

CCEA

Audit & Risk Assurance Committee

Minutes of the forty-third meeting of Audit and Risk Assurance Committee held on Wednesday 12 June 2019, at 10.00 am in Room 115, 1st Floor, 29 Clarendon Road, Belfast.

Present : Dr L Caul (Chair) Mr B Wilson
Dr G Byrne Mr C McKinney

Mrs C McHugh (Moore Stephens)
Ms K Mack (DE)
Mrs S Murphy (NIAO)
Mr B Clerkin (ASM)

Mr J Edwards (Chief Executive)
Mrs L Scott (Director of Finance & Corporate Services)
Miss M Farragher (Director of Education)
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.

1 Apologies

Apologies were received from Dr A Kerr; Mrs K O'Hare, Mrs C Harpur and Dr S Kingon.

2 Declaration of Interests

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

3 Chair's Business

The Chair welcomed Mrs Catriona McHugh (Moore Stephens), Ms Kerry Mack (DE), Mrs Suzanne Murphy (NIAO), and Mr Brian Clerkin (ASM) to the meeting.

He advised that Mr John Daly (Financial Services Manager) and Mr David Wilson (Business Assurance Manager) would speak to agenda items under Financial Risk Control and Assurance; and Corporate Risk and Assurance.

Training Needs/Opportunities

The Chair asked members to notify the Manager of the Council Secretariat of any training or development required outside of the meeting.

4 Minutes of the previous meeting held on 15 April 2019

The minutes of the previous meeting held on 15 April 2019, were proposed by Dr Gordon Byrne, and seconded by Mr Brian Wilson, as a true and accurate record. A copy was available for the Chair to sign.

Action Points

The Chief Executive confirmed that the majority of the action points had been completed.

Update on Grievances

The Chair reminded members of the correspondence received in regards to grievances and the committee's approval to proceed.

He confirmed that second grievance was still in progress. Members would be updated once complete.

5 Financial Risk Control and Assurance

Risk and Assurance in Awards and Purchases March 2019 to April 2019

AUD/43/1

The Financial Services Manager (FM) drew attention to the information provided in paper AUD/43/1 and advised that there were no unauthorised purchases during this reporting period.

Members commended the performance.

Direct Awards

The FM drew attention to the detail of Appendices 1 and 2. He reported 11 direct awards in relation to general purchases, and 3 in relation to external venues for this reporting period. The overall summary was provided on page 3 of the paper.

Clarification was sought on progress in regards to reducing the use of Direct Award Contracts (DACs). The DE representative confirmed that she had met with the FM to progress the matter. The FM advised that following engagement with the Central Procurement Directorate (CPD) a strategy has been developed in respect of using DACs appropriately moving forwards.

Members were content with the information provided.

Annual Report & Accounts 2018/19 (including the Report to those Charged with Governance)

AUD/43/2

The Director of Finance and Corporate Services (DoFCS) drew attention to the detail of the reports provided and confirmed that this had been a lengthy and robust process with all deadlines being met.

The FM provided an overview of the main areas of the Annual Report and Accounts for 2018/19 and explained the changes since 2017/18, in particular the significant change in pension liabilities.

Members noted that ASM had completed its audit and issued the Report to those Charged with Governance.

The DE representative provided an assurance that the documentation was provided in line with the set deadlines and all processes followed appropriately.

NIAO Report to those Charged with Governance

Mr Clerkin (ASM) drew attention to the summary provided on page 3 of the document. He gave an overview of the process carried out in order to complete the report and advised that he would be proposing an Unqualified Option to be issued on CCEA's Financial Statements for 2018/19.

He confirmed that one priority 2 and three priority 3 recommendations had been identified (detail provided on pages 8 – 10 of the report). These have been accepted by management.

One point worth noting was in regards to an adjustment being made to realign the pension liability. An appropriate mechanism has been put in place to ensure this issue does not reoccur.

Members sought and received clarification on a range of matters and were satisfied with the explanations provided.

The provision set aside for legal expenses was discussed. Members suggested that appropriate advice be sought should the need arise.

Members recommended the document to go forward to Council for consideration and approval. Formal proposer : Mr Cormac McKinney; formal seconder : Mr Brian Wilson.

6 Corporate Risk Management and Audit

New Corporate Risk Register 2019/20

AUD/43/3/3a

The DoFCS drew attention to the documentation provided and confirmed the new format of the CRR had been closely aligned to the Department of Education's Corporate Risks. She advised on the key changes (outlined on page 1 of paper **AUD/43/3**) and reported that the risk around BREXIT had decreased.

Members welcomed the clarity of the document. The Chair expressed concern at the heavy reliance of risks on a small number of officers. The DoFCS advised that the high level risks were designated at Director level, however a number of sub-registers, containing detailed risks were owned by a number of officers at different levels across the organisation.

The Chair asked that the detail of the sub-registers be made available to members (on request) to provide an assurance that risk is being managed appropriately throughout the organisation. The Chief Executive agreed.

The Chair confirmed that the Corporate Risk Register (CRR) would go forward to Council as a standing item to ensure risks are highlighted together with appropriate actions and mitigations as they arise.

Members discussed a number of risks, these included :

- the weakness and strength of manpower on the Council.

The DE representative advised that representations had been made by senior officials to confirm appointments of new Council members to achieve its full complement.

- the increased risk in regards to examinations staff.

The Chief Executive recognised the increased pressure on staffing and risks associated with those who have assumed new roles. He outlined the mitigation that appropriate training and support had been

provided. The challenges of working across curriculum and qualifications was being managed by the Director of Education.

