

**MINUTES OF THE COMMUNITY RELATIONS COUNCIL'S 56TH AUDIT AND RISK
ASSURANCE COMMITTEE HELD ON TUESDAY, 31ST OCTOBER 2017 @
1.00PM IN EQUALITY HOUSE, 7-9 SHAFTESBURY SQUARE, BELFAST
BT2 7DP**

Present: Mr Rory Campbell, Chair, Mr D MacKay (Board Member), Ms Delia Close (Board Member).

Internal Attendees: Mr G McKeown(DFAP Director), Tracey Wilson (Finance Officer)

External Attendees: Mr Jonathan Buick (ASM),Ms Deborah Park (NIAO) and Ms Elaine Allen (TEO)

1. Apologies: Ms Jacqueline Irwin, (CEO), Mr Jamie Warnock (TEO)

2. Minutes of last meeting - (Appendix 1)

The Minutes of the meeting of the 12th September, were agreed subject to the following amendments:

Page 3 - Issue 5 – 3rd sentence – “ £790” change to “£729”

Page 8 – Item 8. – 1st sentence – “internal audit paper” change to “audit paper”

3. Matters Arising

There were no matters arising.

4. **(a) Audit Investigations into Funded Groups –
Update to Audit Committee (Appendix 2 a)**

Mr McKeown, DFAP Director spoke to the paper on Audit Investigations into Funded Groups and highlighted the payment of core funding to the group and the subsequent investigation into the unvouched amount of £4957. It was noted that £20K had been vouched which represented 95% Of the total amount of funding. Guidance was sought from TEO on the write off of the balance. A recent Accountability and Liaison Meeting proposed that the TEO should treat the amount as a loss given that there is an argument which shows substantial expenditure has been properly incurred. The Chair raised a

point for clarification in respect of a 5% deficit and whether or not this constitutes a loss.

Mr McKeown expressed the view that there was no need to give details of a loss of this nature and it was only in situations where the loss is over £250,000 that details are needed. He advised that TEO had taken advice from their financial section but it was unclear what action could be taken about the loss. He said that CRC was now seeking the advice of the Committee on how best to deal with the loss.

The Chair commented that there were difficulties in proceeding to procure the papers and records to vouch the claim and this might not represent the best value for money, nor would it be the best use of a Director's time.

Mr Mc Keown proposed and it was agreed that as the information to vouch the balance of the claim was unlikely to be found, **CRC should wait until TEO responds to its request that the balance of £4947 be written off, and then come back to the Committee to pursue the matter further**

ACTION: AWAIT RESPONSE FROM TEO

(b) Fraud Investigations Update

(Appendix 2 b)

Mr McKeown gave an update on the various funding investigations which included the insolvency of the Christian Community Work Alliance.

5. Risk Register` (Appendix 3)

Mr McKeown informed the Committee that there had been no changes to the Risk Register. Members noted that the items marked as a red risk included political, resources, policies and government. The Chair expressed the view that because of the uncertainty of the political situation and the impact this had on resources, there was a need to retain these categories as a red risk.

There was some concern that if the political process here means direct rule, there was the likelihood of underfunding in the allocations under the Budgetary Act in comparison to the indicative budget forecast by departments. The Chair believed that direct rule could frustrate budgetary allocations and as a result it would be advisable to keep the resources category as a red risk. In the case of new policies, members agreed that they be retained in the amber category.

Mr McKeown informed Members that under the resources category, Page 5 – column 2 – the CRC VES Scheme had been approved by the Board and

TEO. It was now with the DoF for consideration of the appropriate pay scales to be used as the basis for calculation of the monetary award to the successful applicants.

**6. Final Report To Those Charged With Governance (RTTCWG) 2016/17
(Appendix 4)**

Ms Park, NIAO reminded Members that an agreed position on CRC's responses to the NIAO Report had been established on the 25th September. Mr McKeown added that CRC's Annual Report and Accounts for the year ended 31 March 2017 had been signed off and its recommendations implemented.

7.

(a) Internal Audit Follow Up Review (Appendix 5a)

Mr Buick, ASM tabled a dashboard paper showing the status of reviews, type off audit and summary of recommendations.

Mr Buick spoke to the ASM paper on the Internal Audit Follow Up Review. He said that Pages 1 and 2 reflected standard wording in summarising the findings. Two recommendations had not been implemented because they had not occurred.

Mr Buick said that in the case of Pages 5 – 7 of the Review of Grants Administration and Distribution, the recommendations had been fully implemented. He pointed out that on page 6 B10 a core funding check list had been partially developed and similarly there were checklists for Cultural Diversity and Pathfinder grants. However, it was important that checklists contain the same information and applied consistently. Mr Mc Keown advised Members that a consistent approach would be applied.

B11 referred to delegated authority limits which have not been implemented. The Chair suggested that there was good reason not to implement a change in the limit because the final agreed MSFM has still to be issued by the Department before considering if there is a requirement to revise the limit.

On page 7 it was noted that grant reporting within the CRC Financial Procedures Manual is to be implemented. However, a high level description of the processes for grant financial management has not been included in the manual.

(b) Review of Financial Procedures Manual

(Appendix 5b)

In the case of the Financial Procedures Manual findings on page 2, Mr Buick said that these were largely adequate and in line with best practice but the review identified two instances where controls were not in line with best practice and these presented some inconsistencies. For example, in A1 and A2 there were a number of administrative issues which presented room for improvement. Mr McKeown noted the findings and undertook to consider the way forward and although he was mindful of bureaucratic processes, he would keep the ASM recommendations under review. If CRC has any concerns about its current practices, Mr McKeown would report back to the Committee.

8. Register of Audit (Internal and External) Recommendations (Appendix 6)

Mr McKeown outlined some of the recommendations and implementation dates of the Audit Register. He highlighted a number of the issues drawn out by the NIAO Audit such as the data breach and GDPR. He emphasised the need for CRC to carry out an annual analysis to ensure DoF guidelines are complied with. In addition CRC has carried out an analysis of accruals relating to grant-aid. CRC is working closely with TEO on these issues.

The Chair was pleased that CRC was proactive in developing a way forward for the implementation of the new legislation on GDPR. He stressed the importance of investigating how the CRC data is being used so that an analysis can be carried out on any gaps in the provision of information. It was noted that TEO was in the process of preparing for the new legislation.

9. Department of Finance Guidance

There was no new guidance from the DoF.

10. Direct Awards

There were no direct awards to report.

11. Small Purchases without Price Check - (Appendix 7)

Members noted the list of small purchases which do not need a price check.

12. Any other business

There was no other business.

13. Date of Next Meetings

Thursday, 30 November 2017 at 11.00am

Thursday, 11th January 2018 at 2.00pm