

CCEA

Audit and Risk Assurance Committee

Minutes of the thirty-seventh meeting of the Audit & Risk Assurance Committee held on Wednesday 31 January 2018 at 10.00 am in Room 115, CCEA, 29 Clarendon Road, Belfast.

Present : Dr Les Caul (Chair)
Dr Gordon Byrne
Mr Cormac McKinney
Ms Ana Kerr
Mrs Angela Whiteside

Mr Alfred Knox (NIAO)
Mr Martin Pitt (PWC)
Ms Cara McCrory (PWC)
Mr John Terrington (DE)
Ms Catriona McHugh (Moore Stephens)

Mr Justin Edwards (Chief Executive)
Mrs Leah Scott (Director of Finance & Corporate Services)
Ms Margaret Farragher (Director of Education)
Mr John Daly (Financial Services Manager)
Ms Julie McGovern (Business Assurance)

Mrs Pauline Bowden (PA to CEO)

1 Apologies

Apologies were received from Mrs Kathleen O'Hare, Mrs Christine Harpur and Mr Brian Wilson.

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:

- Ms Margaret Farragher, recently appointed Director of Education
- Catriona McHugh (Moore Stephens), Martin Pitt (PWC), Cara McCrory (PWC), John Terrington (DE), Alfred Knox (NIAO)

He informed the members that Mr John Daly (Financial Services Manager) and Ms Julie McGovern (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 14 June 2017

The minutes of the previous meeting held on 20 September 2017 were agreed by the committee members as true and accurate record.

A copy was signed by the Chair.

Action Points

Corporate Risk Management : Completed. The Chief Executive informed members that the Mid-year Governance Statement was presented to Council.

Draft Renewable Heat Incentive (RHI) Actions : Completed. The Chief Executive confirmed that the draft RHI actions had been shared with both Council and Finance Committee.

Examinations : The Chief Executive confirmed that the increase in financial pressure as a result of increased entries for next year's budget had been reported to Finance Committee.

Regulation : Completed. The Chief Executive informed members that the General Conditions of Recognition 2017 (GCoR) Statements of Compliance had been issued to the three regulatory bodies following Council approval. Feedback has been received from Qualifications Wales and a revised response has since re-issued.

Members were content with the information provided.

5 Financial Risk Control and Assurance

Risk and Assurance in Awards and Purchases

AUD/37/1

The Financial Services Manager provided a summary of the unauthorised purchases from September 2017 – December 2017. He highlighted the historic trend data for unauthorised purchases.

The Director of Finance and Corporate Services informed the members, of over £2M payments to suppliers, there had only been one unauthorised purchase valued at £64.00. This highlighted a significant improvement since the previous quarter.

A committee member acknowledged the improvements made in relation to unauthorised purchases and congratulated the senior management and the finance team.

The Chair of the committee sought members' views in relation to adjusting the thresholds of reporting to the committee of unauthorised purchases for over £1,500.00 only, not reporting instances below this threshold. The members discussed the proposal.

The suggestion for the adjustment in reporting was proposed by Mr Cormac McKinney and seconded by Dr Ana Kerr.

Direct Award Contracts

The Financial Services Manager drew attention to the detail of the paper and advised that during the reporting period September 2017 to December 2017, there were 8 direct awards in relation to general purchases totalling £58,863.14.

Members noted the information provided.

2017/18 Annual Report and Accounts: Process and anticipated timescales

AUD/37/2

The Financial Services Manager informed members the Annual Report and Accounts (AR&A) must be produced to the deadlines provided by DE, however at this time the exact dates for the 2017/18 process have not yet been released. He provided a brief overview of the main stages and anticipated deadlines

for the production of the AR&A in line with previous years. It was anticipated that the Accounts would be laid before the Assembly following Council approval on 21 June 2018.

Members noted the position.

6 Corporate Risk Management and Audit

2017/18 Audit Strategy

AUD/37/3

The Director of Finance and Corporate Services introduced this item.

Mr Pitt (PWC) informed members that the NIAO audit approach was risk-based, informed by a good understanding of the operation of CCEA and an assessment of the risks associated with the financial statements and the regularity of underlying transactions. They would review other accounting systems and management controls only to the extent considered necessary for the effective performance of the audit.

He drew members' attention to the significant audit risks and confirmed these were generic risks for all organisations. He highlighted two risks related to CCEA, in particular the Voluntary Exit Scheme and Pay Remit.

