

Draft Report to those charged with Governance

Community Relations Council
2023-24

7 November 2024

Contents

1. KEY MESSAGES.....	1
2. AUDIT SCOPE	4
3. SIGNIFICANT RISKS.....	5
4. FINDINGS FROM THE AUDIT.....	6
5. MISSTATEMENTS AND IRREGULAR EXPENDITURE.....	14
APPENDIX ONE – LETTER OF REPRESENTATION	17
APPENDIX TWO – AUDIT CERTIFICATE	22
APPENDIX THREE – IMPLEMENTATION OF PRIOR YEAR PRIORITY ONE RECOMMENDATIONS	28

We have prepared this report for the Community Relation Council's sole use. You must not disclose it to any third party, quote or refer to it, without our written consent and we assume no responsibility to any other person.

1. Key Messages

This report summarises the key matters from our audit of the 2023-24 Community Relations Council's financial statements which we must report to the Audit and Risk Assurance Committee, as those charged with governance. We would like to thank the finance team for their assistance during the audit process.

Proposed Audit Opinion

It is proposed that the Comptroller and Auditor General (C&AG) will certify the 2023-24 financial statements with an unqualified audit opinion, without modification.

The proposed Audit Certificate is included at [Appendix Two](#).

Misstatements and Irregular Expenditure

Financial Statement Adjustments

The net effect of adjustments on the Statement of Financial Activities and Balance Sheet was to decrease the net movement in funds and decrease net assets by £912,000.

Uncorrected misstatements

Uncorrected misstatements would decrease the net movement in funds and increase net assets by a further £42,126.

Irregular expenditure

As disclosed in the Governance Statement, there was irregular expenditure of £14,560 in 2023-24. This was not considered to be material and therefore the audit opinion has not been qualified. Further information is provided in the Findings section.

C&AG's Report

No report on the account was required.

Audit Findings

During the audit we reviewed internal controls; accounting systems; and procedures to the extent considered necessary for the effective performance of the audit. We identified 1 priority one recommendation in relation to regularity¹ and the internal control environment.

Full details of findings are included at [Findings from the Audit](#).

Status of the Audit

Audit fieldwork is now complete. The Accounting Officer will sign the annual report and accounts together with a letter of representation, which is included at [Appendix One](#).

The total audit fee charged is in line with that set out in our Audit Strategy.

Independence

We consider that we comply with the Financial Reporting Council (FRC) Ethical Standard and that, in our professional judgment, we are independent and our objectivity is not compromised.

¹ Regularity - expenditure and income have been applied to the purposes intended by the Northern Ireland Assembly and that the transactions conform to the authorities which govern them.

Management of information and personal data

The Community Relations Council is required to comply with the General Data Protection Regulations (GDPR) in the handling and storage of personal data. Those Charged with Governance should ensure they have made sufficient enquiries of management to form a view on whether there were any significant specific data incidents which should be disclosed in the Governance Statement. We are unaware of any data handling incidents during the year and confirmation to this effect has been sought within the letter of representation included at [Appendix One](#).

During the course of our audit we have access to personal data to support our audit testing. We have established processes to hold this data securely within encrypted files and to destroy it where relevant at the conclusion of our audit. We can confirm that we have discharged those responsibilities communicated to you in accordance with the requirements of General Data protection Regulation (GDPR) and Data Protection Act 2018.

Actions for the Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee should:

- Review the findings set out in this report, including the draft letter of representation and audit certificate at Appendices One and Two respectively; and
- Consider whether the uncorrected misstatements set out at [Misstatement and Irregular Expenditure](#) should be corrected. The Audit and Risk Assurance Committee minutes should provide written endorsement of management's reasons for not correcting these misstatements.

2. Audit Scope

We have completed our audit of the 2023-24 financial statements in accordance with International Standards on Auditing (UK) (ISAs) issued by the Financial Reporting Council; with Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'; and with the Audit Strategy presented to the Audit Committee in February 2024.

