Community Relations Council 69th Audit and Risk Assurance Committee
Friday 13th November 2020 9:30am, held online

Present: Mr R Campbell (Chair of CRC Audit and Risk Assurance Committee), Mr McDonnell (Board Member), Mr J McCallister (Board Member).

In attendance: Ms J Irwin (CRC CEO), Mr G McKeown (CRC DFAP), Ms T Wilson (CRC Finance), Ms H George (CRC PA), Mr B Clerkin (ASM), Ms A Busby (NIAO), Ms S Nicholson (TEO)

Apologies: None

1. **Welcome**

   The Chair welcomed and thanked the Committee for attending today's meeting.

2. **Minutes**

   The Audit and Risk Assurance Committee reviewed and approved the minutes of the meeting which took place on the 10th September 2020.

3. **Annual Report and Accounts**

   Mr G McKeown presented the Board with CRC Annual Report and Accounts 2019/20. He added that the Annual Report and Accounts were prepared to satisfy company, charity, and departmental guidance. He drew the Committee's attention to a number of items within the Report, including: The Governance Statement; The Directors Report; Organisational Structure; list of Board members; Statement of Grant Making Policies; Future plans; Statement of Accounting Officer; Governance Statement; Governance Framework; Governance of the Board and Committees; overview of Board attendance; Internal Control and Risks; and Internal Audit Report.

   He added that the Report shows that there were no FOI requests, complaints, or data breaches over this period. One significant issue was identified in the Annual Report and Accounts; this relates to the 'No Better No Worse' guidance.

   The Audit and Risk Assurance Committee recommended the approval of the Annual Report and Accounts by the Board.

4. **Report To Those Charged With Governance**

   Ms A Busby, NI Audit Office, presented CRC's Committee with the 2019/20 Report to Those Charged with Governance.

   She thanked Mr G McKeown, Ms T Wilson, and CRC for their assistance in completing this audit.

   Ms A Busby drew the Committee's attention to page 6 of the Report which sets out the significant risk that is tested during the audit of every organisation, relating to fraud arising from management override controls. This review found no evidence of this risk present at CRC.

The auditor found one priority one issue. This relates to 'No Better No Worse' Guidance and outstanding Pay Remits. This is set out on page eight of the report.

Due to the adjustment of claims throughout the year, the auditor reported an immaterial adjustment to the Financial Statement of £2,657.

Ms A Busby added that the Audit Office recognise the great controls that CRC have in place and the benefit to data management that the new online grants system has had. She stated that the NI Audit Office noted that CRC have submitted a Business Case, the 2018/19 and 2019/20 Pay Remits to TEO, and await comment from the Department.

Ms S Nicholson, TEO, informed the Committee that CRC's 'No Better No Worse Off' Business Case was reviewed by the Business Team and their comments have been shared with CRC. Mr G McKeown stated that CRC have not received these comments. Ms S Nicholson stated that TEO would then share these comments in the next week.

The Committee thanked the Northern Ireland Audit Office for presenting, commended CRC on the positive report, and thanked Mr G McKeown, Ms T Wilson and the team for their work.

The CEO added that, as the Accounting Officer, the report was reassuring that CRC's systems are working well. She thanked the Audit Office, Mr G McKeown, Ms T Wilson, and the team for their work

5. **Internal Audit**

Mr B Clerkin updated the Committee on the 2020/21 audit. He stated that the audit of CRC's Board effectiveness and grants management would be taking place in February 2021. This will conclude CRC's internal audit for the 2020/21 year.

The Terms of Reference are being reviewed by CRC and will be agreed in due course.

The Committee thanked Mr B Clerkin for this update.

6. **Covid-19 Arrangements**

Mr G McKeown updated the Committee on CRC's Covid-19 arrangements.

The Covid-19 arrangements, brought in place following the introduction of restrictions in Northern Ireland, continue to work well. Staff are still working from home and rely on remote technology to conduct their work, including the online grant management system.

The Funding and Development Team continue to engage with funded groups to ensure the delivery of their work, that they meet the objectives of their funding contracts, and are able to management their spend accordingly.

The Engagement Team continue to liaise with groups and were able to take forward Good Relations Week and Funding Fairs remotely in 2020.

Vouching and Verification work is being completed remotely this year except for a small number of tests that will require an onsite visit.

The Management Team continue to engage with staff through weekly team meetings, weekly management team meetings, monthly staff meetings, regular line meetings, and the weekly staff newsletter.

