

## **CCEA**

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

Minutes of the twenty-ninth meeting of the Audit & Risk Assurance Committee held on Wednesday 20 January 2016 at 10.00 am in Room 115, CCEA HQ, 29 Clarendon Road, Belfast, BT1 3BG.

**Present :** Mr J Wilkinson (Chair) Ms M Crilly  
Dr A Kerr Dr P Cunningham  
Dr G Byrne (Independent Member)

Mr B Clerkin (ASM)  
Mr J Gray (PWC)  
Mr D Cooper (NIAO)

Mr J Edwards (Chief Executive)  
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)

#### **1 Apologies**

Apologies were received from Mrs C Harpur, Mr R Hanna and Ms T McCavigan.

#### **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 members and officers to the meeting, in particular, Mr Brian Clerkin (ASM); Mr James Gray (PWC) and Mr Declan Cooper (NIAO).

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

##### *Tabled Papers*

The following papers were tabled :

- ASM Audit fieldwork 2015/16 : Follow Up Review
- NIAO Audit Strategy 2015/16

The Chair apologised for the late circulation of the above reports.

### *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*

The Chief Executive updated members on the applications received for the Voluntary Exit Scheme and drew attention to one potential high risk application (at 2<sup>nd</sup> tier Director level). DE had been advised of this matter.

He confirmed he had met with the Unions and no matters of concern were raised.

Following completion of the exercise, information would be submitted to DE on 13 February. A phased release will be put in place up until 31 March 2016, however, depending on business need, later release dates (in some instances), may be required.

The Chief Executive confirmed that in the event of an applicant withdrawing from the scheme, reserve applications would be considered.

The Chair confirmed he was content that all risks were being considered and managed throughout the process, however stressed the importance of continuing to meet the business need.

### *Correspondence*

- Letter from NIAO to Mr J Edwards : Audit of Annual Accounts

Members noted the correspondence received confirming that PWC had been appointed as CCEA's External Auditors for a 3-year period.

## **4 Minutes of the previous meeting held on 7 October 2015**

Following clarification on the matter of the 3<sup>rd</sup> party provider and a minor amendment to page 6, the inclusion of '*the CCEA regulator*'; the minutes of the previous meeting held on Wednesday 7 October 2015 were proposed by Ms Michele Crilly and seconded by Dr Ana Kerr as a true and accurate record. A copy was signed by the Chair.

### *Action Points*

Members noted the status of the actions.

*Web Portal.* The Interim Director of Corporate Services confirmed that this resource would be available from 1 May 2016. Members were asked to supply up to date e-mail addresses to the Manager of the Council Secretariat outside of the meeting.

## 5 Financial Risk, Control and Assurance

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

**AUD/29/1**

The Chair was pleased to report that there were no unauthorised purchases during the reporting period September to December 2015 and commended officers on this performance. Members concurred with this.

The Financial Services Manager (FM) drew attention to the information provided at paper **AUD/29/1** and confirmed that the performance reflected the significant amount of work completed by officers. There were not matters of concern to report.

#### ***Direct Award Contract***

The FM provided an overview on the general purchases and external venues. Members noted the detail provided in the report and were content with the information provided

The Chair sought and received an assurance that the appropriate amount of rigour continued to be applied.

### ***Fraud Report***

**AUD/29/2**

The Interim Director of Corporate Services (DoCS) provided a detailed update on the recent cyber incident in relation to CCEA's telephone system (toll fraud).

Members discussed and sought clarification on a range of issues. The Chief Executive gave an assurance that the system was being closely monitored and robust preventative measures had been put in place.

He confirmed that a range of insurance options were being investigated with a view to securing the most appropriate cover. A business case would be required for the additional funding.

The Chair sought and received confirmation from members that they were content that adequate assurance had been provided on the next steps required to mitigate against risks in this area.