There are no new matters to communicate concerning the planned scope of the audit. Certification of the accounts was delayed due to the need to consider the defined benefit pension asset and the Community Relations Council having to obtain a revised actuarial valuation.

3. Significant Risks

The significant risk identified in our Audit Strategy has been addressed as follows:

Significant Risk 1

Management override of controls

Under ISA (UK) 240, there is a presumed significant risk of material misstatement due to fraud through management override of controls.

Audit Response

As required by ISA (UK) 240, we:

- Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
 - Reviewed accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud; and
 - Considered significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual.
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Outcome

During the course of the audit no significant items have come to our attention which indicate an override of the control systems in place.

No additional significant risks were identified during our audit fieldwork.

4. Findings from the Audit

Financial Reporting

As part of our audit, we evaluate the qualitative aspects of accounting practices and financial reporting. In this section we draw to your attention any significant changes or issues in respect of accounting policies; accounting estimates; and financial statement disclosures.

The Community Relations Council has adequate processes in place for the production of the accounts and continue to produce good quality supporting working papers. Officers dealt with audit queries efficiently and effectively.

Accounting Policies

Accounting policies applied by Community Relations Council are considered to be appropriate.

Accounting Estimates

Judgements made with regards to accounting estimates were considered appropriate.

Financial Statement Disclosures

We have made a number of suggestions to improve narrative disclosures and to ensure completeness of the disclosures required under the Financial Reporting Manual, Statement of Recommended Practice and other relevant guidance.

Going Concern

No events or conditions were identified from our audit work that cast significant doubt about Community Relations Council's ability to continue to adopt the going concern basis of accounting.

Annual Report

The Annual Report was considered to be consistent with our understanding of the business and was in line with the other information provided in the financial statements.

Remuneration Report

The parts of the Remuneration Report to be audited were considered to be properly prepared in accordance with Department of Finance's guidance.

Accountability Report

The parts of the Accountability Report to be audited were considered to be properly prepared in accordance with the Department of Finance's directions issued under the Government Financial Reporting Manual (FReM).

Governance Statement

The Governance Statement was considered to reflect compliance with the Department of Finance's guidance.

Regularity, Propriety and Losses

There is an ongoing issue in respect of salary adjustments for historical differences in the level of employee contributions to pension schemes, which has resulted in irregular expenditure of £14,560 in 2023-24. The amount is not considered to be material and therefore the audit opinion has not been qualified.

Internal Control

No material weaknesses in the design and implementation of internal control have come to our attention during the audit.

Related Parties

No significant matters were arising during the audit in connection with the Community Relations Council's related parties.

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Audit Recommendations

This section outlines the findings arising from our audit, as well as management's response and target date for implementation. Our findings are defined as:

- **Priority 1** – significant issues for the attention of senior management which may have the potential to result in material weakness in internal control.
 - **Priority 2** – important issues to be addressed by management in their areas of responsibility.
 - **Priority 3** – issues of a more minor nature which represent best practice.
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Finding 1 Employee Superannuation Contributions

The Community Relations Council continues to 'gross up' the basic salaries of some employees by 6% to make a contribution to the cost of employees' superannuation contributions to the NILGOSC pension scheme. This was to ensure that staff were not disadvantaged as a result of paying what were historically higher contributions to the NILGOSC pension scheme compared to the PCSPSNI. We note that from 2014-15, the 6% grossing up is not applied to new members of staff.

The Community Relations Council calculated that, for 2023-24, staff were better off in their net pay as a result of this 6% uplift by £14,560 (2022-23: £15,302).

In our opinion, as this is contrary to guidance letter FD(DFP) 05/16 Pay Remit Approval Process, it is considered to be irregular. The Community Relations Council have obtained legal advice that the additional 6% must continue to be paid.

We note that the Community Relations Council, as required by the Department of Finance, are actively trying to obtain a resolution to the issue.

