

CCEA

Audit and Risk Assurance Committee

Minutes of the thirty-first meeting of the Audit & Risk Assurance Committee held on Wednesday 15 June 2016 at 10.15 am in Room 115, CCEA HQ, 29 Clarendon Road, Belfast, BT1 3BG.

Present : Mr M Donnelly (Chair) Ms M Crilly
Dr A Kerr Mrs C Harpur
Dr G Byrne (Independent Member)

Ms C Hagan (ASM)
Ms T McCavigan (DE)
Mr D Cooper (NIAO)
Mr MH Pitt (PWC)

Mr J Edwards (Chief Executive)- Closed Session 2 only
Mrs S McClelland (Interim Director of Corporate Services)
Ms AM Duffy (Director of Qualifications)
Mr J Daly (Financial Services Manager)
Mrs M Getgood (Business Assurance Manager – Quality & Risk Management)

Miss N Kennedy (Manager, Council Secretariat)

Closed Meeting Committee Members and Internal Auditors

A closed meeting between committee members and internal auditors took place in advance of the main committee meeting.

Closed Meeting : Qualifications Risk

Mr Martin Donnelly, Chair of the Committee absented himself from this part of the meeting due to a conflict of interests. Mrs Christine Harpur chaired the meeting in his absence.

The Chief Executive updated members on a centre with live challenging issues in the current examinations series. Members sought and received assurances that the matter was being robustly managed.

MAIN COMMITTEE MEETING

1 Apologies

Apologies were received from Mr R Hanna; Mr B Clerkin (ASM); Dr P Cunningham; and Mrs K O'Hare.

2 Conflict of Interests

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

3 Chair's Business

The Chair welcomed Ms Christine Hagan (ASM); Mr Martin Pitt (PWC); Ms Tracy McCavigan (DE) and Mr Declan Cooper (NIAO). He advised that Mrs Jennifer Mussen, Council Member, had joined the committee and would be present at the next meeting.

He confirmed that Mr John Daly and Mrs Marisa Getgood would speak to various items on the agenda and address any points of clarification.

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.

Chief Executive's Update

Due to the sensitive nature of the report, the Chief Executive provided his update in the closed session held in advance of the main business meeting.

4 Minutes of previous meeting held on 13 April 2016

With the addition of Ms M Crilly to the list of apologies, the minutes of the meeting held on Wednesday 13 April 2016 were proposed by Mrs Christine Harpur and seconded by Dr Ana Kerr as a true and accurate record. A copy was signed by the Chair.

Action Points

Members were update on the status of the action points.

5 Financial Risk, Control and Assurance

Risk Assurance in Awards and Purchases

AUD/31/1

The Financial Services Manager (FM) drew attention to the information provided at paper **AUD/31/1** and confirmed that there was one unauthorised invoice during the period March to April 2016. Members sought and received a detailed explanation on the one instance and were content with the measures put in place moving forwards.

Members commended the performance and congratulated the FM and his team for the significant amount of work carried out. The FM wished to place on record his thanks to the budget holders for their contributions.

Direct Award Contracts

A Committee Member sought clarification on a particular Direct Award of Contract (DAC). The DE representative advised scrutiny and challenge must be provided to DAC's.

The FM provided assurance to the Committee that scrutiny and challenge was applied and full documentation was available. He confirmed that the Chief Executive as Accounting Officer was

required to sign off on any application for a DAC. CPD are also engaged for DAC's greater than £5k. The DE representative indicated that CCEA should look for opportunities to award, via tender, multi-year contracts where possible to mitigate against DAC's.

The DoQ also assured members that the Chief Executive provided a robust challenge function to all applications for DAC's and accepted the points raised.

The issue of ICT maintenance contracts DAC's associated with ICT purchases was discussed. The DE representative advised that the issue was widespread and that CPD are reviewing issues associated with on-going ICT maintenance contracts with a view to being more flexible with the tendering exercise in relation to the maintenance when procuring ICT hardware and software.

Members noted the information provided

2015/16 Draft Annual Report and Accounts

AUD/31/2

The Chair advised that paper **AUD/31/2** together with the Draft Annual Report and Accounts 2015/16 and the NIAO Report to those Charged With Governance had been issued separately from the main set of papers and tabled for members' convenience.

