

## **CCEA**

### **Audit & Risk Assurance Committee**

Minutes of the fifty-fifth meeting of the Audit & Risk Assurance Committee held on Tuesday 11 January 2022 at 11 am via MS Teams.

**Present :** Mr R Smyth (Chair)                      Mr T O'Reilly  
Mrs D O'Connor                                  Mrs P Leitch  
Professor P Hanna                                Mrs S Sellars

Mr B Clerkin (ASM)  
Ms F Magowan (NIAO)  
Mr S Dempster (DE)  
Miss E Patton (KPMG)

Miss M Farragher (Interim Chief Executive)  
Mrs L Scott (Director of Finance & Corporate Services)  
Mrs C Latham (Interim Director Curriculum & Assessment)  
Ms A Swann (Temporary Director of Examinations)  
Mrs S King (Head of Regulation)  
Mr J Daly (Financial Services Manager)  
Mr D Wilson (Business Assurance Manager)

Miss N Kennedy (Manager, Council Secretariat)

### **Introduction**

The Chair welcomed members and officers to the meeting. He confirmed protocols for participation.

### **1 Apologies**

Apologies were received from Mrs Carol Fitzsimons; Miss Majella Corrigan; Ms Clare Greenwood (Boardroom Apprentice), Mr Andrew Allen (NIAO) and Mr John Poole (KPMG).

### **2 Conflict of Interests**

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

### **3 Chair's Business**

The Chair welcomed Mrs Emma Patton (KPMG); Mr Brian Clerkin (ASM); Ms Finula Magowan (NIAO) and Mr Sam Dempster (DE).

He confirmed that Mr John Daly (Financial Services Manager) and Mr David Wilson (Business Assurance Manager) were in attendance to provide clarification on various agenda items.

### **4 Ratification of Minutes of Previous Meeting held on 7 September 2021**

The minutes of the previous meeting held on Tuesday 7 September 2021 were proposed by Mrs Paula Leitch and seconded by Professor Phil Hanna as a true and accurate record. A copy would be made available for the Chair to sign once normal business arrangements resumed.

## *Action Points*

Members noted the status of the action points and were updated accordingly.

The Interim Chief Executive advised that work continued in developing an action plan in relation to divergence, this will include adequate resourcing of the Regulation Unit to carry out the work in this area. The matter would be discussed at the Regulation Committee on 3 February 2022.

## **5 Financial Risk Control and Assurance**

### ***Risk and Assurance in Awards and Purchases***

**AUD/55/1**

The Director of Finance and Corporate Services (DoFCS) introduced this item.

The Financial Services Manager (FM) referred to the information provided in paper AUD/55/1. He advised on one unauthorised purchase greater than £1,500 during the reporting period August – November 2021.

#### *Direct Award Contracts*

The FM confirmed 4 direct awards in relation to general purchases (Appendix 1) during this period. The overall summary was provided on page 2 of the paper.

Members were content with the information provided.

### ***Annual Report and Accounts 2021/22 – Production Plan***

**AUD/55/2**

The DoFCS outlined the preliminary timelines for production of the 2021/22 Annual Report & Accounts in advance of formal notification from DE. She confirmed that an additional week had been negotiated with the Auditors and DE on the timelines for the submission of the documentation to allow sufficient time for the committee to review the final draft before recommendation to Council.

The Chair welcomed the additional time granted for members to review the final draft and asked if the timeline could be confirmed and if any changes were required that would cause any delays the committee should be advised as soon as possible.

Members were content with the information provided.

## **6 Corporate Risk Management and Audit**

### *For Consideration*

### ***Corporate Risk Register – November and December 2021***

**AUD/55/3**

The DoFCS introduced the item and confirmed that the November 2021 and December 2021 risk registers were available for members' consideration. She updated members on the residual risk environment, in particular the high alert on examinations and the impact of the pandemic on curriculum and Regulation. She drew attention to the proposed mitigations following discussions with managers on how these risks are managed moving forward.

The Business Assurance Manager concurred with the DoFCS and confirmed that the CRR is reviewed on a monthly basis and continues to evolve in an ever-changing environment. He drew attention to the 8 Corporate Risks and outlined the changes as appropriate.

He referred to the internal audit on risk management and confirmed that the overall process was under ongoing review and would welcome any feedback from members on the presentation of the register to ensure it meets the needs of the committee and how it is managed effectively.

A Committee member welcomed the detail provided on the Corporate Risk Register and suggested that if the format was under review, this would be a useful template to improve upon. The Chair referred to the actions and the fact that some of the dates had passed and the action was not yet complete. He asked that additional information be provided in these instances to advise members when the action is expected to be completed or whether an alternative mitigation has been put in place. The DoFCS agreed to include more detail in the mitigations for those where the timeline has passed and not completed.

Members welcomed the reduced residual scores and recognised the high-risk environment CCEA continued to operate within.

