

CCEA

Audit and Risk Assurance Committee

Minutes of the thirty-fourth meeting of the Audit & Risk Assurance Committee held on Wednesday 12 April 2017 at 10.00 am in Room 115, CCEA, 29 Clarendon Road, Belfast, BT1 3BG.

Present : Dr L Caul (Chair) Mrs K O'Hare
Mr C McKinney Dr G Byrne
Mr B Wilson

Mr D Heaney (DE)
Mr S Lindsay (Moore Stephens)
Ms C McDermott (Moore Stephens)

Mr J Edwards (Chief Executive)
Mrs S McClelland (Interim Director, Corporate Services)
Mr J Daly (Financial Services Manager)
Mrs M Getgood (Business Assurance Manager)

Miss N Kennedy (Manager, Council Secretariat)

Introduction

The Chair welcomed members and officers to the meeting.

1 Apologies

Apologies were received from Dr A Kerr; Mrs C Harpur; Mrs A Whiteside; Mr D Cooper (NIAO); Mr M Pitt (PWC) and Mr J Gray (PWC).

2 Conflict of Interest

Members confirmed there were no conflicts of interests for any of the agenda items.

3 Chair's Business

The Chair welcomed Mr Dale Heaney (DE representative); Mr Steven Lindsay and Ms Camille McDermott (Moore Stephens) to the meeting and advised they would speak to various items on the agenda.

Mr John Daly (Financial Services Manager) and Mrs Marisa Getgood (Business Assurance Manager) would speak to agenda items under Financial Risk Control and Assurance and Corporate Risk Management and Controls.

Training and Development Needs/Opportunities

The Chair asked members to raise any areas of training or development with the Manager of the Council Secretariat outside of the meeting.

4 Minutes of the previous meeting held on 18 January 2017

The minutes of the previous meeting held on Wednesday 18 January 2017 were proposed by Dr Gordon Byrne and seconded by Mr Justin Edwards as a true and accurate record. A copy was available for the Chair to sign.

Action Points

The Chief Executive confirmed that the Internal Audit Charter and Internal Audit Strategy 2016-19 had been approved by Council at its meeting on 29 March 2017.

Members noted the status of the action points.

5 Financial Risk Control and Assurance

Risk and Assurance in Awards and Purchases

AUD/34/1

The Financial Services Manager (FM) drew attention to the detail provided in paper AUD/34/1 and confirmed 1 unauthorised purchase during the period December 2016 to February 2017.

Clarification was sought on whether contingency plans were built in for catering. The FM advised that this was the case.

Members commended this performance.

Direct Awards

The FM drew attention to the information provided and reported that 13 substantial direct awards and 3 in relation to external venues had been made during this period. Clarification was sought and received on a minor matter.

Members were content with the information provided.

6 Corporate Risk Management and Audit

Corporate Risk Register (CRR) February 2017

AUD/34/2/2a

The Chief Executive introduced this item.

The Business Assurance Manager drew attention to the detail provided in the CRR (AUD/34/2a) and advised that there were two critical risks (which remained unchanged from the previous review); two reduced risks and no new or increased risks. Overall the profile has reduced from 209 to 205. She confirmed that actions have been updated to ensure increased risk management across the organisation.

The Chief Executive confirmed that cash had been allocated to cover quarter 4 and advised that the CRR would be updated as appropriate at the end of the first quarter (30 June 2017).

Members were content with the information provided.

Draft Annual Governance Statement 2016/17

AUD/34/3/3a

The Chief Executive drew attention to the information provided at paper AUD/34/3a and advised that the document provided evidence on the effectiveness of CCEA's governance arrangements.

A detailed overview of the document was provided and the Chief Executive confirmed that there were no issues of concern to report.

Members were content with the information provided.

DAO Annual Fraud Report 2016/17

AUD/34/4

The Chief Executive introduced this item.

