

**Community Relations Council's 63<sup>rd</sup> Audit and Risk Assurance Committee**

**Wednesday 31<sup>st</sup> October 2018 @11am**

**Board Room, CRC Offices, Equality House**

**Present:** Rory Campbell (Chair), Delia Close (Board Member).

**In Attendance:** Ms J Irwin (CEO), Mr G McKeown (Director of Finance), Ms A McMaw (ASM), Ms K Moylan (TEO), Ms T Wilson (Finance Officer).

1. **Apologies:** Mr D MacKay (Board Member), Ms K Doey (NIAO).

2. **Minutes**

The minutes of the Audit and Risk Assurance Committee 19<sup>th</sup> September 2018 were agreed.

3. **Matters Arising**

The CEO explained that at the previous CRC Board Meeting on the 19<sup>th</sup> September, Board Members were not able to discuss the full Risk Register, as a number left the meeting, meaning it was no longer quorate. In order to remain in sync with the Board, the full Risk Register will be presented at the next Board Meeting on the 7<sup>th</sup> November.

4. **Audit Investigation into Funded Groups**

The CEO informed the Committee of progress on the two open investigations into funded groups:

- i) The CEO stated that the audit has been completed for the first group, the process has concluded, and it will now be taken off this Audit Investigation Report.
- ii) For the second group, CRC are awaiting written notification from The Executive Office to proceed.

5. **Risk Register**

The CEO presented the Risk Register to the Audit and Risk Assurance Committee.

She explained that, as the Board did not have time to review September's Risk Register, and to avoid becoming out of sync with the Board, the Risk Register presented today is the red

and amber risks from Septembers Report. She explained that there has been no substantial change since the last meeting.

The CEO stated that there has been progress on CRC's outstanding Pay Remit issue related to 'No Better no Worse Off' set out on page 4.

Mr G McKeown reminded ARAC members that at the previous meeting he informed them that a Business Case was sent to TEO and returned to CRC, setting out how 'No Better no Worse Off' could be implemented

In the absence of clear guidance from the Department of Finance Mr G McKeown carried out research to determine how other Arms Length Bodies, in the NILGOSC scheme, are implementing the guidance.

He found three organisations which the 'No Better no Worse Off' guidance would relate to:

- 1) Arts Council
- 2) Sport NI
- 3) Tourism NI

Following conversations with the Arts Council and Sport NI, Mr G McKeown found that both organisations received approval from DoF to set aside the guidance and allow their Pay Remits to progress.

Arts Council is currently on their 16/17 pay scales and Sports NI are currently on their 15/16 pay scales following approval of their previous years Pay Remits.

DFAP found that Tourism NI are continuing to work on a business case to implement 'No Better No Worse Off', however, in its absence, they are able to progress their Pay Remits. They received advice from the DSO from the Department for the Economy that they are legally required to pay outstanding Pay Remits.

In addition, both Sport NI and the Arts Council confirmed that the 'No Better No Worse Off' guidance was put in place following an issue with the Probation Board. Mr G McKeown explained that the Probation Board are also participants in NILGOSC. Where CRC put in place a system to uplift staff salary to offset employee contributions, Probation Board are instead paying the contributions themselves. This is not compliant with NILCOSC or HMRC rules. This is why the 'No Better No Worse Off' guidance was created.

Mr G McKeown stated that he drafted an email to TEO and Jamie Warnock, and discussed these developments at the recent Accountability and Liaison meeting. TEO said that they will take this issue up right away with their finance team. TEO and CRC met on Monday 29<sup>th</sup> Oct, TEO have raised it with DoF, who have committed to replying this week.

The Committee noted that CRC had written to TEO in July 2017 asking for clear guidance and a consistent approach for all ALBs, and asked for the guidance to be set aside if they were not able to come forward with a solution.

Ms K Moylan informed the Committee that Jamie Warnock expressed his shock at the inconsistency across departments, and stated that the new DoF Supply Team will be providing a response today.

She explained that, with regards the July 2017 correspondence, DoF committed to dealing with the guidance in the next Pay Remit, which they did not. They stated that this was due to the lack of Ministers.

Chair congratulated and thanked Mr G McKeown for his working bringing this information to light. He stated that this is an issue that continually comes up in CRC audits, however, it is not CRC's fault.

Chair asked what the next steps are, what CRC are asking/expecting. Mr G McKeown stated that we CRC are asking for a speedy response and for TEO and the Department of Finance to agree an approach that is consistent with other ALBs. The CEO added that CRC will also be asking that 15/16 Pay Remit be cleared and the subsequent years to follow. Considering that 2014/15 Pay Remit was recently agreed, CRC had assumed that 15/16 would follow shortly, which it did not.

Ms K Moylan explained that the 14/15 Pay Remit was processed as an exception, due to the length of time CRC had been waiting. TEO explained that DoF finance insisted that a business case was to be drawn up before they could process the following years.

