

MINUTES OF THE COMMUNITY RELATIONS COUNCIL'S 61ST AUDIT AND RISK ASSURANCE COMMITTEE HELD ON THURSDAY 29TH MAY 2018 AT 2PM IN EQUALITY HOUSE, 7-9 SHAFTSBURY SQUARE, BELFAST, BT2 7DP

Present: Rory Campbell, Don MacKay

In attendance: Jacqueline Irwin (CEO), Gerard McKeown (DFAP), Tracey Wilson (Finance Officer), Kim Moylan (TEO), Jonathan Buick & John McVeigh (ASM), Kathy Doey (NIAO).

1. **Apologies:** Delia Close

2. **Minutes** **(Appendix 1)**

Minutes of the 60th Audit and Risk Assurance Committee on the 11th April 2018 were approved by members.

3. **Matters Arising**

In the previous meeting Mr J Buick was asked to include 'Data Protection' in the final IT Audit. Mr J Buick spoke to the auditor, added 'Data Protection' and reissued the report.

4. **Audit of Investigation into Funded Groups** **(Appendix 2)**

Ms J Irwin spoke to the Audit of Investigation into Funded Groups paper. Mr G McKeown noted that since the paper had been circulated CRC have received confirmation from TEO to treat the remaining un-vouched expenditure as a loss.

Ms J Irwin stated that CRC have received correspondence regarding a previously funded group. CRC contacted TEO immediately, they too had received similar correspondence and are investigating the same complaint. A letter of offer has been issued to the group for 'Pathfinder' funding. The group have not completed and returned their letter of offer therefore no funding relationship exists at this time. Chair asked whether CRC would be notifying the group of the investigation. Ms J Irwin explained that normal fraud procedures apply and CRC would need to consult TEO before notifying the group.

5. **Risk Register** **(Appendix 3)**

Ms J Irwin explained that at the previous ARAC meeting 'Resources' was reduced from a Red Risk to and Amber Risk. The Risk Register now contains 2 Amber and one Red Risk.

Ms J Irwin presented the new report, making particular reference to the following:

- CRC have had no further progress on 'no better, no worse off' guidance.

- A bid has been made through the June Monitoring Round to cover the costs of CRC not being included in the Mainstream NILGOS group.
- Staffing Review – TEO have moved to commence second stage of staffing review. CRC have met with BCS, who will be in 6 days, interviewing staff below DP grade. They will write up the report, which will likely be completed over summer. This report will help inform another round of VES anticipated to take place in the autumn.
- This staffing review is purely a loading exercise, it will not look at grading levels.
- GDPR procedures are in place.
- A new CRC grants database will be in place by March 2019. CRC are carrying out a systems analysis and examining the options; bespoke software; link into another organisations bespoke software; link in to Govt database.

Chair asked about CRC’s involvement in bonfire discussions. Ms J Irwin explained that CRC are involved in the Bonfire Interagency Group, who are still involved in practical arrangements. Some groups are working well, some are not content with Belfast City Council’s handling of bonfires. There seem to be more health and safety discussions at BCC and NI Housing Association.

The Committee agreed to keep ‘Political’ as a Red Risk.

6. Appointment of Internal Auditors

Mr G McKeown informed the Committee that following an open tender process, ASM have been appointed CRC’s internal auditors. The Committee congratulated ASM on their appointment.

7. Internal Audit

Mr J Buick explained that Mr J McVeigh will be taking over as CRC’s auditor.

i) 2017/2018 reviews

a) Review of Management Accounts

(Appendix 4)

Mr J Buick presented to the Committee, the Review of Management Accounts, making particular reference to the following:

- The review made one Priority Three observation; it found that the Financial Procedures Manual states that management accounts be prepared every month however in practice management accounts are prepared:
 - At quarter end
 - For each Board meeting after Quarter 1
 - At January, February and March.

- Mr McKeown explained that CRC take a risk based approach when preparing management accounts, rather than preparing every month; particularly as management accounts preparation are resource heavy.
- Mr McKeown went on to say that it was the intention to schedule management accounts preparation in this manner and that the error was in the financial procedures manual.
- ASM's recommendation stated that they are content with this approach, however, this needs to be documented correctly in the Financial Manual.

