

CCEA

Audit & Risk Assurance Committee

Minutes of the forty-second meeting of the Audit & Risk Assurance Committee held on Monday 15 April 2019 at 2pm in Room 115, 1st Floor, CCEA, 29 Clarendon Road, Belfast.

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

Ms S Kingon (DE)
Mrs C McHugh (Moore Stephens)
Mrs S Murphy (NIAO)
Ms K Lucas (NIAO)
Mr A Patton (ASM)

Mr J Edwards (Chief Executive)
Mrs L Scott (Director of Finance & Corporate Services)
Ms 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 and Mr B Clerkin (ASM).

2 Declaration of Interests

Members advised 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), Mrs Suzanne Murphy and Ms Kristina Lucas (NIAO), Ms Suzanne Kingon (DE) and Mr Adrian Patton (ASM) to the meeting.

He advised that Mr John Daly (Financial Services Manager) and Mr David Wilson (Business Assurance Manager) would speak to 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 16 January 2019

The NIAO representative drew attention to a minor amendment required on page 6 of the minutes. She advised that under *NIAO Update : the Audit Plan for 2019/20 should be replaced with 2018/19*.

With this amendment, the minutes of the previous meeting held on 16 January 2019, were proposed by Mrs Kathleen O'Hare, and seconded by Dr Gordon Byrne, as a true and accurate record. A copy was available for the Chair to sign.

Action Points

The Chair advised that paper *AUD/Action/1 : Exemplar of Revised Format of IA Reports*, would be taken under Item 6 : Corporate Risk Management and Audit : Internal Audit Activity.

Members noted the status of the actions points, and were updated on the following:

Item 3 : Chair's Business : Review of Policies : the Director of Finance and Corporate Services (DoFCS) confirmed that both the Crisis Management Policy and Grievance procedure were under development. Both would require consultation with the unions before being presented to the Finance Committee for approval. An assurance was provided that these were being treated as a priority.

CCEA Policy Review Cycle

AUD/Action/2

The DoFCS drew attention to the information provided and advised that all policies were being reviewed on a 3-year rolling programme. Clarification was sought and received that they would be prioritised accordingly, and where possible amalgamated.

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 one grievance was complete and had not been upheld. The second grievance was in progress and the outcome would be reported to the next meeting of the committee.

Members noted the information provided.

5 Financial Risk Control and Assurance

The agenda items under this heading were presented for information.

Risk and Assurance in Awards and Purchases December 2018 to February 2019

AUD/42/1

The Financial Services Manager (FM) drew attention to the information provided in paper AUD/42/1 and advised that there were no unauthorised purchases during this period.

Members commended this performance.

Direct Awards

The FM drew attention to the detail of Appendix 1, and reported 1 direct award in relation to general purchases and 3 in relation to external venues during this period. The overall summary was provided on page 3 of the paper.

He advised that he had met with the Department of Education (DE) and a way forward was agreed with a view to reducing the use of Direct Award Contracts (DACs), and to develop exit strategies, where possible.

Staff Communication

He confirmed that the DoFCS had issued an all staff communication highlighting the importance of fulfilling responsibilities in regards to following the correct approvals process for purchase orders; and also minimising the use of DACs as much as possible.

Members were content with the information provided.

201819 Annual Report and Accounts Update

AUD/42/2

The Chief Executive introduced this item.

The FM reminded members that the Annual Report and Accounts (AR&A) must be produced to the deadlines provided by DE. He confirmed that all main stages had been completed on target to date.

Members noted the information provided.

Post-Project Evaluation (PPE) Update

AUD/42/3

The DoFCS drew attention to the information provided in paper AUD/42/3 and advised on progress since the last meeting. She advised on the next steps, in particular *Lessons Learned* which would contribute to continuous improvement in the procurement and management of CCEA contracts moving forward.

An update would be provided at the next appropriate meeting.

Annual Theft & Fraud Report 2017/18

AUD/42/4

The Department of Finance Annual Theft & Fraud Report 2017/18 was provided to members' for their information.