The Chair of Council sought clarification on how Corporate Objectives within the Corporate Plan would be managed through the Corporate Risk Register given the high-level nature of the risks. The DoFCS suggested that the Corporate Plan would be an overarching document in relation to risk mitigation and the risk environment would inform how the Corporate Objectives are set to ensure they would be achievable. The Corporate Plan (currently under development) could run alongside the Corporate Risk Register and recognised that further detail was required on the strategy to make the corporate plan a reality.

The Business Assurance Manager confirmed that the Corporate Plan was at the top of the Corporate Governance Structure. He reminded members that the nature of the CRR was high level and there were detailed operational team registers across the organisation which were reviewed on an ongoing basis to inform the CRR.

The Interim Chief Executive referred to the Council strategy session in December and advised that as the DE planning process and refreshing the 2022-25 Corporate Plan were underway it was also planned to review the Corporate Risk Register.

A member sought clarification on CR1 where the residual likelihood was 4 given his confidence in CCEA to mitigate the risk. The Business Assurance Manager explained that a cautious approach was being taken given previous experiences in Ministerial Direction and also what CCEA can control and influence and what it cannot. It was suggested that perhaps the emphasis should change to look at instances where recovery was required. The Chair concurred, he asked that, bearing in mind the way in which risks have been managed with successful arrangements put in place to avoid failure (CR1) taking account of actions, lessons learned and what has been put in place, do we believe the impact could potentially still be very high with regard to the ability for CCEA to award qualifications.

The Interim Chief Executive said there is still a high risk, hence the high residual score. However, referring to the point of are we ready to act should an issue arise can we manage the consequences, she assured members that the organisation's agility was such that we have the ability to act accordingly. However, she stated that there were other challenges that could impact on the organisation.

The DoFCS concurred with the Interim Chief Executive and said she would consider the point raised in relation to residual risk, however stated that the current CRR continued to reflect the state of high alert the organisation continued to work under. She referred to the component parts of the CCEA business that would be impacted upon should resources be deployed to other areas. This in itself was a high risk.

The temporary Director of Qualifications raised the importance of timing of decisions and the impact of these if taken late. She referred to the challenges of managing grade inflation and the risk of these being publicly acceptable should these materialise together with the other external issues currently being debated. Taking all of these factors into account, it was necessary to remain on high alert. An assurance was provided that all arrangements were in place for the summer 2022 examination series.

The DE representative suggested that given the current landscape that perhaps CCEA could be at risk of reputational damage in particular the branding of examinations and asked that this be reflected in the CRR.

Members were content with the information provided.

### **Internal Audit Activity**

#### ***Internal Audit Reports – Progress against CCEA Internal Audit Plan for 2021/22      AUD/55/4***

Mrs Patton (KPMG) drew attention to the information provided and outlined progress against the Internal Audit Plan for 2021/22.

#### ***Internal Audit Report – Procurement      AUD/55/4a***

Ms Patton (KPMG) drew attention to the detail of the report and provided an overview of the scope of the audit and the way in which it was conducted. She was pleased to confirm a satisfactory assurance rating with no recommendations identified.

#### ***Internal Audit Report – Information Governance      AUD/55/4b***

Ms Patton (KPMG) drew attention to the detail of the report and provided an overview of the scope of the audit and the way in which it was conducted. She was pleased to confirm a satisfactory assurance rating with 1 priority 2 and 1 priority 3 recommendations.

She drew attention to the ongoing consultation exercise in relation to the UK's data protection regime. Indications are that there may be some changes required. She recognised that at present these were unknown however recommended that CCEA considers the findings of the report in relation to implications for the organisation's data processes.

Ms Patton drew attention to the recommendations and advised on the key aspects of accountability in respect of effective management of data and retention of data. She confirmed that management accepted the recommendations and Business Assurance would continue with the work in these areas as appropriate.

Clarification was sought and received on a number of matters. Members were content with the explanations provided.

The Chair of Council congratulated the Procurement and Business Assurance teams on the achievement of satisfactory ratings on both reports. He referred to the 3 main actions arising from the information governance review and sought clarification on (given other priorities in the organisation) whether the proposed period of 6 months was sufficient to achieve these and suggested that it may be appropriate for a more realistic timeframe to be put in place.

The DoFCS concurred and recognised the complexity of the project. She advised that a certain amount of work had already been completed and refreshes would be carried out where appropriate.

However, should the need arise the timelines would be reviewed to ensure the work is completed in compliance with the DPA.

The Business Assurance Manager outlined the methodology proposed for the completion of the actions and concurred with the DoFCS that a significant amount of work had been carried out in advance of the audit. He recognised the need to be realistic and achievable in the completion of the project and gave an assurance that timeframe would be revisited should there be a need to do so.

Mrs Patton concluded that having noted the findings in this area and following discussions with officers the auditors would hope to see significant progress within the next six months. She recognised that whilst there was a need to focus on this important area the timeframes should be realistic and achievable.

Members noted the explanations provided.