CRC advised that since October 2023, TEO has commenced more regular meetings with CRC to discuss the content and timetable for approval of an updated business case. A range of options have been agreed with TEO in principle and a meeting has taken place with the Union.

We note that although an updated business case was approved by CRC Pension Sub-group in December 2023 and submitted to TEO in January 2024, the business case and timetable for resolution of this issue have yet to be finalised.

Priority Rating

1

Recommendation

The Community Relations Council should finalise the business case as soon as possible and prepare a timeline for resolution of this longstanding issue.

It is important that this matter is brought to a conclusion at the earliest opportunity.

Management Response (including target date)

Ongoing. Since October 2023 TEO has commenced more regular meetings with CRC to discuss the content and timetable for approval of an updated business case (previously provided by CRC to TEO in 2020).

The updated Business Case was drafted and approved by CRC Pension Subgroup in December 2023 before submission to TEO on 2nd Jan 2024.

CRC met with TEO on 16th January 2024 and CRC responded to queries on the draft following a meeting of its Pension Subgroup. A range of options were agreed in principle with TEO, subject to union negotiations.

A meeting with the union took place on 26th March 2024 to discuss the options. The union subsequently sent a list of technical queries advising that they were seeking information but not in negotiation at this stage. Following agreement on the responses at the Finance and General Purposes meeting on 4th July 2024, CRC responded to the union queries on 5th July 2024.

The Director of Finance, Admin and Personnel who had drafted the updated business case left CRC to take up a new post in April 2024. Since then CRC has been unsuccessful in its attempts to fill the post.

TEO has suggested CRC procure the assistance of an external consultant to finalise the draft business case. The Board and Finance Committee will explore this suggestion at an upcoming meeting.

CRC will continue to work closely with TEO to resolve this matter.

Finding 2

Finance Team

Following the departure of the DFAP Director in April 2024, Community Relations Council has again been very reliant on a Finance Manager recruited on an agency basis. This, and the vacant DFAP Director position, could cause adverse implications for CRC if this officer were to leave the organisation.

The DFAP Director's departure also led to a lack of segregation of duties within critical finance activities such as authorisation of manual journal postings.

Priority Rating

2

Recommendation

The Community Relations Council should actively seek to recruit a permanent Finance Manager (and a DFAP Director) to ensure appropriate succession planning.

CRC should also ensure that at all times there is appropriate segregation of duties and appropriate approval processes within key aspects of the finance function.

Management Response (including target date)

The CRC finance team is currently made up of two members of staff, one employed full time and the other from an agency. There is strict segregation of duties across all areas. Journals were being approved by the DFAP Director when that post was filled. These are now being approved by the CEO (Accounting Office), in the absence of a DFAP Director.

CRC is very keen to permanently fill its two finance posts but has struggled to do so in a very competitive employment market. The Finance Manager role advertised again in September 2024, with no applications meeting the required criteria. CRC's Finance and General Purposes Committee is due to discuss next steps at an upcoming meeting.

As a precaution and due to the continued difficulty in filling the DFAP Director post, another member of staff will be trained to prepare and post journals, which the FM can then approve.

In addition, CRC's Finance and General Purposes Committee and Audit Committee has Board membership with strong finance, audit, and legal background who provide CRC with assistance when needed.

Finding 3

Pension Asset

The accounts submitted for audit included a defined benefit pension asset of £912,000 at 31 March 2024 compared with asset of £194,000 at 31 March 2023. The value of the asset was provided the CRC's actuary.

NIAO appreciates that the actuary is employed to provide the valuation as CRC does not have the in-house expertise. However, CRC did not question why the material change in the valuation occurred between years when the valuation was received.

Following audit queries, it was established that CRC had mistakenly changed the basis on which the valuation was sought from its actuary. As a result, a new valuation had to be obtained and the value of the pension asset at 31 March 2024 was reduced to nil.

Priority Rating

2

Recommendation

CRC should review reports received from its experts, checking information when it can, and ask questions when it does not understand why there has been a material change between years.