CRC are managing the risk posed by Covid-19 well and are working close to capacity.

The Committee thanked Mr G McKeown for this update.

7. **Risk Register**

The CEO presented the Committee with the Risk Register, updated following the Risk Seminar on 20th October. She thanked the Committee members for attending, and Mr M McDonnell for chairing the session.

The CEO pointed out the changes which have been made to the Risk Register:

- The Risk Appetite has been amended to show CRC as open to risk around grants and engagement due to the nature of the work, but risk averse around governance.
- A summary page has been added, to briefly update on the key risks
- The rating matrix is now five by five, to allow for more granularity in classifying risk
- The layout of the Risk Register has been amended
- Trending arrows have been added to the summary page to show whether a risk is increasing or declining.

She added that the full version of the Risk Register will be presented to the Board at the upcoming AGM, and that the Summary page will be presented at all future Board meetings.

The Chair pointed out an error on page 2 – the word should read 'averse' not adverse. Mr G McKeown to amend this error.

> **ACTION:** Mr G McKeown to amend the error on page 2.

Ms A Busby and Mr B Clerkin both agreed that the new format was a good approach, being intuitive and easy to follow.

The Committee then reviewed the amber and red risks and decided that the 'No Better No Worse Off' risk should remain red, as CRC still await a response from TEO. The Committee agreed that 'Staff Morale' should remain amber. Nothing new has happened to change this rating, and the distancing caused by Covid-19 has prolonged and delayed some of the implementation work .

The Committee agreed that 'Covid-19' should remain amber. While CRCs arrangements continue to work and are very robust, the outside factors still remain.

The Committee thanked the CEO and Mr G McKeown for their work amending the Risk Register.

8. **Audit Investigation into Funded Groups**

Mr G McKeown presented the Committee with an update on the investigation into a group who previously received CRC funding.

At a previous meeting, the Committee asked under what circumstances CRC would suspend payment of a grant to a group who had fallen behind in their own payments. CRC consulted with TEO who identified a number of factors to considering before suspending payments. This includes: the typical monthly payments to HMRC; the last time a payment was make to HMRC; cash reserves and cash flow; the likelihood the HMRC arrears will be paid; has HMRC liability been used to fund another purpose; has HMRC been notified and is there a payment plan. CRC are now considering how to apply similar procedures.

TEO's investigation into the funded group has not been closed yet, they will be following up with the central fund.

Mr G McKeown reassured the Committee that no further funding has been issued to the group since March 2016. The Group received a Letter of Offer in March 2018 from the Pathfinder Scheme, however this offer is on hold until the investigations are concluded and HMRC payments have been received.

The Committee noted this report and thanked Mr G McKeown for the update.

9. **Register of Audit Recommendations**

Mr G McKeown presented the Committee with an updated report on CRC's register of audit recommendations.

Mr G McKeown informed the Committee that, regarding CRC's outstanding Pay Remits, the Business Case is currently with TEO, and comments are expected in the next week. These comments and queries will be summarised and presented to the Board and Sub Group, before going back to the Executive Office.

Regarding the recommendation to consider a minimum score for grant making, the Funding and Development Team are going to review this and draft a paper setting out what CRC currently do, and recommend changes to add value. Mr M McDonnell highlighted that the implementation date for this recommendation has passed, and will need to be amended.

> **ACTION:** Mr G McKeown to amend the implementation date of the 'minimum scoring' recommendation.

The audit recommendation to review CRC's Risk Register and amend the format, has been completed and will be removed from the Register of Audit.

Mr G McKeown added that CRC's remaining audit recommendations are on track and will be completed by their proposed date.

The Committee thanked Mr G McKeown for this update, and noted the report.

10. **Department of Finance Guidance**

Ms T Wilson presented the Committee with a piece of guidance published by the Department.

Better Business Cases NI updates guidance on the drafting and appraisal of business cases.

The Committee noted this paper.

11. Direct Awards

Ms T Wilson informed the Committee that CRC made no direct awards following the last Committee meeting.

12. Small Purchases Without a Price Check

Ms T Wilson presented the Committee with a report on the two small purchases make without price checks.

A payment was made to BMF for input to a social media conference.

A payment was made to Mr E Phoenix for his speech at a Good Relations Week event.

The Committee noted this report.

13. Any Other Business

None

14. Date of Next Meeting

3rd December 2020 11am