

## **CCEA**

### **Audit and Risk Assurance Committee**

Minutes of the thirty-eighth meeting of the Audit & Risk Assurance Committee held on Wednesday 18 April 2018 at 10.00 am in Room 115, CCEA, 29 Clarendon Road, Belfast.

**Present :** Dr Les Caul (Chair)  
Dr Gordon Byrne  
Mrs Kathleen O'Hare  
Mrs Christine Harpur  
Mr Brian Wilson

Mrs Jacqueline O'Brien (NIAO)  
Ms Suzanne Kingon (DE)  
Dr Rosemary Peters-Gallagher (Moore Stephens)  
Ms Catriona McHugh (Moore Stephens)

Mr Justin Edwards (Chief Executive)  
Mrs Leah Scott (Director of Finance & Corporate Services)  
Ms Margaret Farragher (Director of Education)  
Mrs Maeve-Ann Hanlon (Business Assurance)

Mrs Pauline Bowden (PA to CEO)

#### **1 Apologies**

Apologies were received from Dr Ana Kerr, Mr Cormac McKinney and Mr Martin Pitt (PWC).

#### **2 Conflict of Interests**

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

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

The Chair welcomed members and officers to the meeting, in particular:

- Rosemary Peters-Gallagher and Catriona McHugh (Moore Stephens), Mrs Jacqueline O'Brien and Suzanne Kingon (DE).

He informed the members that Ms Maeve-Ann Hanlon (Business Assurance) would speak to agenda items under Financial Risk Control and Assurance and Corporate Risk Management and Control.

#### **4 Minutes of the previous meeting held on 31 January 2018**

The minutes of the previous meeting held on 31 January 2018 were proposed by Gordon Byrne and seconded by Brian Wilson. The minutes were agreed by the committee members as true and accurate record.

A copy was signed by the Chair.

## **Action Points**

### *Risk associated with CEO pay remit*

The Director of Finance and Corporate Services informed members the CCEA Chairman had written to DE. This action was recorded as completed.

### *Post-Project Evaluation Update*

The Director of Finance and Corporate Services informed members the PPE statistical table had been revised in light of their respective feedback from the last committee meeting. The statistical data would be presented at a future meeting. This action was recorded as completed.

### *Internal audit activity: IA Reviews*

The Director of Finance and Corporate Services informed members she had liaised with Moore Stephens in this respect and future reporting on the audit reviews. The reports would include improved articulation of the risks to be tested. This action was reported as completed.

Members were content with the position reported on the actions.

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

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

***AUD/38/1***

The Director of Finance and Corporate Services reported during the period January 2018 to February 2018, £959,651.98 was paid to suppliers. There were no invoices over the £1,500.00 threshold processed by the Finance Team as unauthorised.

Members noted the position.

### ***Direct Award Contracts***

The Director of Finance and Corporate Services informed members during the reporting period there were 6 direct awards in relation to general purchases totalling £35,113.00. There was 1 direct award in relation to venues and catering (*Further details can be referenced at paper AUD/38/1*). Members were provided with the assurance that all direct awards were approved in advance of the purchase and included a rational and risk assessment as to why the direct award was a business critical necessity.

A committee member requested an annual summary of all the purchases and direct award contracts. It was agreed to provide this committee with an annual reflection of all direct awards.

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

### ***CCEA's Corporate Risk Register February 2018 (CRR)***

***AUD/38/2***

The Director of Finance and Corporate Services introduced this item. She reminded members the December 2017 Corporate Risk Register (CRR) was reviewed by the committee at the last meeting. The CRR had since been updated to reflect the current status of risks as of 31 January 2018.

The Business Assurance Manager advised, following the feedback from DE, the register has been updated to ensure alignment to the DE risk categories. She highlighted the addition of a new risk 'CR9 Failure to manage reputational risk and brand value'. This reflected the risk associated with the adverse media attention in relation to CCEA's GCSE English Literature and GCE (Revised) English Literature specifications.

Members noted the information provided.

### **Draft Annual Governance Statement (AGS) 2017/18**

**AUD/38/3**

The Director of Finance and Corporate Services informed members DE had commissioned the work for the draft Annual Governance Statement (AGS) 2017/18. In line with DE's timeline, CCEA's AGS has been submitted to DE as an initial draft for feedback. She invited the Business Assurance Manager to provide members with the detail of the draft AGS.

The Business Assurance Manager outline the process and timetable (*Further details can be referenced at paper AUD/38/3*).

She highlighted additional information required this year in the AGS:

- Details of how CCEA ensures that the personal data it holds, is processed in line with the principles of GDPR; and
- Managing significant risks within the financial year.

The Business Assurance Manager informed members, after receipt of the feedback from DE, final statements would be returned to DE by 4 May and should include the necessary confirmations from the Audit Chair and Accounting Officer.

Members noted the information provided.

### **DAO Annual Fraud Report 2017/18**

**AUD/38/4**

The Director of Finance and Corporate Services reported the Department of Finance (DoF) had compiled the annual theft and fraud report 2016/17 on all actual, suspected and attempted thefts and fraud reported by public sector bodies in NI.

The report had been provided for members' information.

Members noted the information.