Management Response (including target date)

This was human error in relation to an ambiguous, detailed template, using confusing dropdown menus received from NILGOSC and completed in March for the first time by the current Interim Finance Manager and approved by the then DFAP Director before forwarding on to NILGOSC. We have since been advised by NILGOSC that it was not the first time that this sort of incident has occurred for other bodies in relation to this form.

Albeit that this is the first time it has occurred in CRC; to mitigate risk in future years in relation to the completion of this form, we have made a note on our audit file.

A review of management's implementation of priority one recommendations made in our prior year Report to those charged with Governance is set out at Appendix Three.

5. Misstatements and Irregular Expenditure

Adjusted misstatements

During the audit process we identified the following misstatements above our clearly trivial threshold of £3,111. These misstatements have been adjusted and the net effect on the Statement of Financial Activities and the Balance Sheet was £912,000.

ISSUE	AREA	SoCNE DEBIT / (CREDIT) £'000	SoFP DEBIT / (CREDIT) £'000
To derecognise pension asset	Other recognised gains/(losses)	912	
	Defined benefit pension asset		(912)
TOTAL		912	(912)

Uncorrected misstatements

The table below lists unadjusted misstatements which exceed our clearly trivial threshold of £3,111. Uncorrected misstatements would decrease expenditure and increase net assets by a further £42,126.

ISSUE	AREA	SoCNE DEBIT / (CREDIT) £'000	SoFP DEBIT / (CREDIT) £'000
To correct grant accruals which have been decommitted post year end	Grant Payables		42
	Grant Expenditure	(42)	
TOTAL		(42)	42

We recommend that uncorrected misstatements, other than projected errors, be corrected by the Community Relations Council.

Irregular Expenditure

The following irregular expenditure was identified during the course of our audit.

DESCRIPTION	AMOUNT £'000
Employee Superannuation Contributions	14,560

The amount is not considered to be material and therefore the audit opinion has not been qualified. Please refer to Finding 1 for more details.

Appendix One – Letter of Representation

[Client Letterhead]

The Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT 7 1EU

Letter of Representation: The Northern Ireland Community Relations Council 2023-24

As Chief Executive of the Northern Ireland Community Relations Council I have fulfilled my responsibility for preparing accounts that give a true and fair view of the state of affairs, net movement in funds and cash flows; and the related notes of the Northern Ireland Community Relations Council for the year ended 31 March 2024.

In preparing the accounts, I was required to:

- observe the accounts direction issued by The Executive Office, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis; and
- state whether applicable accounting standards have been followed and disclosed and explain any material departures in the accounts; and
- make an assessment that the Northern Ireland Community Relations Council is a going concern and will continue to be in operation throughout the next year; and ensure that this has been appropriately disclosed in the financial statements.

I confirm that for the financial year ended 31 March 2024:

- neither I nor my staff authorised a course of action, the financial impact of which is that transactions infringe the requirements of regularity as set out in Managing Public Money Northern Ireland;
- having considered and enquired as to the Northern Ireland Community Relations Council's compliance with law and regulations, I am not aware of any actual or potential non-compliance that could have a material effect on the ability of the

Northern Ireland Community Relations Council to conduct its business or on the results and financial position disclosed in the accounts.

- all accounting records have been provided to you for the purpose of your audit and all transactions undertaken by the Northern Ireland Community Relations Council have been properly recorded and reflected in the accounting records. All other records and related information, including minutes of all management meetings which you have requested have been supplied to you; and
- the information provided regarding the identification of related parties is complete; and the related party disclosures in the financial statements are adequate.

All material accounting policies as adopted are detailed in note 1 to the accounts.

Internal Control

I have fulfilled my responsibility as Chief Executive for the design and implementation of internal controls to prevent and detect error and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated.

I confirm that I have reviewed the effectiveness of the system of internal control and that the disclosures I have made are in accordance with the Department of Finance guidance on the Governance Statement.