The Business Assurance Manager (Risk) drew attention to the paper and full report provided at AUD/34/4. She advised that the report covered a variety of aspects of fraud and assured the committee that no fraud had taken place during 2016/17.

CCEA was also a member of the Education Sector Fraud Forum where opportunities would arise to share instances of best practice.

A Committee member commended the organisation on a good performance.

Internal Audit Activity

AUD/34/5

The Chair welcomed Mr Steven Lindsay and Ms Camille McDermott (Moore Stephens) to the meeting.

The Chief Executive commended the team on the significant amount of work carried out during the first year of auditing.

Mr Lindsay provided some background to the work carried out on the internal audit reviews.

Ms McDermott confirmed that comprehensive audits had been conducted in all 6 areas.

- *Exam Paper Production and Securing : Satisfactory Assurance Rating* **AUD/34/5a**

Ms McDermott advised on the way in which the audit had been carried out and provided a summary of the findings.

7 recommendations have been accepted by Management (5 priority 3 and 2 priority 2).

Members were content with the information provided.

- *Payments to Contracted for Service (CfS) Providers : Satisfactory Assurance Rating* **AUD/34/5b**

Ms McDermott provided an overview on the way in which the audit had been carried out in particular payments without evidence or risk and the risk around changing standing payment data.

Members noted 4 recommendations had been accepted by Management (3 priority 2 and 1 priority 3).

Clarification was sought and received on the definition of the term 'global fee'. It was recognised that the system currently in use was not fit for purpose and the auditors had been recommended for a full review be carried out.

The Chief Executive confirmed that the introduction of quality assurance measures had been accepted and assured members that the system would be updated moving forward.

Members were content with the information provided.

- *Payroll : Satisfactory Assurance Rating* *AUD/34/5c*

Mr Lindsay provided an overview on the way in which the audit had been conducted and advised that 5 recommendations had been accepted by Management (5 priority 3).

Members were content with the information provided

- *Time Recording and Overtime : Satisfactory Assurance Rating* *AUD/34/5d*

Mr Lindsay advised that the audit focussed on the controls around management of leave, flexible working hours, time off in lieu and payment of overtime. He recognised there were clear policies in place and a mechanism where these were monitored on a monthly basis. He advised that 3 recommendations had been accepted by Management (3 priority 3).

The DE representative sought clarification on the highest excess balance with regard to month-end balances (page 7 of the review) and expressed concern that this was unreasonably high. The Chief Executive explained the reasons for the high excess balance and confirmed that there would be a focus on reducing this.. He explained that some teams were required to work weekends and evenings during the examinations series, however recognised that the policy required updating to accommodate the proposed increase to 5 days per month.

Members recognised that a balance was required between the system and need for overtime. A committee member suggested that a degree of flexibility was also required particularly when working with teaching staff.

- *Staff Performance Review : Satisfactory Assurance Rating* *AUD/34/5e*

Ms McDermott advised that the audit focussed on compliance with procedures with regards to the completion of performance reviews, records and the system itself. It was recognised that the system was not completely fit for purpose and required redevelopment.

She provided a detailed overview of the component parts of the audit and confirmed 4 recommendations had been accepted by management (1 priority 1; 1 priority 2 and 2 priority 3).

Members discussed the review in detail. Clarification was sought on a range of matters including :

- Whether there would be a review of the current system and how consistency across the organisation would be achieved.

The Chief Executive confirmed that redevelopment of the current system was underway, however, sufficient time was required to ensure it was fit for purpose. He advised that training for all staff would be provided on the new system.

- The implementation of the new system.

The Chief Executive advised that the new system would be in place for review in 2017/18. Guidance would be provided for all staff and quality assurance checks on the content of forms would be carried out. The Executive Team would monitor the completion rate.