6 Corporate Risk and Audit

Corporate Risk Register (CRR) : March 2019

AUD/42/5

The DoFCS introduced Mr David Wilson, Business Assurance Manager (BA).

She presented the CRR for March 2019, and advised on the additional mitigations and actions outlined in paper AUD/42/5. It was confirmed that CR6 had been updated on an ongoing basis in regards to BREXIT due to the ever-changing position.

The Management Team has met to discuss the new risk environment for 2019/20, and a report will be presented at the June meeting.

Clarification was sought on the 3 delayed actions. The BA Manager confirmed that the delays were as a consequence of the ongoing review of policies. He advised that there was a Disaster Recovery and Business Continuity Plan in place and related issues would be resolved as soon as possible.

The DoFCS confirmed that the GDPR was under review to ensure it is sufficiently robust to deal with the new environment.

Members noted the information provided.

Draft Annual Governance Statement

AUD/42/6

The Chief Executive introduced this item and advised that the document provided evidence on the effectiveness of CCEA's governance arrangements.

The BA Manager gave an overview of the main areas of the document and confirmed that a section on BREXIT had been added. He confirmed that there were no issues of concern to report.

Under GDPR he advised that no data breaches have been reported and CCEA has not been subject to any instances of fraud or directions from the Department of Education.

A Committee member drew attention to the attendance of some Council members and asked that it be reviewed for accuracy.

Members noted the information provided.

Internal Audit

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

Exemplar of Revised Format of Internal Audit (IA) Reports

AUD/Action/1

Mrs McHugh drew attention to the exemplar provided and gave an overview of the proposed new reporting format of IA Reviews. She confirmed that, if accepted, a concise report would be presented to ARAC at future meetings, however detailed information would continue to be prepared for the Chief Executive's review.

The Chief Executive recommended that both the assurance rating and the good practice area be retained in any new reporting format.

The Chair sought members' comments on the proposed revised format, in particular, the executive summary, findings and recommendations.

Following a wide ranging discussion, members raised the following points :

- Assurance ratings to be retained together with examples of good practice, findings and reasonable reduction in the length of recommendations.
- Sufficient detail in overall report to be included to ensure committee are able to fulfil their function.
- The need for consideration of realistic dates for implementation.

The Chair thanked members for their input and asked Mrs McHugh to take on board the points raised. He proposed that the new proposed format be adopted for a 12-month period and reviewed thereafter.

Members agreed with this proposal.

Internal Audit Report : Statistical Reporting : Satisfactory Rating

AUD/42/7a

Mrs McHugh drew attention to the detail of the report and confirmed a satisfactory assurance rating with 1 priority 3 recommendation identified. (This was accepted by Management and has now been completed).

Review of 2017/18 Prior Year Recommendations

AUD/42/7b

Mrs McHugh drew attention to the recommendations and advised that the majority had either been implemented or were being addressed.

Clarification was sought on the 6 recommendations that had not been implemented. The DoE explained the complexities of changes to question papers in a high risk environment. She recognised that improvements and realistic implementation dates were required in future.

The Chief Executive, whilst recognising that further work was required, explained that in regards to these actions CCEA was observing the terms of existing contracts.

Members noted the information provided and were content with the changes and improvements suggested.

Internal Audit Annual Report and Assurance Statement

AUD/42/7c

Mrs McHugh drew attention to the detail of the report and advised that the organisation had received a satisfactory assurance level for the 2018-19 year. She was pleased to confirm that there were no issues of concern to report.

Members were satisfied with the overall assurance rating.

3-Year Internal Audit Strategy (2020-2023)

AUD/42/7d

Mrs McHugh outlined the approach to be taken to internal audit reviews over the next 3 years and confirmed that a proposal would be presented to the next meeting of the committee.

The Chair sought and received clarification on the process and was content with the explanation provided.

Mrs McHugh left the meeting at this point.

Clarification was sought on the tendering process for Internal Audit services. The Chief Executive confirmed that it was incumbent for the current provider to put forward a proposed audit strategy for 2020-2023. It was normal practice that a new provider would adopt the strategy. If amendments or updates are required, a revised strategy would come forward to the ARAC for consideration/agreement.