Fraud

I have fulfilled my responsibility as Chief Executive for the design and implementation of internal controls to prevent and detect fraud and I have disclosed to you the results of my assessment of the risk that the financial statements could be materially misstated as a result of fraud.

I am not aware of any fraud or suspected fraud affecting the Northern Ireland Community Relations Council and no allegations of fraud or suspected fraud affecting the financial statements has been communicated to me by employees, former employees, analysts, regulators or others.

Assets

GENERAL

All assets included in the Balance sheet were in existence at the reporting period date and owned by the Northern Ireland Community Relations Council and free from any lien, encumbrance or charge, except as disclosed in the accounts. The Balance Sheet includes all tangible assets owned by the Northern Ireland Community Relations Council.

NON CURRENT ASSETS

All assets over £500 are capitalised. They are not revalued annually and instead are held at depreciated cost. Depreciation is calculated to reduce the net book amount of each asset to its estimated residual value by the end of its estimated useful life in the Northern Ireland Community Relations Council's operations.

OTHER CURRENT ASSETS

On realisation in the ordinary course of the Northern Ireland Community Relations Council's operations the other current assets in the Balance Sheet are expected to produce at least the amounts at which they are stated. Adequate provision has been made against all amounts owing to the Northern Ireland Community Relations Council which are known, or may be expected, to be irrecoverable.

PENSION ASSETS

I have considered the IAS 19 report produced by the NILGOSC actuary and I am satisfied that the pension asset ceiling is £nil and has been appropriately reflected in the financial statements. It is based upon the best information available at the time.

Liabilities

GENERAL

All liabilities have been recorded in the Balance Sheet.

There were no significant losses in the year and no provisions for losses were required at the year end.

All litigation and claims have been disclosed to you and correctly accounted for.

PROVISIONS

There are no provisions in the financial statements, and I confirm that I am not aware of any provisions that should be made.

CONTINGENT LIABILITIES

I am not aware of any pending litigation which may result in significant loss to Northern Ireland Community Relations Council.

Other Disclosures

RESULTS

Except as disclosed in the accounts, the results for the year were not materially affected by transactions of a sort not usually undertaken by the Northern Ireland Community Relations Council, or circumstances of an exceptional or non-recurring nature.

UNCORRECTED MISSTATEMENTS

The following uncorrected misstatement has been brought to my attention:

ISSUE	AREA	SoCNE DEBIT / (CREDIT) £'000	SoEP DEBIT / (CREDIT) £'000
To correct grant accruals which have been decommitted post year end	Grant Payables		42
	Grant Expenditure	(42)	
TOTAL		(42)	42

I consider the effect of this uncorrected misstatement to be immaterial to the financial statements taken as a whole.

EVENTS AFTER THE REPORTING PERIOD

Except as disclosed in the accounts, there have been no material changes since the reporting period date affecting liabilities and commitments, and no events or transactions have occurred which, though properly excluded from the accounts, are of such importance that they should have been brought to notice.

ACCOUNTING ESTIMATES

The methods, significant assumptions and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement or disclosure that is in accordance with the financial reporting framework.

MANAGEMENT OF PERSONAL DATA

Except as disclosed in the Directors' Report, there have been no personal data related incidents in 2023-24 which are required to be reported.

Jacqueline Irwin
Chief Executive and Accounting Officer
Northern Ireland Community Relations Council

Date

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Appendix Two – Audit Certificate

NORTHERN IRELAND COMMUNITY RELATIONS COUNCIL

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE NORTHERN IRELAND ASSEMBLY

Opinion on financial statements

I certify that I have audited the financial statements of the Northern Ireland Community Relations Council for the year ended 31 March 2024 under the Companies (Public Sector Audit) Order (Northern Ireland) 2013. The financial statements comprise: the Statement of Financial Activities; Balance Sheet; Cash Flow Statement; and the related notes, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Government Financial Report Manual (FReM).

