

CCEA

Audit & Risk Assurance Committee

Minutes of the fifty-ninth meeting of the Audit & Risk Assurance Committee held on Friday 19 May 2023 at 10.30 am via MS Teams.

Present : Mrs C Fitzsimons (Chair) Mrs P Leitch
Professor P Hanna

Executive

Mr G Campbell (Chief Executive)
Mrs L Scott (Director of Finance & Corporate Services)
Ms A Swann (Temporary Director Examinations)
Mrs C Latham (Temporary Director Curriculum & Assessment)
Mr J Daly (Financial Services Manager)
Mr D Wilson (Business Assurance Manager)
Miss N Kennedy (Manager, Council Secretariat)

In Attendance

Mrs E Patton (KPMG)
Mr Peter O'Sullivan (NIAO)
Mr B Conway (ASM)

Introduction

The Acting Chair welcomed members and officers to the meeting, in particular Mr Gerry Campbell, Chief Executive to his first meeting of the committee.

She thanked members for making the time for this re-scheduled meeting and advised that she would be taking on the role of Chair of the Committee until the end of her second term.

1 Apologies

Apologies were received from Mrs Donna O'Connor; Mr Tony Stevens and Mr Colin Coffey.

2 Conflict of Interests

Members confirmed there were no conflict of interests on any of the agenda items.

3 Chair's Business

Officer/Representative Attendance

The Chair welcomed Emma Patton (KPMG), Barney Conway (ASM) and Peter O'Sullivan (NIAO) to the meeting.

She advised that Mr John Daly (Financial Services Manager) and Mr David Wilson (Business Assurance Manager) were available to provide clarification on various items on today agenda.

Resignations from the Committee/Council

The Chair formally recorded resignations from Rob Smyth, Majella Corrigan and Sarah Sellars. It was confirmed that the Chair of Council is taking forward a proposal to rotate membership and co-opt external expertise.

NIAO Letter

The Chair referred to the additional item of the standard letter from the NIAO in relation to the Annual Audit.

4 Ratification of Minutes of previous meeting held on 19 January 2023

The minutes of the previous meeting held on 19 January 2023 were proposed by Mrs Paula Leitch and Mrs Carol Fitzsimons as a true and accurate record of the meeting. A copy would be available for the Chair to sign.

5 Financial Risk Control and Assurance

Risk & Assurance in Awards and Purchases

AUD/59/1

The DoFCS introduced the item and confirmed this was a standard report provided to members as a standing item on the agenda.

The FM referred to the detail provided in paper AUD/59/1 and confirmed the 6 unauthorized purchases were low risk items with no issues of concern to report.

Direct Award Contracts

The FM confirmed 1 direct award in relation to general purchases (Appendix 1). The overall summary was provided on page 2 of the paper.

The Chair thanked the FM and team for maintaining the focus on the key processes and controls in place and highlighting these to the Committee.

2022/23 Annual Report & Accounts – Progress Report & Production Plan

AUD/59/2

The DoFCS drew attention to the detail of the paper setting out the progress and production of the Annual Report & Accounts.

She was pleased to report that the audit had commenced and was progressing satisfactorily. All deadlines were on target to be met with the final report being presented to ARAC on 20 June and subsequently to Council on 22 June for ratification and signature before laying with the NI Assembly.

Members noted the information provided.

6 Corporate Risk Management and Audit

Draft Annual Governance Statement (AGS) 2022/23

AUD/59/3

The Chief Executive introduced the item and advised on the review processes in place for the production of the Annual Governance Statement. He highlighted the component parts of the statement and referred to the significant elements on risk and assurance which were progressed through the risk management and accountability frameworks throughout the organisation.

The Chief Executive was pleased to report the 'Satisfactory' level of assurance provided to CCEA and confirmed he would, subject to any further feedback from DE, be content to sign off the effectiveness of the governance arrangements in CCEA.

Following consideration at the next meeting of the committee (20 June), the Statement would become part of the Annual Report & Accounts 2022/23 to go forward to Council (22 June).

The Chair welcomed the inclusion of COVID disruption and the impact this had on the governance arrangements for CCEA.

The Chief Executive sought and received members' approval confirming that the AGS had been reviewed and updated, taking account of DE's requirement that the Statement was complete, accurate and reflects the organisation's latest assessment.

Re-ordering of Agenda

To ensure the meeting was quorate the Chair re-ordered the agenda to facilitate discussion and recommendation to Council on Paper AUD/59/7.

Draft 2023/24 Audit Plan

AUD/59/7

The DoFCS introduced the item and confirmed that KPMG's contract was at an end and the transition was being managed to re-procure the Internal Audit service.

She drew attention to the detail of the document which included the 3-year strategy and days attributed to each review. The proposed six internal audit reviews (detailed in the cover paper) were to commence in 2023/24 following the procurement of Internal Audit services.

