

CCEA

Audit and Risk Assurance Committee

Minutes of the thirty-third meeting of the Audit & Risk Assurance Committee held on Wednesday 18 January 2017 at 10.00 am in Room 115, CCEA HQ, 29 Clarendon Road, Belfast, BT1 3BG.

Present : Mr M Donnelly (Chair) Dr L Caul
Dr A Kerr Mrs J Mussen
Mrs C Harpur Mrs K O'Hare
Dr G Byrne

Mr MH Pitt, (PWC)
Ms T McCavigan (DE)
Mr D Cooper (NIAO)
Ms C McDermott (Moore Stephens)

Mr J Edwards (Chief Executive)
Mr R Hanna (Director, Education Strategy)
Mrs S McClelland (Interim Director, Corporate Services)
Mr J Daly (Financial Services Manager)

Miss N Kennedy (Manager, Council Secretariat)

Introduction

The Chair welcomed members and officers to the meeting.

1 Apologies

Apologies were received from Dr P Cunningham; Mr S Lindsay (Moore Stephens) 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

Outgoing/Incoming Chair

The Chair advised that this was his last meeting of the Audit and Risk Assurance Committee as his term of office on Council would come to an end on 31 January 2017. He wished to place on record his thanks to the CCEA staff for the tremendous service they provide to the learners of Northern Ireland. He thanked officers for the significant amount of work carried out to support the committee and to his fellow members for their support and fulfilling their scrutiny and challenge on committee business.

He confirmed that Dr Les Caul would take over as Chair from the April 2017 meeting and wished him every success for the future. Dr Caul thanked Mr Donnelly.

The Chair welcomed Ms Camille McDermott (Moore Stephens); Mr Martin Pitt (PWC); Mr Declan Cooper (NIAO) and Ms Tracey McCavigan (DE) to the meeting and advised they would speak to various agenda items.

John Daly (Financial Services Manager) would also address any points of clarification on the finance items.

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 Wednesday 19 October 2016

The minutes of the meeting held on Wednesday 19 October 2016 were proposed by Mrs Christine Harpur and seconded by Mr Martin Donnelly as a true and accurate record. A copy was available for the Chair to sign.

Action Points

Members noted the status of the action points. The Chief Executive advised that, in respect of the Draft Conflict of Interests (staff) Policy, a response had still not been received from NIPSA Head Office. This would be progressed.

5 Financial Risk Control and Assurance

Risk and Assurance in Awards and Purchases

AUD/33/1

The Financial Services Manager (FM) drew attention to the detail provided in paper AUD/33/1 and confirmed 2 unauthorised purchases during the period October to November 2016.

A Committee member expressed disappointment that between May and November 2016, 7 unauthorised purchases have been reported. He sought an assurance that efforts would be made to improve the situation moving forward. The FM confirmed that the areas in question continue to be monitored and re-trained in all aspects of ensuring purchase orders are raised in a timely manner and discussion will continue with teams to ascertain where performance can improve.

The Chair, whilst recognising the disappointment at these instances, was confident that this area would be monitored and managed robustly moving forwards.

Direct Awards

The FM drew attention to the information provided and reported that 6 substantial direct awards had been made during this period.

Members noted the information provided.

National Fraud Initiative (NFI) 2016/17 Update

AUD/33/2

The Chair advised that this was a mandatory annual exercise.

The FM drew attention to paper AUD/33/2 and updated members on developments since the last meeting. He confirmed that information requested had been submitted on time and advised on the timelines for completion of matches. An update would be provided following completion of the matching exercise.

The Chief Executive confirmed that staff members involved in awarding of contracts were required to sign a Register of Interests.

Members noted the information provided.

2016/17 Annual Report and Accounts : Timelines

AUD/33/3

Members noted the process and anticipated timeline for the production of the 2016/17 Annual Report and Accounts.

6 Corporate Risk Management and Audit

Corporate Risk Register : Monitoring Report, December 2016

AUD/33/4

The Chief Executive introduced this item. He drew attention to 2 notable risks, in particular :

- Continuation of Interim Management Arrangements for the Qualifications Directorate
- Computer Based Assessment

Clarification was sought on budget constraints for the 2017/18 financial year. The Chief Executive confirmed that a savings proposals exercise was completed and submitted to DE in October 2016. He advised that the budget allocation had not yet been received, but expressed concern that further delays could present challenges for funding in Quarter 1. The most significant risk in this Quarter was the examinations outlay.

The Chief Executive confirmed that he enacted the second round of VES in advance of the 2017/18 financial year to allow the financial position to be managed. He advised that £1.6M had been allocated and the process of assessing applicants on a risk based approach had commenced.

A Committee member sought clarification on the impact of *failure to restructure the Executive Team*. The Chief Executive advised that the Director of Qualifications was released on 30 September 2016 on the basis that this would allow sufficient time for restructuring. Due to the significant delay in approvals coming forward the current arrangements were not now sustainable and secondary action was now required.

A Committee member wished to place on record her concerns that the Chief Executive was currently involved in detailed operational activity and that this was not a sustainable workload. The

Chief Executive advised that the mitigation was to put in place additional support for him as soon as possible until a Director was appointed.

It was confirmed that approval to proceed has now been received, however, it was unlikely that this would be in place before the summer examinations series.

Stakeholders

The Chief Executive advised that CCEA's relationship with its stakeholders was strong with no issues of concern to report. The increase in market share at GCSE and GCE remains consistent.

In regards to the Revision of Specifications project, he confirmed that over 1500 teachers were involved in developing the new specifications.

The Principals Conferences scheduled for January 2017 were oversubscribed. This was very encouraging.