Chair again thanked Mr G McKeown for his work on this.

The Chair then asked the Committee if they would like to discuss the status of the 'Political' risk. The committee stated that nothing has changed and that they are content to keep 'Political' as red.

Ms K Moylan stated that the upcoming Secretary of State's legislation may be able to provide clarity.

## **6. Northern Ireland Audit Office**

### **i) Report to Those Charged with Governance**

Mr G McKeown informed the Committee that while NIAO were not present at today's meeting, they were content for CRC to present the Management Response in their absence.

Mr G McKeown presented the report, and made particular reference to the following:

#### **i) Page 8 – Finding 1 – Employee Superannuation Contributions**

Mr G McKeown stated that while TEO are looking into the Pay Remit issue, the recent developments will not appear on this Report to Those Charged. This report is a snapshot of issues at the time of audit, updates on this issue will be reported in the Register of Audit.

#### **ii) Page 9 – Finding 2 – Weakness in Grants Control Environment**

Mr G McKeown explained that NIAO's finding relates to version control and file management issues. CRC are currently looking at process around this issue. A review of files was completed to ensure that everything is completely up to date and correct.

Staff at a recent Staff Meeting, and the particular directorates involved have been reminded of this issue.

iii) Page 10 – Finding 3 - Draw Down in Advance of Need

Mr G McKeown stated that he has met with the Funding and Development Team to see where improvement can be made. He stated that relying on groups to predict their grant balance is speculative, and inherently uncertain. What a group predicts they will require is notional, and may differ from their final grant balance.

iv) Page 10 – Finding 4 – Pension Disclosure

Mr G McKeown stated that CRC will document a management review of the actuary's report when preparing the year accounts.

## 7. Register of Audit (Internal and External) Recommendations

Mr G McKeown presented the Committee with the latest Register of Audit Recommendations:

- i) Number of delegation limits in place to approve grants – this recommendation is still dependent on Ministers, and therefore CRC cannot take forward.
- ii) 'No Better No Worse Off' guidance & Pay Remit – Mr G McKeown referred the committee to the explanation given earlier and reported that CRC will submit a business case to the department to advance this issue.

Mr G McKeown stated that following the reporting of these recommendations to the Audit Committee, they will now be added to the tracker.

## 8. GDPR

### i) Data Protection Officer (DPO)

Mr McKeown explained that as a data controller at CRC there would be a conflict in being DPO. To mitigate against any conflict, DFAP have put in place a policy where any data protection issues will be reported to ARAC. Mr G McKeown presented a paper setting out these DPO issues, and made particular reference to the following:

- 1) Director of Community Engagement created a questionnaire to be completed by all Core Funded groups. Mr G McKeown assess the questionnaire and found that no personal information was being asked of recipients therefore no impact assessment was required.
- 2) CRC commissioning a videographer to produce a piece on CRC and funded groups. The data protection concern would be around the capture of likeness without consent. The measures suggested in the report are sufficient to mitigate

against any issues, as long as those filmed are adults. The project manager will need to monitor the work to ensure that no children are involved.

The Chair stated that the video is an excellent idea. He added that CRC should be careful if collecting 'Special Category' information. CRC should include in the contract that they have final editorial powers.

- 3) NIAO required CRC to provide personal data of employees to carry out National Fraud exercises. Mr G McKeown stated that NIAO had emailed him to state that they are exempt from GDPR and therefore do not need to put data processing agreement in place.

The Committee discussed this and the Chair stated that NIAO may have a permitted exemption, but that does not mean that if data subjects contact them they can deny them their rights.

Chair questioned whether Mr G McKeown was indeed a data controller, rather he considers CRC to be the data controller. Mr G McKeown stated that this was not his understanding of the legislation, but would look into it.

**ACTION:** Mr G McKeown to investigate whether he is a data controller or whether the organisation is.

Chair congratulated Mr G McKeown adding that not many organisations are applying this level of detail to implementing GDPR.

## **9. Department of Finance Guidance**

Ms T Wilson presented one piece of Financial Guidance for the Committee to note:

- i) Treasury Minutes on the 20<sup>th</sup> to 30<sup>th</sup> Reports from Westminster PAC Session 2017-2019

## **10. Direct Awards**

Ms T Wilson informed the Committee that there were no direct awards to report.

## **11. Small Purchases Without a Price Check**

Ms T Wilson presented, and the Committee noted the two CRC purchases without price checks:

- Canon Photocopier readings
- Skainos – Hire of room for staff day.

**12. A.O.B**

Mr G McKeown stated that he, Ms J Adamson, and Ms E Tomasso visited Screen NI as part of CRC's relationship with the organisation, set out in the Business Continuity Plan. There was nothing to report from this visit.

**13. Date of Next Meeting**

6<sup>th</sup> December 2018 11am

17<sup>th</sup> January 2019 11am