A Committee member asked for consideration to be given (in the area of risk) to the review and management of curriculum and the assessment in the context of the potential or likely impact of Artificial Intelligence (AI) over the next number of years. There may be an increasing risk profile and therefore is a need to have a mechanism for capturing and monitoring this type of risk. The DoFCS concurred and advised that these risks would be captured in the Corporate Risk Register, however for the purpose of Internal Audit this is to give Management an assurance that the current control environment is operating effectively and efficiently.

Mrs Patton (KPMG) referred to the point raised and advised that risks are captured, escalated or de-escalated through the Corporate Risk Register. She confirmed that there would be an opportunity to refresh the plan to capture and increase the risks as appropriate within the first year.

The Committee member suggested there was some urgency around this area and the need to think about the risks at this point and time.

The DoFCS assured members that work was ongoing to understand AI through JCQ, and controls are already being developed around what CCEA is doing on AI in managing the risks around examinations. The temporary Director of Examinations confirmed that joint guidance had been issued via JCQ in relation to authentication, particularly with controlled assessment. She confirmed that this is joint guidance across the 3 jurisdictions to ensure the message is consistent.

The Chair suggested that Council would benefit from wider discussion at a development day to raise awareness of this area.

Members were reassured with the explanations provided and were content to recommend the Audit Plan to go forward to Council for approval. Formally proposed by Professor Phil Hanna and seconded by Mrs Paula Leitch.

Mrs Leitch left the meeting at this point.

The Chair reverted to the normal running order of the agenda.

CCEA Corporate Risk Register

AUD/59/4

The Chair introduced this item.

The DoFCS advised on the rationale behind the redevelopment and reformatting of the CRR in particular alignment to CCEA's draft Corporate Plan and also reflecting the DE format. The three elements are:

- CCEA Risk Register template – gives detail of risks, root causes and mitigations as planned;
- CCEA CR Heat Map – April 2023
- CCEA CR Dashboard – April 2023

The purpose of the Heat Map and Dashboard was explained, together with a comprehensive overview of the 8 Corporate Risks, mitigations and scores taking account of the risk environment CCEA continues to operate within. The DoFCS advised on those risks which had been reviewed during the period.

The Head of Regulation provided an assurance that the regulatory risks relating to Divergence were being closely monitored to ensure they are mitigated appropriately. She reminded members of the risks in Vocational Qualifications policy divergence which brings significant challenges in relation to standards – these would also be mitigated as required.

The DoFCS stated that the financial risks were the most significant (residual score of 20) facing the organisation and the biggest risk would be running out of funds in the last quarter of the year and not being able to deliver CCEA's statutory functions. She confirmed that discussions are ongoing with DE who have a complete understanding of the pressures and will continue to take every opportunity to make representations for additional funding.

The Chief Executive concurred that this was the highest risk to the organisation at present and advised that a financial plan has not yet been submitted to DE. Extensive discussions continue between management and DE officials regarding availability of resources in the 2023/24 year and officers are working proactively with DE to mitigate against the level of cut given in the indicative budget. Further discussions will take place at Council on 25 May.

The Chair recognised the challenges facing the team and asked that the disruption to the finalisation of the business plan be reflected in the CRR. She thanked the DoFCS for the detailed report and recognised the importance of moving out of COVID crisis mode and welcomed the opportunity to reset the CRR to a more 'business as usual' type of activity.

The DoFCS confirmed that there were operational risk registers across the organisation which was key to effective risk management where risks were escalated as appropriate. The Chair was assured that focus was on the high-level corporate risks and asked that these be constantly reviewed to ensure they remained at strategic level.

Members sought and received clarification on a range of matters and were content with the detail of explanations received.

The Chief Executive concurred with the DoFCS. He assured members that there are mechanisms within the organisation to review the level of risk and either escalate or de-escalate as appropriate. He confirmed the importance of the leadership team working together to review matters and ensure that the CRR continues to reflect the current corporate risks. He commended the DoFCS and her team for the significant work carried out on the re-design and reformatting of the register.

The Chair asked that the following points be considered, and if appropriate included in the CRR :

- Governance controls to be explicitly highlighted – ie role and responsibilities of Council, in particular the relationship between the Executive and Members.
- Lack of a NI Government and the negative impact this is having on CCEA in terms of Ministerial direction and decision making.
- CR7 : Pandemic/Health or external environment – to include post-pandemic working culture as ‘how we work’ has not yet been agreed and also culture and values post-pandemic.
- CR1 Lost learning due to pandemic and wider piece of external data and impact of longer term loss on learners or ability to learn. Higher level of awareness.
- CR3 Vocational Qualifications and risk for the sector.
- CR5 Regulation - short term nature of contracts with DfE and impact this has on how work is delivered in this area remains a strong risk and should be highlighted.

The Head of Regulation advised that DfE will give CCEA Regulation the full letter of offer award this year (2023/24) which is very welcome bearing in mind the challenges across the education sector. However, the annual cycle of short-term contracts to fulfil the letter of offer contract remains challenging and has been well documented.