Members sought and received an assurance that there would be no commercial advantage.

The Chief Executive confirmed that all available options would be considered, including consideration of utilising the Government Internal Audit Service in the future.

Mrs McHugh re-joined the meeting.

External Audit

CCEA Audit Strategy 2018/19

AUD/42/8

The Chair asked Mr Patton (NIAO) to present the Audit Strategy.

Mr Patton drew attention to the detail of paper AUD/42/8 and highlighted the following :

- The actions for the Audit Committee;
- The materiality and audit approach;
- Significant Audit Risks : in particular one risk factor in regards to CCEA's Voluntary Exit Scheme conducted during 2018/19; and
- The timetable for completion of the audit, and certification of the final Annual Report and Accounts for 2018/19.

Members noted the information provided.

BREXIT : Update on Contingency Planning

AUD/42/9

The Chief Executive drew attention to the information provided and update members on developments since the last meeting.

He advised that the main risks identified were those around examination conduct in the event of the UK exiting the EU on a no-deal scenario. He confirmed that work continued on mitigations and controls in this area. However, as a result of the delay until 31 October 2019, no further changes were currently required for the 2019 summer examinations series.

Members noted that CCEA had conducted a 'stress-test' on examination processes and procedures which demonstrated that these were adequate to cope with known risks, however further communication would be required with centres as appropriate should new risks be identified.

It was confirmed that a range of mitigating measures were in place across the organisation's operations, and these would be reviewed at the appropriate time.

Members were content with the information provided.

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 confirmed that there were no matters to report.

7 Examinations

Operational Readiness for Summer 2019 Examinations

AUD/42/10

The Director of Education drew attention to the information provided at paper AUD/42/10 and advised on the improvements made to the on-line processes and testing carried out on the new software system. She confirmed that the system was working well with testing conducted in conjunction with C2K completed successfully.

Risks

Members noted a total of 70 operational risks have been identified, with detail provided at Table 1 (page 2). The DoE confirmed that the majority of risks were either low or medium in nature. The high level risks were associated with internal staff absences, changes and management of workload with staff new to roles. She assured members that plans were in place to provide sufficient support to staff for the summer series.

In regards to critical risks reported, members noted that these also related to internal staff new to key examination roles, malpractice and the matter of three-country comparability.

Members noted that in regards to three-country matrices and comparability that this would need drawn to the attention of Council and was a regulatory matter for Council.

A copy of the qualifications risk log was available on request.

Maintenance of Standards

The DoE advised that the most significant risk for CCEA as an awarding body was the importance of being able to demonstrate comparability. Ofqual's has proposed to move away from a 3-country approach when generating predictions for AS and A level qualifications. The Chief Executive advised that CCEA had obtained a 12 month extension, however agreed that alternative models to protect the Summer 2020 examinations series would be necessary.

He said that from a regulatory point of view CCEA is part of a 3-country brand, and it would be necessary to consider the wider implications for the brand should this issue materialise.

Members noted the information provided.

Mr McKinney left the meeting at this point.

Statutory Assessment Engagement

AUD/42/11

The DoE drew attention to the detail provided in paper AUD/42/11 and outlined the engagement by schools with the statutory arrangements and resulting risks. A summary of the risks was provided at Appendix 1. She confirmed that CCEA continued to provide support to schools, however, this remained a complex issue due to sustained action short of strike and declining participation in returns of data.

Members discussed the information provided. The Chair, whilst recognising the challenges and difficulties, the Chair asked that discussions continue with DE to take matters forward.

The DE representative confirmed that DE will take forward a review of assessment as part of the Transformation programme and CCEA would be asked to contribute to the review by providing a view on the format of statutory assessments for future use.

The DoE confirmed that representations would continue to be made, however, asked members to bear in mind the sensitivities and complexities in this area.

Members noted the information provided.

8 Any Other Business

None identified.

9 Date of Next Meeting

The Chair confirmed that the next meeting was scheduled for Wednesday 12 June 2019 at 10 am.

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