I have also audited the information in the Directors' Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the Northern Ireland Community Relations Council's affairs as at 31 March 2024 and of its incoming resources and application of resources, including income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom'. My responsibilities under those standards are further described

in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

My staff and I are independent of the Northern Ireland Community Relations Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Northern Ireland Community Relations Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Northern Ireland Community Relations Council's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

The going concern basis of accounting for the Northern Ireland Community Relations Council is adopted in consideration of the requirements set out in the Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

My responsibilities and the responsibilities of the Accounting Officer and Directors with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises the information included in the Annual Report other than the financial statements, the parts of the Directors' Report described in that report as having been audited, and my audit certificate and report. The Accounting Officer and Directors are responsible for the other information included in the annual report. My opinion on the financial statements does not cover the other information

and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Directors' Report to be audited have been properly prepared in accordance with Government Financial Reporting Manual; and
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Northern Ireland Community Relations Council and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report and Directors' Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the parts of the Directors' Report to be audited are not in agreement with the accounting records; or
- certain disclosures of remuneration specified by the Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with the Department of Finance's guidance.

Responsibilities of the Accounting Officer and Directors for the financial statements

As explained more fully in the Statement of Accounting Officer's and Directors' Responsibilities, the Accounting Officer and Directors are responsible for:

- preparing the Annual Report, which includes the Remuneration and Staff Report, in accordance with the Companies Act 2006;
- the preparation of the financial statements and for being satisfied that they give a true and fair view;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the Northern Ireland Community Relations Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Northern Ireland Community Relations Council will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Companies (Public Sector Audit) Order (Northern Ireland) 2013.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included:

- obtaining an understanding of the legal and regulatory framework applicable to the Northern Ireland Community Relations Council through discussion with management and application of extensive public sector accountability knowledge. The key laws and regulations I considered included governing legislation and any other relevant laws and regulations;
- making enquires of management and those charged with governance on the Northern Ireland Community Relations Council's compliance with laws and regulations;
- making enquiries of internal audit, management and those charged with governance as to the Northern Ireland Community Relations Council's susceptibility to irregularity and fraud, their assessment of the risk of material misstatement due to fraud and irregularity, and their knowledge of actual, suspected and alleged fraud and irregularity;
- completing risk assessment procedures to assess the susceptibility of the Northern Ireland Community Relations Council's financial statements to material misstatement, including how fraud might occur. This included, but was not limited to, an engagement director led engagement team discussion on fraud to identify particular areas, transaction streams and business practices that may be susceptible to material misstatement due to fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals;
- engagement director oversight to ensure the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with the applicable legal and regulatory framework throughout the audit;
- documenting and evaluating the design and implementation of internal controls in place to mitigate risk of material misstatement due to fraud and non-compliance with laws and regulations;
- designing audit procedures to address specific laws and regulations which the engagement team considered to have a direct material effect on the financial statements in terms of misstatement and irregularity, including fraud. These audit procedures included, but were not limited to, reading board and committee minutes, and agreeing financial statement disclosures to underlying supporting documentation and approvals as appropriate, testing of journal entries, discussing regularity with management and reading internal audit reports;
- addressing the risk of fraud as a result of management override of controls by:

- performing analytical procedures to identify unusual or unexpected relationships or movements;
- testing journal entries to identify potential anomalies, and inappropriate or unauthorised adjustments;
- assessing whether judgements and other assumptions made in determining accounting estimates were indicative of potential bias; and
- investigating significant or unusual transactions made outside of the normal course of business.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Dorinna Carville
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
BELFAST
BT7 1EU

Date

Appendix Three – Implementation of Prior Year Priority One Recommendations

Recommendation 1 Employee Superannuation Contributions

The Community Relations Council should continue to engage with TEO on this matter and agree a plan and timeline for resolution of this longstanding issue. It is important that this matter is brought to a conclusion at the earliest opportunity.

Status Not cleared

This remains an ongoing issue – see Finding 1.