## **External Audit Activity**

### ***External Audit Strategy***

***AUD/55/5***

Mr Clerkin (ASM) drew attention to the detail of the paper provided at AUD/55/5 and highlighted the component parts of the document, in particular:

- The role of and actions for the Audit Committee;
- The materiality and audit approach;
- Significant Audit Risks;
- The timetable for completion of the audit, and certification of the final Annual Report and Accounts for 2020/21

Members noted the information provided.

The Chair thanked Mr Clerkin for his overview.

## **Updates**

### ***NIAO***

The NIAO representative confirmed that there were no matters to report.

### ***ASM***

The ASM representative confirmed that there were no matters to report.

### ***DE***

The DE representative referred to the policies being presented for consideration (Whistleblowing and Anti-Fraud) and advised that DE would provide feedback following completion of the process.

### ***BREXIT***

The DoFCS confirmed that there was nothing to report, however advised that the situation would continue to be monitored review and updates provided as appropriate.

The DoFCS introduced this item and confirmed that the policies had been revised to reflect DE's observations and to ensure they are in line with best practice and current legislation. She advised that policies were normally reviewed by the Finance Committee, however due to the nature of those being presented it was important that they sit within the context of the ARAC.

***Revised Whistleblowing Policy/Procedure***  
***Revised Anti-Fraud Policy***

***AUD/55/6a***  
***AUD/55/6b***

The Business Assurance Manager referred to the detail of the documents and wished to place on record his thanks to the DE representative for the excellent and timely feedback and observations on the drafts. He commended the helpful and constructive nature of the comments received and confirmed that these had been incorporated into the drafts presented for consideration.

The DE representative confirmed that this review was being carried out with all NDPBs across the sector and asked that the documents be ratified subject to any further feedback from DE.

A Committee member suggested that it would be beneficial for changes to be highlighted within the document to make this more accessible for the committee to view. She commended the revised document and was content with the changes suggested.

The DoFCS drew attention to the information provided in the cover paper which outlined the changes within the policies. The Chair asked that where possible revisions should be highlighted within the document. The DoFCS agreed to take this on board for future documents, when appropriate to do so.

*Whistleblowing Policy/Procedure*

The Chair of Council sought an assurance on whether officers were sufficiently confident that in terms of investigations being carried out by an independent Council member that there was complete clarity between the organisation, the Council member and the anonymity of the Whistleblower. He referred to the 'steps' outlined in the policy under '*How to raise a concern with CCEA*' and suggested that a separate process be included which is independent of the organisation to ensure the information the complainant or Whistleblower provides to the Independent Council member is not available elsewhere in the organisation and asked for further clarity to be provided in the document.

A Committee member suggested that work has been completed in terms of the procedural element to ensure the Whistleblower is comfortable and anonymity protected.

The Business Assurance Manager confirmed that a procedure has been put in place with investigative procedure training being made available to staff. He confirmed that Business Assurance was totally independent and provided an assurance that complete confidentiality is maintained and information retained separately. He was content to include this statement in the procedure to ensure complete clarity within both the policy and procedure if required.

The Chair of Council welcomed the clarification provided and asked that a separate section be created within the policy/procedure. The DoFCS sought and received confirmation that the policy was robust and provided sufficient flexibility to investigate an issue of whatever course of action was required. She agreed to reflect on the points raised together with those coming forward from the Internal Audit review.

The Interim Chief Executive welcomed the points made and suggested that the policy be reviewed in line with other NDPBs to ensure comparability across other organisations and also incorporate feedback arising from the Internal Audit review and DE respectively.

The Chair sought and received confirmation that a revised Whistleblowing Policy would be brought forward to the next appropriate committee meeting.

#### *Anti-Fraud Policy*

Members were content with the information provided and recommended the draft to go forward to Council for consideration/ratification. Formally proposed by Mr Tommy O'Reilly and seconded by Mrs Sarah Sellars.

### **8 Examinations**

#### *For Information*

#### ***Risk Management Report : Operational Readiness for Summer 2022*** ***AUD/55/7***

The temporary Director of Examinations drew attention to the detail provided at paper AUD/55/7 and summarised the key risks currently identified as high or critical in the current context, as well as the range of matters and contingencies under consideration. She confirmed the risk log was under continuous review and was updated on a weekly basis with appropriate action taken.

Outline proposals for a hybrid approach to examinations together with associated risks would be brought forward to Council for consideration at its next meeting.

Members were content with the information provided.

### **9 General Conditions of Recognition – Compliance Statement** **AUD/55/8**

The DoFCS provided some background to the item for the benefit of members. She advised that the GCoR Compliance Statement is an annual requirement whereby the Awarding Organisation has to submit this document to Regulation following approval by the Interim Chief Executive and Chair.

Members noted the final statement was submitted to the Regulator on 5 January 2022.

### **10 Any Other Business**

#### *Scheduling of Meetings*

The Chair confirmed that the schedule for future meetings would consider moving ARAC meetings from Tuesdays to Thursdays. Members would be notified accordingly.

### **11 Date of Next Meeting**

The date of the next meeting was confirmed as Tuesday 26 April 2022 at 11 am.

The Chair thanked members and officers for their input into the meeting.