The Chief Executive declared a conflict of interest for the audit risk associated with the CEO Pay Remit and withdrew from the meeting at this point. Members sought clarity in relation to the outstanding pay remit for the Chief Executive for 15/16 and 17/18 financial years. Committee members expressed concern in relation to the delay with resolving the CEO pay remit. It was proposed that the Chair of the Committee would write to the Chair of Council in relation to the matter.

Mr Pitt informed the members the basis for overall materiality calculation as £35,328,000 this was calculated on 16/17 total expenditure. The error reporting threshold was £34,000, therefore anything under this threshold would be managed internally.

He informed members it was important to note that in compliance with the GDPR legislation, no personnel data/information would be removed from the CCEA premises and testing would be anonymised.

Members noted the detail of the document provided.

Corporate risk register (CRR): 31 December 2017

AUD/37/4/4a

The Chair invited the Business Assurance Manager to speak to the detail of this paper. The Business Assurance Manager informed members that the Corporate Risk Register (CRR) had been submitted to the Department of Education (DE) in July 2017. Following feedback, the register was updated to ensure alignment with the DE risk register. DE also advised that CCEA adopt their appetite levels and risk categories. This is now the case.

The Business Assurance Manager reported since the DE review in October 2017, CCEA had added an additional risk, *CR9 'Failure to management reputational risk and brand value'*.

She confirmed that Business Managers regularly reviewed their operational risks and updated the registers. The Executive Team have put in place a monthly monitoring mechanism to ensure the CRR is up to date and current.

Members noted the updated register.

Post-Project Evaluation Update

AUD/37/5

The Chief Executive introduced this item. He drew attention to the detail of the document provided and advised that it was considered best practice to report Post Project Evaluations (PPEs) to the committee.

The Business Assurance Manager reported that all PPEs had been completed in the 2014/15 and 2015/16 financial years. Members discussed the format of the information provided. It was agreed that the statistics table would be revised in light of the feedback received from committee members and presented at a future meeting.

Members noted the contents of the report.

GDPR Update

AUD/37/6

The Director of Finance and Corporate Services informed the members of the new General Data Protection Regulation (GDPR) that would be effective from 25 May 2018.

She confirmed that CCEA had established a project plan with the oversight of a steering group. This comprised of a range of managers from across the organisation. She highlighted the progress made to date and next stages of the project.

Members noted the information provided.

Internal Audit Activity

AUD/37/7

The Chair invited Ms Catriona McHugh (Moore Stephens) to present the details of the *Internal Audit Progress Report (AUD/37/7a)* and the follow-up reports on *Staff Performance Reviews (AUD/37/7b)* and *Moderators and Examiners (AUD/37/7c)*.

Quarterly Internal Audit update report

AUD/37/7A

Ms McHugh informed members that all audit areas were on track with the exception of ICT Assessment Management and Procurement, Tenders and Contracts. The delay was due to staffing resources within Moore Stephens. She assured the committee that the two separate reports were now on track for completion and that all other internal audits would be completed by the end of the financial year.

She confirmed that of the 70 total allocated assurance days, 40 have been utilised to date.

Members were content with this position.

Follow-up report on staff performance reviews

AUD/37/7B

Ms McHugh informed members the scope of the audit was to review the progress made by CCEA in implementing the prior year internal audit recommendations in the area of Staff Performance Reviews.

She reported this progress against the recommendations at the time of the review:

Priority 1 Recommendation

There was a single Priority 1 recommendation made and this was currently being addressed.

Priority 2 Recommendation

This single Priority 2 recommendation was in the process of being addressed.

Priority 3 Recommendation

1 of the 2 recommendations had been addressed and the other was in the process of being addressed.

Members noted the position.

Moderators and Examiners

AUD/37/7C

Ms McHugh informed members that the internal audit was completed in accordance with the approved annual internal audit plan for 2017/18. She reported that overall there was a satisfactory system of governance, risk management and control. Based on the audit testing she confirmed an overall assurance level of 'Satisfactory'.

Members considered the details of the findings, and agreed that for future reporting purposes, audits would include improved articulation of the risks to be tested.

Updates

DE update

Mr John Terrington (DE) confirmed there were no matters identified to report to the committee.

PWC

Mr Martin Pitt (PWC) confirmed there were no matters identified to report to the committee.

NIAO

Mr Alfred Knox (NIAO) confirmed there were no matters identified to report to the committee.

7 Any other Business

No other business was identified.

8 Date of Next Meeting

The Chair of the committee confirmed the next committee meeting was scheduled for Wednesday 18 April 2018.

Chairperson _____

Date _____