### ***2015/16 Annual Report and Accounts: Indicative Timescales***

**AUD/29/3**

The FM drew attention to the information provided and gave an overview of the timescales for the preparation of the Annual Report and Accounts 2015/16. He confirmed that they were in line with those followed previously and were aligned to the schedule for Council and Committee meetings.

He advised that following direction from DE, and should the need arise, timescales can be adapted as required.

DE had agreed it is appropriate for the Accounts to be laid before the Assembly during recess (first week in July 2016).

Members noted the information provided.

## 6 Corporate Risk Management and Audit

### *Corporate Risk Register December 2015*

**AUD/29/4**

The Business Assurance Manager drew attention to the Corporate Risk Register (CRR – **AUD/29/4a**) and supporting documentation, in particular the Risk Profile Changes detailed in paper **AUD/29/4b**. She advised that there were no critical risks to report.

Explanations were provided on the two reduced risks – CR4 and CR5 and three increased risks – CR3; CR6 and FS1.

Overall this was a positive reporting period with the risk profile remaining static. An assurance was provided that all risks continued to be managed and monitored closely.

Members discussed and sought clarification on a number of matters, in particular CR3. The Chief Executive advised that it was possible that the Minister's decision on the GCSE grading had impacted on stakeholder confidence. He assured members that retaining such confidence was part of his responsibilities and every opportunity was being taken to engage with the full range of stakeholders. This was being managed on a daily basis.

A Committee member asked if there were any issues of concern around the SLAs with C2K. The Chief Executive confirmed that negotiations were ongoing with C2K to sign SLAs on a number of projects.

The Interim Director of Corporate Services (DoCS) advised that as access to C2K was now being managed by the Education Authority, CCEA would be viewed as a partner and more transparency on SLAs would become apparent.

The Chair suggested that it might be helpful if members could view a risk from inception to the risk register. It was agreed that an outline of the process would be prepared for members' information.

The Chair sought clarification from members on whether they were satisfied with the amount of detail provided. Members commended the Risk Profile changes and asked if further detail could be provided on significant risks, for example CR3. This would be taken into consideration.

The Chair thanked members and officers for their input into this item.

### ***Internal Audit Activity***

**AUD/29/5**

Mr Clerkin (ASM) drew attention to the internal audit reviews and provided an overview on the following :

- Appendix 1 : High level review of financial systems : Substantial Assurance Rating.

He advised that overall the controls in place were very strong.

Members welcomed this rating and commended the officers for their contribution to the audit review.

- Appendix 2 : Contracting of Senior Examiners : Satisfactory Assurance Rating.

Mr Clerkin highlighted the areas where strong controls were in place and identified those where improvements were required (para 17 and 18 of the review)

Members discussed and sought clarification on a range of issues, in particular the actions that would be put in place to ensure Senior Examiners sign contracts and submit Conflict of Interests.. The Director of Qualifications (DoQ) advised that processes were being reviewed and further checks would be put in place to screen examiners. She assured members that at the meeting of Chairs and Examiners the governance arrangements pertaining to these issues were highlighted and expected an improvement on returns moving forwards.

A suggestion of 2 year contract as opposed to 1 year be offered to Senior Examiners. The Chair asked this to be considered.

The Chair sought and received an assurance that the recommendations identified in the report had been taken on board.

A Committee member sought clarification on the risk of other awarding bodies withdrawing from Northern Ireland. The Chief Executive confirmed that this is a new and current risk. He advised that moving forwards he would be reviewing the environmental impact which will impinge on the risks in this area and advised that this would be managed on a daily basis.

- Follow Up Reviews 2015 (tabled)

Mr Clerking drew attention to the tabled paper and advised that this review followed up on internal audit reviews undertaken during 2014/15 including :

- Facilities Management
- Examinations Modernisation
- Purchasing and Procurement
- Absence Management
- Estates Management and Health and Safety
- Management of Agreement Trials
- Batch Marking

He advised that 40 recommendations had been made within the scope of the areas under review and confirmed that 32 had been fully implemented with 4 partials and 4 not implemented. He gave an assurance that there were no areas of significant concern within the partials and those not yet implemented.