### **Internal Audit Activity**

**AUD/38/5**

The Chair invited Dr Rosemary Peters-Gallagher to provide members with the details of the recent internal audit reports.

Dr Peters-Gallagher provided the details from the five planned reviews that had been undertaken as follows.

### **Procurement, Tenders and Contracts**

**AUD/38/5a**

Dr Peters-Gallagher informed members the scope of the audit review was to consider the main risks in relation to procurement, contracts and tenders and to review the key systems and controls in place to

address these. Based on the findings from the audit testing she confirmed an overall assurance level of 'Satisfactory' with one priority 2 recommendation identified.

### ***Customer Engagement and Satisfaction***

***AUD/38/5b***

Dr Peters-Gallagher informed members the scope of the audit was to review the arrangements in place within CCEA in relation to customer engagement and satisfaction, focusing on the main risks associated with:

- Stakeholder engagement;
- Complaints and feedback recording and processing; and
- Reporting and trend analysis.

She reported three recommendations from the audit testing and a 'Satisfactory' level of assurance.

### ***ICT Software Testing and Release***

***AUD/38/5c***

Dr Peters-Gallagher informed members the scope of the audit was to review the arrangements in place within CCEA in relation to ICT software testing and focusing on the main risks associated with:

- Release management policies and procedures
- Stakeholder engagement
- Testing strategies
- Test and release sign-off

She reported five priority 2 ratings and two priority 3 ratings. Based on the findings, from the audit, she reported an assurance level of 'Limited'.

Detailed discussion ensued in regards to any potential risks to the organisation and conduct of examinations. The committee sought clarity in relation to how the risks identified in the audit findings would be addressed.

The Director of Finance and Corporate Services assured the members that the risks identified in the audit had been considered carefully at management level. The organisation had fully accepted some recommendations and partially accepted other recommendations. A comprehensive response had been provided.

### ***Corporate and Business Planning***

***AUD/38/5d***

Dr Peters- Gallagher informed members the scope of the audit was to review the arrangements in place within CCEA in relation to corporate and business planning focusing on the main risks associated with:

- General arrangements
- Planning processes
- Monitoring and corporate performance reviews
- Reporting and oversight

She reported two recommendations from the audit testing and an overall 'Satisfactory Assurance' level.

## **ICT Asset Management**

**AUD/38/5e**

Dr Peters-Gallagher informed members the scope of this audit was to consider the main risks in relation to ICT assessment management. These areas were focused on throughout the review:

- Asset management policy
- Identification, transfer and disposal of assets
- Safeguarding assets

She reported a 'Satisfactory' level of assurance based on the audit findings and no recommendations.

## **Follow-up of Prior Year Recommendations**

**AUD/38/6**

Dr Peters-Gallagher informed members the internal audit was completed in accordance with the approved annual Internal Audit Plan for 2017/18 and the work had commenced.

A committee member sought clarity in relation to the late timing for the implementation of the 'draft checklist form (2019)'. The Director of Education clarified the audit recommendations were issued too late to implement the recommendations for the summer 2018 examination series. They would be implemented in future exam series.

Members noted the position.

## **Annual Internal Audit Report: Year-end 31 March 2018**

**AUD/38/7**

## **Draft Internal Audit Plan**

**AUD/38/8**

The Chair informed members the Internal Audit Plan for 2018-19 financial year had been provided in the papers.

Dr Rosemary Peters-Gallagher informed members the 2018-19 plan was based on the audit needs assessment as detailed in the Internal Audit Strategy 2016-19. She presented the details of the plan.

Members approved the Internal Audit Plan for 2018-19 financial year.

## **DAO Audit and Risk Assurance Committee Handbook**

**AUD/38/9**

The Director of Finance and Corporate Services informed members the revised Audit and Risk Assurance Committee Handbook had been issued by DoF. She reminded members the handbook continued to apply to departments, non-departmental public bodies and other Arm's Length Bodies, such as CCEA. It sets out the five good practice principles for the Audit and Risk Assurance Committee in central government.

The CEO informed members the revised handbook would also be issued to Council Members.

Members noted the contents of the revised handbook.

## **Updates**

### **DE update**

Ms Suzanne Kingon (DE) confirmed there were no matters identified to report to the committee.

## **PWC**

The chair advised members that PWC were unable to attend the meeting. He reminded members the audit strategy was presented at the last meeting and PWC had no further update for this agenda. PWC confirmed all planning has been undertaken and the audit would commence as scheduled.

## **NIAO**

Ms Jacqueline O'Brien (NIAO) informed members the substantive audit work would commence in May.

## **7 Examinations**

### **Summer Examinations Series 2018 Risk Assurance Report**

**AUD/38/10**

The Chair informed members in preparation for the Summer 2018 examination series an operational risk log had been prepared and was available to members upon request.

The Director of Education provided members with the background and analysis of the risks and mitigations identified for the Summer 2018 examinations.

She outlined the risk ratings and number of risk which had been identified.

Members noted the information provided.

## **8 Any other Business**

No other business was identified.

## **9 Date of Next Meeting**

The Chair of the committee confirmed the next committee meeting was scheduled for Wednesday 13 June 2018.

Members were also asked to note the schedule of meetings from September 2018 to September 2019 (paper **AUD/38/11**).