He stated that the 95% market share by CCEA at GCSE, and significant increases in malpractice and maladministration complexity also presented an additional pressure on resources. This was being managed within the current budget as no additional funding had been allocated.

He advised that to offset these pressures staffing in curriculum had been decreased to the minimum. Potential points of failure have been recognised and would present a risk to examination conduct should any of these materialise. It was challenging to mitigate these risks as there was no residual staffing within the current structure.

A Committee member asked that the appropriate mitigations where possible, be put in place to safeguard any risk to the operation of the business, in particular points of failure.

Internal Audit Activity : 3-Year Internal Audit Plan (2020-2023)

AUD/43/4/4a

The Chair invited Mrs C McHugh (Moore Stephens) to present the paper.

Mrs McHugh drew attention to the proposed 3-year strategic Internal Audit Plan (2020-2023), and outlined the methodology used for identifying the auditable areas over the next 3 years. The focus would be on higher and medium risk areas, together with those not audited and considered to be a medium risk.

She confirmed that the plan would be reviewed annually and supported by a detailed annual operational plan covered by the strategy.

Members sought and received clarification on a range of matters. These included :

- The application of different criteria and weightings to those applied internally, for example in the area of compliance, malpractice and maladministration which would be audited in Year 1.
- The identification of risks and putting in place appropriate action to improve the organisation.

Mrs McHugh outlined the audit process and linkages between identification of risks and mitigations. She confirmed that recommendations made by the auditor were to address weaknesses in areas which required improvement and hence appropriate action was required.

The Chief Executive provided an example of a recent Internal Audit exercise on CCEA's recruitment and retention to ascertain whether its processes were adequate. He confirmed a number of actions are required to strengthen the area and this was currently being addressed.

He expressed concern at CCEA's long-term sickness absence figures and advised that should there be a considerable increase, then this would cause risk to the operation. The Chair asked that this be discussed with the Department of Education. The Chief Executive confirmed that this risk had been raised at the recent CCEA/DE Governance and Accountability Review Meeting (11 June 2019).

The Chair sought clarification on whether the impact of the reduction in manpower and succession planning was being reviewed. Mrs McHugh confirmed that there were no plans to do so, however should this be highlighted by the Executive, then an investigation would be undertaken.

Members recognised the challenges the organisation were under in respect of reduced staffing and resources. The Chief Executive advised that staffing structure changes would be shared with the Council

in due course and suggested it would be appropriate to have a discussion on managing risks in this area at that time.

The plan was formally accepted by the committee. Proposed by Dr Gordon Byrne and seconded by Mr Cormac McKinney.

Post-Project Evaluation (PPEs) Department of Education (DE) Update

AUD/43/5

The DoFCS drew attention to the information provided in paper AUD/43/5 and advised on the PPE's that would be reported to DE during this financial year (2019/20).

Members noted the information provided.

Annual Governance Statement 2018/19

AUD/43/6

The Chief Executive introduced this item, and confirmed that this was the CCEA Accounting Officer report on effective governance arrangements to the Department of Education.

The main changes made to the draft discussed at the April meeting were in regards to:

- The Operational Plan performance section; and
- Clarification of the impact/risk of having no DE Minister to appoint new Council Members.

He provided a detailed overview of the main areas of the document and confirmed that:

- The Executive Team now included the Head of Regulation.
- CCEA had been successful in re-accreditation of its full suits of ISO Quality Standards and retained Silver Status in Investors in People (IIP).

Members noted the ongoing issue in regards to the decline in the uptake of statutory assessment in the primary sector and continued industrial action. The Chief Executive advised that was a significant risk and was due to circumstances beyond CCEA's control. He assured members that every effort was being made through discussions with DE to resolve the matter.

The Chair sought clarification on whether there was information on general trends of achievement and performance in Northern Ireland. The Director of Education advised that some exploratory work was currently being undertaken in this area with a view to building the system level data and providing useful information to schools to inform teaching and learning in a diagnostic manner. However there was no transfer data available from primary to post primary.

Members were content with the information provided.

BREXIT Update

The Chief Executive confirmed that the Contingency Management Group had been stood down until further notice, and no risks around the Summer Examinations series had materialised. A record of the cost of spend on BREXIT-related activity is being kept and will be updated accordingly.

The Chair sought clarification from DE if their position had been upgraded. The DE representative advised that their Management Group had also been stood down until further notice.

Updates

NIAO

Mrs Murphy commended the efficiency of the teams who had taken part in the audit process for the Annual Report and Accounts and confirmed that the final documents would be produced in line with the deadlines set.

ASM

Mr Clerkin wished to add his thanks to the Finance Team for their efficiency and co-operation during the audit process.

DE

Ms Mack confirmed that there were no updates from DE. She recognised the challenges and risks the organisation were facing and would report back to senior officials in DE.

7 Examinations

Summer Examinations Series 2019 : Update

AUD/43/7

The DoE drew attention to the detail provided at paper AUD/43/7, and gave a summary of the main areas.

Key Risks

The DoE advised that the critical risks were related to internal staff changes undertaking new, key examinations roles. These, together with managing the level of resourcing needs were challenges. She stressed the importance of putting in place a manpower plan for 2020-2021 to lessen the current burden placed on managers across the directorate.

Live Error

Members were updated on the live error within Unit 2 AS Economics. The DoE expressed her disappointment at this occurrence and assured the committee that additional robust checks would be put in place to ensure accurate quality assurance of illustrative and graphical material was carried out in all future papers.

Members noted the information provided.

8 Any Other Business

None identified by the Secretariat.

9 Date of Next Meeting

The Chair confirmed that the next scheduled meeting of the committee would take place on Thursday 19 September 2019 at 10 am.

He thanked members and officers for their input into the meeting.