Members commended the report and wished to place on record their congratulations to those teams who had contributed to the reviews.

The Chair asked that all teams involved be congratulated on the substantial body of work completed in these areas.

- Appendix 3 : Audit Dashboard : as at 4 January 2016

Members noted the information provided. Mr Clerkin provided an update on those audits completed and underway and confirmed the following planned reviews would be completed by the end of the year:

- Business Continuity and Disaster Recovery – fieldwork had recently commenced
- Corporate Governance and risk management – fieldwork was completed and a close meeting has been scheduled
- Review of Third party dependencies – fieldwork was completed and a close out meeting was to be scheduled
- Review of A2C – draft report issued and awaiting discussion with management

## **PWC/NIAO**

### ***Audit Strategy 2015-16***

Mr Gray (PWC) drew attention to the tabled document and provided an overview of the main areas outlined in the report.

He sought confirmation that members were content with the reporting threshold of £10,000. This was agreed.

He drew attention to the significant risks (highlighted on page 5 of the report) and advised that the current situation regarding allocation of budget would continue to be monitored.

Members noted the information provided, in particular, the timings around the final approval of the accounts. As highlighted by the FM, the final dates would need to be revised to align with ARAC and Council dates.

Clarification was sought on those charged with governance. It was confirmed that should issues arise they would be discussed with the Chief Executive in the first instance and should the need arise, the Chair of Council.

The FM confirmed that the process is ultimately ratified by Council and signed off by the Chair of Council and Chief Executive.

A Committee Member asked that the reference to '*Education and Library Boards*' be amended to '*Education Authority*'. This was agreed.

### ***NIAO Update***

Mr Cooper confirmed that the Audit Strategy does not present any risks and there were no issues of concern to report.

He advised there was no further update from NIAO.

### ***DE Update***

The DE representative was unable to attend the meeting, therefore no update was provided.

## **7 Qualifications Risk Management and Assurance**

### ***Recommendations arising from Investigation into Missing Scripts***

**AUD/29/6**

The DoQ gave an overview of the background into the missing scripts issue. She advised that a full independent investigation had been carried out and a full report drafted. **The conclusion was that the procedure had not been followed by the Chief Examiner in this instance.**

Members noted the detailed information provided in paper **AUD/29/6**, in particular the actions taken to date; the 7 recommendations and the timeline for implementation.

An action plan had been drawn up and progress would be monitored by Business Assurance.

The Chair commended the organisation for the manner in which they responded to and dealt with issues arising from this matter. He sought clarification on whether examiners had been informed of the protocol. The DoQ confirmed that this was part of the Chair/Chief Examiner Annual Event where learning from previous years is reported and appropriate documentation provided to ensure all are aware of the protocols and procedures in place.

Members were reassured by the information provided and noted the timescale for completion of the actions.

The Chief Executive confirmed that a full report would be provided at the next Governance and Accountability meeting.

## **8 Any Other Business**

None identified.

## **9 Date of Next Meeting**

The next meeting was scheduled to take place on Wednesday 13 April 2016 at 10.00 am.

### ***Rotation of Chairs***

The Chair advised that this was his last meeting as Chair of the Committee and wished to extend his thanks to members, in particular, Ms Michele Crilly, fellow Council and Committee member for all her contributions to the work of the organisation.

He thanked the officers for the way in which they contribute to the effective and successful running of each committee meeting and commended the leadership of the Chief Executive for the significant differences which have become apparent in a short space of time.

He confirmed that Mr Martin Donnelly would return as Committee Chair for the April meeting.

The Chief Executive, on behalf of the Executive, wished to place on record his thanks to John Wilkinson for his substantial contributions both as Chair of the committee and to the work of the organisation, in particular, the Audit & Risk Assurance, Education and Regulatory aspects as well as his support and commitment to the Council.

He thanked Michele Crilly for her contributions to the work of the Committee and her support for all Council related activities.



