

Community Relations Council 65th Audit and Risk Assurance Committee
Thursday 9th January 2020 11am, CRC Offices, Equality House, 7-9 Shaftesbury
Square, Belfast

1. **In attendance:** ARAC Chair R Campbell, Mr M McDonnell, Mr J McCallister
2. **Present:** Ms J Irwin (CEO), Mr G McKeown (DFAP), Ms T Wilson (Finance Officer), Ms H George (PA to CEO and Board), Ms A McMaw (ASM), Ms E Norwood (TEO), Ms A Busby (NIAO).
3. **Apologies:** None

4. Minutes

The minutes of the 64th Audit and Risk Assurance Committee meeting on 25th November 2019 were reviewed and approved by the Committee.

5. Matters Arising

None

6. Internal Audit

Ms A McMaw informed Committee members that ASM have issued the draft Terms of Reference for the 2019/20 audit and are in the process of agreeing the draft with CRC. ASM will report on the Terms of Reference at the next ARAC meeting.

7. Audit Investigations Into Funded Groups

Mr G McKeown, at the Committee's request, had contacted the Group Fraud Investigation Service (GFIS) to ask whether CRC should make HMRC aware of the previously funded groups case. GFIS informed CRC that they would report the case to HMRC.

Mr G McKeown informed the Committee that GFIS met with representatives from the group and their review concluded that no suspicious cash withdrawals or cheque payments were made by the organisation. The manager of the organisation was protecting staff salaries at the expense of the HMRC payments.

He added that GFIS contacted the groups accountants who stated that a review had taken place and that while there was evidence of the HMRC payment not being fulfilled, there was no evidence of fraud.

GFIS wrote to Mr G McKeown with this information, concluding that what has been reported to CRC by the organisation 'appears that will be the outcome here'.

The Committee queried the use of 'it appears' for its lack of certainty. The Committee asked CRC to return to GFIS and ask for more certain words.

The committee asked what CRC do to ensure this would not happen again.

Mr G McKeown explained that CRC require all groups to provide CRC with a print-off from their HMRC accounts to prove that funds had been paid in. Groups are also asked to provide CRC with their management accounts and are subject to assessments of their working capital and liquidity.

He added that it is impossible to mitigate against all risk and stated that CRC do not have the capacity or power to track grants to their end point, to ensure the groups use them for their intended purposes. These actions are all part of the review CRC conduct to ensure that groups are able to manage themselves and any grant that is awarded. He stated that the level of verification conducted by GFIS is beyond what CRC and TEO do at this time.

Mr J McCallister highlighted the importance of groups raising any problems with CRC and their funders before an issue arises.

A discussion followed on how CRC can learn from this case, and the Committee asked for the Fraud Policy to be circulated. The following actions came out of this discussion:

ACTION: Mr G McKeown to contact GFIS to seek more certain wording around the conclusion of their investigation, to seek their recommendations and update the relevant procedures

ACTION: Mr G McKeown to review what learning can be taken away from this case and update the relevant procedures

ACTION: Fraud risk management including the above recommendation/learnings to be added to the agenda of the future Risk Workshop.

ACTION: Mr G McKeown to review past investigations into funded groups to identify trends, recurring themes and updating the relevant procedures if appropriate.

ACTION: Mr G McKeown to circulate CRC's fraud policy.

8. Risk Register

Ms J Irwin presented the Committee with an updated Risk Register. Following the Committee's recommendation at the previous meeting, the 'Resources' risk has been broken down further to allow different elements to receive different risk categorisations.

Ms J Irwin explained that, within Resources, she proposes that 'Human Resources' and 'Financial Matters' remain amber due to the ongoing compliance issues with the 'No Better No Worse off' and 'Equal Pay' guidance. The Green risks within 'Resources' are 'Information Resources' and 'Physical Resources'.

The Committee agreed that Human Resources and Financial Matters should remain amber and that Information Resources and Physical Resources should remain green.

Ms J Irwin then spoke on the Political risk, categorised as 'Red'. The Committee agreed that while political talks had commenced, there was no more certainty around this risk, and therefore should remain red.

9. Register of Audit (Internal and External) Recommendations

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

- i) Delegation limits with respect to the application of grants – Mr G McKeown informed the Committee that a revised MSFM was shared and agreed by the Board in December. The Board amendments will be made and shared with TEO in January. The Board agreed to continue with the current procedures, and to review the process again in the next business year. This item will now drop off the Register of Audit.
- ii) Review of how CRC are producing monthly projections with respect to the Grants Management System - Mr G McKeown stated that Ms T Wilson and the Director of Funding have conducted the recommended review. This item is complete and will now drop off the Register of Audit.
- iii) Test the procedures and controls around the subject access requests and a data breach - Mr G McKeown stated that a subject access request and data breach test are scheduled to take place before the end of January. The results of this test will be reported at the next Committee meeting.
- iv) Department of Finance Pay Remit Guidance on 'Equal Pay' and 'No Better No Worse Off' – Mr McKeown stated that a consultation process has been scheduled.

10. Business Continuity Plan Test

Mr G McKeown informed the Committee that on the 22nd November CRC's Business Continuity Plan was tested. The servers were brought down in CRC, and the backups in Human Rights Commission were initiated. This test was successful.

A Committee member asked if CRC test other disaster recovery plans such as fire, illness etcetera. Mr G McKeown stated that CRC have a fire evaluation test once a year, a review of CRC's alternative site was conducted in October 2018, CRC test the backup access to data every six months, and the Business Continuity Plan is reviewed on a regular basis.

Mr R Campbell added that CRC have detailed disaster recovery policies.

The CEO added that the only disaster situation that has not been tested is large-scale illness, and indicated that CRC could consider whether contingencies around human resources should be tested.

ACTION: Mr G McKeown to review if other tests should be conducted around human resources policies.

11. Department of Finance Guidance

Ms T Wilson presented the Committee with a number of relevant DoF policy guidance documents, making particular reference to the following:

- New Partnership Agreement Template - Ms T Wilson explained that this Partnership Agreement would replace MSFMs through a phased implementation across 2020.
- Guidance for Proportionate Autonomy for Arm's Length Bodies – this guidance relates to the Partnership agreement and assessing the nature of relationships with their sponsor bodies.

12. Direct Awards

There were no direct awards during this period.

13. Small Purchases Without a Price Check

Ms T Wilson presented the Committee with a list of small purchases made without a price check, making particular reference to the following:

- An Gaeláras – in-house catering for a CRC event
- Local Government Staff Commission – conference fee
- IncredABLE – in-house catering for CRC event
- Xerox – photocopier maintenance

- Guild Café – In-house catering for CRC event
- Pitney Bowes – Postage top up

14. Any Other Business

i) Timing of Risk Workshop

Ms J Irwin reminded staff that the Board agreed a Risk Workshop would be held following the Strategic Planning period. She informed the committee that the Strategic Plan is currently out for consultation for the following three months, therefore, there will be a period of inactivity on the Plan.

She asked the Committee if they are content for the Workshop to be brought forward to March. The Committee agreed to this.

Mr G McKeown informed that Board that by March the internal audit would be complete and could therefore feed into the Workshop.

Ms J Irwin stated that CRC would liaise with the Board and NIAO regarding the content of the Risk Workshop.

ACTION: Mr G McKeown to liaise with the Board and NIAO regarding the content of the workshop.

15. Date of Next Meeting

20th February 2020 11am

2nd April 2020 11am