A Committee member queried the 'Satisfactory' rating given the extent of the redevelopment work required. Ms McDermott explained the definitions for Satisfactory and Limited ratings and advised that CCEA continued to deliver on its objectives. Mr Lindsay recognised the difficulties in this area and confirmed that a follow-up audit was planned for 2017/18 to ensure the system is being managed and developed as suggested. He advised that he was content to provide a 'Satisfactory rating' on this occasion to assist in the development of the organisation.

The Chair welcomed this approach.

- *ICT Environment : Satisfactory Assurance Rating* *AUD/34/5f*

Ms McDermott provided some background to the way in which the audit had been conducted. She gave a detailed overview of the main focus of the review and advised on the recommendations and actions suggested moving forwards.

5 recommendations had been accepted by Management (3 priority 2 and 2 priority 3).

Ms McDermott stated that CCEA is accredited to the ISO27000 framework and commended the good governance and clear procedures adhered to by ICT. She confirmed that, whilst recognising some areas required improvement, good controls for staff in regards to accessing the systems were in place.

Members noted the information provided.

The Chair wished to place on record his thanks to Moore Stephens for their comprehensive reports and input into the meeting.

Annual Internal Audit Report for Year ended 31 March 2017 ***AUD/34/5g***

Mr Lindsay drew attention to the information provided at paper AUD/34/5g and advised that this formed part of the Annual Governance statement. He gave a brief overview on the work carried out during 2016/17 and advised on further areas for completion.

Overall a 'Satisfactory Assurance' rating had been given for 2016/17.

The Chair sought clarification on the auditors' view of the organisation. Mr Lindsay wished to place on record his thanks to staff for their co-operation and professionalism during the reviews and, in particular, to Mrs Marisa Getgood for her assistance in the provision of information and knowledge of the work of the organisation. Ms McDermott concurred with this and commended the staff for the way in which they understood the importance of risk management across CCEA.

Members were content with the information provided.

PWC Update

The Chief Executive advised that PWC had completed their planning and interim work and have no matters to raise with the committee. He confirmed that final audit work will commence in May in line with the agreed timetable.

NIAO Update

As the NIAO representative was not present at the meeting, no update was provided .

DE Update

The DE representative advised that as soon as clarity was provided on the 2017/18 budget CCEA would be notified as soon as possible. He confirmed that should the need arise the Permanent Secretary had the authority to approve 95% of the budget allocation and agreed to keep the Chief Executive advised on developments as they arose.

7 Qualifications/Assessment Risk Management and Assurance

Summer Examination Series 2017 Risk Assurance Report

AUD/34/6

The Chief Executive drew attention to the information provided at paper AUD/34/6 and confirmed there were no issues of concern to report.

The vast majority of risks are either low or medium in nature. The high risks are associated with the introduction of the new GCE Life and Health Sciences qualifications and are being carefully monitored.

To date the industrial action by teachers has had no impact on the examinations processes, however this is also being monitored.

The Chief Executive advised that early indications is that there have been significant increase at both GCE and GCSE level in terms of entries. DE has been informed of the budgetary pressures associated with this.

The full qualifications log is available for members on request.

Clarification was sought on what the risk would be if internal moderation was not signed off as a consequence of the industrial action. The Chief Executive confirmed that centres had signed up to the GCOR (General Conditions of Recognition) and therefore they would be at risk and not CCEA.

The Chair reminded members of the considerable debate regarding interim management arrangements and support for the Chief Executive following the retirement of the Director of Qualifications. The Chief Executive assured members that he would be available throughout the summer series and additional support was currently being actioned.

8 Any Other Business

The Chief Executive wished to place on record his thanks to Mrs Marisa Getgood for the significant amount of work and support she provided to the committee and Executive team on all aspects of Risk Management. He advised that this was Marisa's last meeting as she was leaving under the VES and wished her well for the future.

9 Date of Next Meeting

The Chair confirmed that the next meeting was scheduled for Wednesday 14 June 2017 at 10.00 am.

He thanked members and officers for their contributions to the meeting.