The DoFCS thanked the Chair for the points raised and would take these into consideration and factor in as appropriate in the next draft which would be presented to the June meeting.

The Chair thanked the DoFCS and her team for the work completed on the CRR.

7 Internal Audit Activity

The DoFCS introduced this item and was pleased to inform members of the overall ‘satisfactory’ assurance level received for 2022/23 which will feed into the Annual Report and Accounts.

Internal Audit Progress Report & Internal Audit Reviews

AUD/59/5

Mrs Patton (KPMG) advised that three Internal Audit Reports had been completed as part of the CCEA Internal Audit Plan for 2022-23.

All three Internal Audit Reports have achieved a SATISFACTORY assurance level.

Internal Audit Review : HR

AUD/59/5a

Mrs Patton (KPMG) drew attention to the detail of the report and outlined the scope of the audit. She provided an overview of the two areas of the review and was pleased to confirm a satisfactory internal audit opinion on both of areas with 1 priority 2 and 2 priority 3 issues (detail provided in Appendices A&B).

She advised that management had accepted the recommendations which would be closed out by 30 June 2023.

Internal Audit Review : Post Results Service

AUD/59/5b

Mrs Patton (KPMG) drew attention to the detail of the report and confirmed it was important to highlight that the processes were the scope of the audit. She provided an overview of the main areas of the review and was pleased to confirm a satisfactory internal audit opinion with no recommendations identified.

Internal Audit Review : Management of Assets

AUD/59/5c

Mrs Patton (KPMG) drew attention to the detail of the report and outlined the scope of the audit. She provided an overview of the two areas of the review and was pleased to confirm a satisfactory internal audit opinion on both of these discrete areas with 2 priority 3 issues identified in one area (Inventory Management).

She advised that management had accepted the priority 3 recommendations which would be closed out by 30 June 2023.

Members were content with the information provided. The Chair welcomed the reference to the ISO procedures which had been referred to in various instances during the internal audits.

Annual 2022/23 Internal Audit Report and Prior Year Recommendations

AUD/59/6

Mrs Patton referred to the information provided and gave an overview of the main component parts of the Annual Internal Audit Report for 2022/23 and advised that all 10 of the Internal Audit opinions were Satisfactory.

She was pleased to confirm good progress with the prior year recommendations and drew attention to the detail of the report which outlined the status of the recommendations.

Mrs Patton was pleased to report an overall 'Satisfactory' assurance (detail provided in Section 4).

She confirmed that in line with Public Sector Internal Audit Standards an independent and objective internal audit service was provided to CCEA during 2022/23.

Mrs Patton concluded by thanking CCEA officers for their co-operation in working with the internal auditors over the last 3 years and that this would be KPMG's last meeting.

The Chair thanked Mrs Patton and team as well as CCEA officers for taking this work forward and addressing the issues as appropriate.

Members were satisfied with the information provided.

Updates

NIAO Update

The NIAO representative drew attention to the Letter of Understanding issued to the Chief Executive reflecting his appointment as Chief Executive.

ASM Update

The ASM representative advised that the audit had commenced and was progressing well. He referred to the financial risk and advised that this would be a focus of the audit. He referred to the revaluation of the NILGOSC scheme where the pension position has improved and noted this would be finalised during the course of the audit.

DE Update

There were no matters to report as the DE representative was not present at the meeting.

BREXIT

The DoFCS confirmed there was nothing to report however the situation would be monitored and developments reported as appropriate.

8 Examinations

Risk Management Report – 2023 Examinations Series

AUD/59/8

The temporary Director of Examinations (DoE) reported on the following :

Advanced information : No complaints about advanced information to date now that examinations are in progress. This demonstrates that the messaging around the purpose of advanced information has been understood by centres.

Irish Medium : Translation team under significant pressure due to having to prioritise advanced information and also due to the volume of WJEC coursework materials to be translated. At present this is not funded, however a bid has been submitted to DE.

Standards : Interventions at non judgemental grades are not resourced at present. This urgently needs resources to ensure safe delivery of examinations. This is a significant risk and needs to be addressed.

Question papers : Some quality issues with one of the print contracts. Contract management has started. The print issues are in the process of being corrected. However, this is putting significant pressure on the operational teams to retrieve and replace papers.

The Chair thanked the temporary DoE for her report. She suggested that there was a need for Interventions to be discussed by Council. The Chief Executive confirmed that this is on the agenda for the Council meeting and is an evolving situation.

The Chair raised the Irish Medium provision continues to be a challenge in terms of resourcing. This may require escalation of the corporate risk given the sectoral growth. She referred to SEN and mainstream as these were statutory areas and asked that they be monitored and actioned as appropriate.

9 Any Other Business

None identified by the Secretariat.

10 Date of Next Meeting.

The Chair confirmed the next meeting was scheduled for Tuesday 20 June 2023 at 1.30 pm and thanked members for their input into the meeting.