Members noted the information provided.

Internal Audit Activity

AUD/33/5

The Chief Executive introduced this item and invited the Internal Auditor (Moore Stephens) to speak to papers AUD/33/5a/5b and 5c.

Internal Audit Charter

AUD/33/5a

The Internal Auditor drew attention to the detail of paper AUD/33/5a and advised it had been drawn up to comply with the Public Sector Internal Audit Standards (PSIAS).

Members welcomed the clarity of the document and were content to recommend the Charter to Council for approval

Internal Audit Strategy 2016-19

AUD/33/5b

The Internal Auditor advised that the document provides a strategic audit plan for 3 years. It also outlined the objectives, scope, resources available for the Internal Audit and the approach to be taken to deliver the service. She confirmed that the strategy will be used to inform the development of an annual Internal Audit Plan and should changes be required, a revised strategy would be presented to the committee for noting.

Clarification was sought and received on a number of matters. Members welcomed the flexibility of the document and asked that scope to be built in to enable the auditors to shift the focus should areas require further investigation. It was confirmed that flexibility had been built into the process.

A Committee Member asked if Corporate and Business Planning could be audited within this financial year. The Chief Executive agreed to discuss revising the schedule with Moore Stephens to facilitate this request.

Subject to minor amendments, the strategy was formally agreed. It was proposed by Mrs Christine Harpur and seconded by Dr Ana Kerr.

Internal Audit Plan 2016/17

AUD/33/5c

The Chair advised that the Plan was coming forward to this meeting for formal record purposes.

He confirmed that the Committee considered and recommended to Council through the approved remote e-mail mechanism. Council approved the plan in December 2016 to enable work to commence.

PWC Update : Audit Strategy 2016/17

AUD/33/tabled

The Chair advised that the Audit Strategy 2016/17 had been tabled for members' information.

Mr Martin Pitt (PWC) provided a detailed overview on the process for auditing the Annual Report and Accounts 2016/17. He drew particular attention to :

- The general audit approach
- Using the work of others
- Materiality; and
- Error reporting threshold.

He referred to the timetable for the audit and confirmed that a report would be provided at the June meeting of the Committee.

The Chair thanked Mr Pitt for a comprehensive and informative overview of the Strategy.

Members were content with the clarity of the information provided.

NIAO Update

The NIAO representative confirmed there was no activity to report at this time.

DE Update

The DE representative confirmed there was no activity to report at this time.

7 Qualifications/Assessment Risk Management and Assurance

November Series Report (2016/17 cycle)

AUD/33/6

The Chief Executive drew attention to the detail of paper AUD/33/6 and updated members on the following :

Centre Operational Risk

- 1 new operational risk identified during the November series which related to potential teacher strike action.

The Chief Executive confirmed that there was no significant impact to the November series, however the situation would be monitored. To date there has been no impact on the January series.

Examinations Risk

- 1 new operation risk was identified in relation to a newly appointed science officer. Mitigation measures were put in place and no risk materialised.

Members commended the successful completion of the November series.

Computer Based Assessment : Realisation of Risk

AUD/33/7

The Chief Executive introduced this item and confirmed CBA had been on the CRR since 2007 as a third party dependency risk.

The Director of Education Strategy (DoES) provided an overview of the information provided and drew attention to the actions identified. He confirmed these had been enacted immediately and were now complete. All schools taking the assessments were contacted and corrective action taken. He advised that a full report would be considered by Council at its March meeting.

Members commended the remedial action taken, however, expressed concern that public perception of CCEA could be damaged given there would not be a full understanding of the challenges with third parties.

The Minister expressed disappointment, through a media statement, and is aware of the actions being taken with the third party.

A Committee/Council member wished to place on record her congratulations to the team for all the work carried out on CBA over the years and expressed regret at the Minister's decision.

Members sought and received clarification on a number of matters and welcomed the efficient way issues had been dealt with.

Interim Management Arrangements for Qualifications – Risk Management Report AUD/33/8

The Chief Executive reminded members that interim arrangements have been enacted to manage the Qualifications Directorate since 1 October 2016. This was for a short term period, following the departure of the Director of Qualifications and delay in approval for the restructuring proposals for the executive team.

Approval has now been given to proceed with the recruitment of two Directors (as agreed previously by Council).

He drew attention to the detail of the paper provided and advised that given the timescale for recruitment for a Director of Qualifications, the current arrangements were no longer sustainable. He proposed that additional support be brought in to assist him with the additional responsibilities and mitigate against risks within the summer examinations series.

He advised that concerns had been raised with Finance Committee and Council regarding the risks associated with the delays in putting in place the new structures.

A Committee/Council member asked if there was an opportunity for an existing member of staff to act up internally until the Director appointment had been made. The Chief Executive explained that the Directorate was working well and to do this would create further challenges at this time at executive level. His preference was to seek an additional resource. Clarification was sought on whether this would be an Interim Director. The Chief Executive advised that this would be a partial role.

A Committee member asked for her concerns regarding the Chief Executive's interim workload and significant involvement in the operational side of the organisation to be placed on record. She said this presented a high risk to the organisation and the Chief Executive.

Members noted the information provided. The Chief Executive confirmed that the process to secure additional resources would commence as soon as possible.

8 Any Other Business

Outgoing Chair

The Chief Executive, on behalf of members and officers, thanked Mr Martin Donnelly for his commitment to the role of Chair of the Committee and for his support to him as Chief Executive.

9 Date of Next Meeting

The date of the next meeting was confirmed as Wednesday 12 April 2017 at 10.00 am.

The Chair thanked members and officers for their contributions to the meeting.