The Committee congratulated Mr G McKeown and Ms T Wilson for their work on this.

b) Reducing Bureaucracy

(Appendix 5)

Mr J Buick presented to the Committee the findings of this review, making particular reference to the following:

- ASM recommended, based on CRCs new plans for vouching claims, that CRC acknowledge the new risks which will be associated with these proposed changes in the Risk Register
- ASM recommended that CRC put in place procedures to ensure that it considers revisiting the previous claims of organisations when the actual vouching of claims identifies systemic issues with their claim submission.

Chair stated that these recommendations seem logical, and asked whether the recently grant recipient investigations would have been picked up if these new procedures are in place. Ms J Irwin agreed that this was a good question to ask, and stated that the processes will be reviewed.

Ms K Doey asked how often TEO carry out assessments.

ACTION: Ms K Moylan to look into this and feed back to the Committee how often TEO carry out these assessments.

C) Annual Assurance Statement

Mr J Buick presented to the Committee the findings of this review, making particular reference to the following:

- There were a number of recommendations following the internal audit reviews. No recommendations higher than priority 3.
- Overall assurance for 2018/19 is satisfactory.

ii) 2018/2019 and 2019/2020

a) Audit Strategy

(Appendix 7)

Mr J McVeigh presented to the Committee the Audit Strategy, making particular reference to the following:

- The Audit will look at:
 - Board Effectiveness and Organisational Governance
 - Human Resources
 - Information Security
 - Grants administration and distribution
 - Risk management and complaints handling
 - Finance related risks

ASM will carry out 15 days of field work each year.

8. NIAO

Ms K Doey stated that she had nothing new to report. NIAO will begin their audit at the end of June/beginning of July.

9. Register of Audit

(Appendix 8)

Mr G McKeown presented the updated Register of Audit to the Committee, making particular reference to the following:

- The 14/15 Pay Remit has been approved. DFAP will now begin drafting 15/16 pay remit documents.
- No progress has been made on 'No better off, no worse off' guidance.
- CRC have completed a trend analysis at scheme level. The analysis found that on average since 2015 using the current approach an adjustment of £9k was required but using trend analysis an adjustment of £14k would have been required. For the year ended 31st March 2018 CRC will continue to book year end grants accruals by monitoring cash flow projections and supporting documentation from funded group in the absence of post year payments or submitted claims; but will continue to update and monitor the trend analysis going forward.
- The trend analysis indicates that CRCs current approach gives a more accurate accrual estimate as it is based on a grant by grant process.
- TEO have provided approval to write off all of the losses CRC had had debt provision in the accounts last year.

10. GDPR

Mr G McKeown provided a verbal update of CRC's progress in implementing GDPR compliant processes. He made particular reference to the following:

- DFAP have circulated a policy to the Board, to note at this stage, which will be discussed at the next Board meeting.

- The Privacy Notice has been approved as a working draft by the legal advisors and will be posted on the website and circulated to mailing lists.
- Letters of offer to organisations have been issued with a data sharing agreement included.
- Archiving project well advanced, hope to finalise this week and then extend the project to all electronic records.
- All DFAP and Funding policies have been reviewed and updated
- Data Protection Officer training completed – recommendation to go to Board.
- Significant redraft of Record Management Policy and Security Policy
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The Chair asked what arrangements were being put in place for employee personal data. Mr McKeown confirmed that a specific employee privacy notice had been prepared and would be circulated to employees.

Chair congratulated CRC on their GDPR preparation.

Ms J Irwin stated that CRC have asked grant recipients to educate themselves of their obligations under new GDP Regulations.

11. Department of Finance Guidance

(Appendix 9)

Ms T Wilson informed the Committee of one DoF Guidance which may be applicable to CRC:

- FD (DoF) 04/18 Guidance on the Format of the Remuneration Report 2017-18

12. Direct Awards

No direct awards to report

13. Small Purchases without a Price Check

(Appendix 10)

The Committee noted the ‘Small Purchases Without a Price Check’ report

14. AOB

No other business

15. Date of Next Meeting

19th September 2018 11am