The FM drew attention to the information provided and confirmed that this was a standing item on the agenda at this time of year. He advised that all deadlines had been met.

He provided a brief overview of the Annual Report and Accounts.

Members sought clarification on a number of matters and were content with the explanations provided.

A Committee member said that insufficient time had been allowed for reading the documents. The FM apologised, but advised that this was due to the timeframe allocated for the completion of the process and circulation to the committee for review.

Members recommended the document to go forward to Council for consideration and approval.

NIAO Report to those Charged with Governance.

Mr Pitt (PWC) and Mr Cooper (NIAO) gave a detailed overview of the process carried out to complete the report and advised that they would be proposing an Unqualified Opinion be issued on CCEA's financial statements.

Mr Pitt advised that the main issues were around the pension scheme and confirmed there were no issues of concern to report.

He paid tribute to the FM and his team for their support and professionalism in assisting in the audit.

The Chair on behalf of members of the committee wished to place on record their thanks to PWC and the NIAO for the thoroughness of the audit conducted and commended the organisation on an excellent performance.

The FM wished to place on record that a number of teams across the organisation had completed a significant amount of work in this area.

6 Corporate Risk Management and Audit

Corporate Risk Register (CRR) Update

AUD/31/3

The Business Assurance Manager (Risk) drew attention to the Corporate Risk Register (CRR) – **AUD/31/3** and supporting documentation, in particular the Risk Profile Changes (**Appendix A**) She advised that there were no critical (red) risks. Four have been reduced and no new or increased risks.

Clarification was sought on the grading issue. The DoQ advised that this was dependent on the direction provided by the new Minister who was currently reviewing the decision.

Clarification was sought on the risks associated with the SPA2 : Failure to implement and support computer-based assessment. The Interim Director of Corporate Services (DoC) advised that the CBA contract had been extended and a proof of concept, initiated by DE and supported by CCEA and C2K had been carried out on an internal solution. She confirmed a significant improvement in the working relationship between CCEA and C2K.

A Committee member wished to recognise the 100% accuracy on the March 2016 examinations series.

Members were satisfied with the explanations provided

Internal Audit Activity

AUD/31/4

The Chair welcomed Ms Christine Hagan (ASM) to the meeting. Ms Hagan drew attention to the internal audit reviews and provided an overview of the following :

- Corporate Governance and Risk Management (Appendix 1): Satisfactory Assurance Rating

4 recommendations had been accepted by Management (all priority 2) 3 have been implemented and 1 partially implemented.

A Committee member sought clarification on the Conflict of Interests for CCEA Staff. The Interim DoCS advised that a new process was under development to incorporate the documentation for all staff, Council and Committee members to ensure a consistent approach. A progress report would come forward to the next meeting of the committee.

- Third Party Dependencies (Appendix 2) : Satisfactory Assurance Rating

Ms Hagan confirmed that a comprehensive audit had been conducted. She provided an overview of the key findings and drew attention to the recommendations provided. She recognised that this remained an area of concern for the organisation and the requirement for ongoing robust management.

It was confirmed that the auditors were satisfied with the corrective action taken on one third party provider issues (previously reported to the committee).

Clarification was sought and received on the MoU with C2K. The Interim DoCS confirmed that from 2017 CCEA will pay for the service provided by C2K.

The DoQ confirmed that CCEA's preference is to have a Service Level Agreement in place.

Members were encouraged by this development.

Annual Internal Audit Assurance Report 2015/16 (Appendix 3)

Miss Hagan drew attention to Appendix 3 and advised that the report provided an overall assurance position on the audit reviews carried out during 2015/16.

She confirmed an overall Satisfactory Assurance rating.

Following minor clarifications, members were content with the information provided and commended the organisation on its performance.

The Chair thanked Ms Hagan for her contribution to the meeting.

PWC Update

The PWC representative advised there were no issues to present from PWC.

NIAO Update

The NIAO representative advised that there were no issues to present from NIAO.

DE Update

The DE representative advised that there were no issues to present from DE.

7 Any Other Business

None identified

8 Date of Next Meeting

The date of the next scheduled meeting was confirmed as Wednesday 19 October 2016 at 10.00 am.