. Ms Irwin said the internal audit strategy would now go to the Board for final approval.

**10 Draft Internal Audit Report on the Provision of the Internal Audit Service to CRC [Appendix 8]:**

Ms Irwin explained that this audit was conducted by the Department's Internal Audit Service on ASM, CRC's internal auditor. There were no issues highlighted other than the out of sequence timing of the appointment of ASM. Ms Wilson said a new approved addendum to the contract would be needed, that there would be an increase in costs for the additional work that would be carried out and the variations to the contract would be discussed with CPD who carried out the procurement for CRC.

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

Ms Wilson said there were still some outstanding items on the register and some which have now been completed.

Ms McMaw, ASM, said good progress was being made. She added that ASM will review the progress of recommendations as part of this year's audit plan and will report the findings back to the Audit and Risk Committee.

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

Ms Wilson provided members with a list of recent guidance. She highlighted the Memoranda of Reply to NI Assembly PAC Reports (31<sup>st</sup>-33<sup>rd</sup> Reports) 2011-16 Mandate. She said this guidance states that the following statement has to be inserted into all future letters of offer awarding grants from public funds - "*as a condition of the Letter of Offer you may have to appear before the PAC to give evidence*".

**13 Direct Awards:**

None

**14 Government Procurement:**

None

**15 AOB:**

None

**16 Date of Next Meeting:**

Thursday 16<sup>th</sup> June at 11.30 am in Equality House.

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