

CCEA

Audit and Risk Assurance Committee

Minutes of the twenty-eighth meeting of the Audit & Risk Assurance Committee held on Wednesday 7 October 2015 at 10.00 am in Room 115, CCEA HQ, 29 Clarendon Road, Belfast, BT1 3BG.

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

Mr B Clerkin (ASM)
Ms T McCavigan (DE Observer/DE Internal Audit)
Ms K Doey (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

An apology was received from Mr R Hanna.

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), Ms Kathy Doey (NIAO) and Ms Tracey McCavigan, who has replaced Ms Michelle Anderson as DE Observer/ Internal Audit.

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

Available and tabled papers

The following papers were available on request :

- Paper AUD/28/8 : Operational Readiness for January 2016 AND
- Paper AUD/28/9 : Monitoring of Regulation Action Plan for Essential Skills

The complete Mid-Year Governance Statement (including Annex A and Annex B) was tabled for members' convenience.

New Agenda Format

The format of committee agendas has been revised to include two sections in Chair's business :

- Chief Executive's Update
- Members' Training and Development Needs/Opportunities

New titles have also been introduced for each directorate to ensure the focus is on audit and risk assurance.

External Auditors

Ms Doey (NIAO) advised that a tendering exercise was underway for a new contract, with decisions notified by 31 October 2015. New auditors would be in attendance for the January meeting.

Training and Development Needs/Opportunities

The Chair asked members to raise any areas of training and development with the Manager of the Council Secretariat outside of the meeting.

Chief Executive's Update

The Chief Executive reported two issues:

Summer Series Examinations : Missing Scripts : an update was provided. The Chief Executive confirmed that he had requested an investigation into the circumstances leading to the loss of the papers. Immediate mitigation measures have been put in place, including a new receipt system, to guard against this occurring for the January series.

A full report would come forward to the January meeting of the committee.

Third Party Provider : the Chief Executive confirmed that discussions continued to seek to recover time costs associated with additional hours worked by CCEA due to a third party issue.

The Chair welcomed the actions taken against both these issues.

Clarification was sought on the term of the contract. The Chief Executive confirmed that the contract would operate for a further 12 months, and stated it would not end before that. He confirmed that the third party had accepted the independent report.

4 Minutes of the previous meeting held on 17 June 2015

The minutes of the previous meeting held on 17 June 2015 were proposed by Mrs Christine Harpur and seconded by Ms Michele Crilly as a true and accurate record. A copy was signed by the Chair.

Action Points

The Interim Director of Corporate Services provided the following updates :

Item No 5 : Matters arising

- *Consideration to be given to a secure web portal for members to access detailed logs.* It was confirmed that this would be available from Spring 2016. The way in which documents would be accessed through the portal would be discussed and agreed with the Manager of the Council Secretariat
- *Continue to develop appropriate SLAs with C2K.* It was confirmed that progress continued to be made.

The Chair advised that Actions 5/7 and 5/8 would be on the agenda for the January 2016 meeting and confirmed that Actions 5/10, 7/13 and 8/4 were on the agenda for this meeting.

The third party dependency issue was covered in the Chief Executive's update.

Members were content with the information provided.

5 Financial Risk Control and Assurance

Risk Assurance in Awards and Purchases June 2015 – August 2015

AUD/28/1

Unauthorised Purchases

The Finance Manager drew attention to the detail provided in paper **AUD/28/1** and advised that there was 1 unauthorised purchase order (below £1,500) during this period. He confirmed that the overall trend continued to reflect an improved performance at this time.

The unauthorised spend relating to travel had been closed out with all appropriate action taken.

A Committee member congratulated the team on the amount of progress made in this area and recognised the significant work undertaken across the organisation in adhering to the procedures in place.

Direct Awards

Members noted the significant reduction in direct awards. The FM advised that CCEA had gained access to the Education Estate venues and were working closely with colleagues in the Education Authority in drafting a procedure to establish availability.

Members welcomed this development.

The Chair sought clarification on the process undertaken for direct awards above £1,500.00. It was confirmed that documentation outlining the specific need was prepared for consideration and subsequent approval by the Chief Executive.

National Fraud Initiative

The Chair reminded members that this was a mandatory requirement.

The Finance Manager drew attention to the detail provided on page 2 of paper AUD/28/2, in particular the *Results of Data Matching*. He confirmed that no instances of fraud had been identified.

Members noted the information provided.

Cyber Attack on CCEA's Telephone System: International Calls

The Interim Director of Corporate Services confirmed that this was an incident of cyber-crime and advised that a number of mitigation measures as recommended by the telephone system supplier, had been put in place to mitigate against this specific type of attack re-occurring. CCEA is now a member of the Cyber Security Information Partnership and the JCQ Security Sharing Forum.

A range of insurance options are also being investigated and considered.

The Chair asked whether there were any other areas of fraud had been identified. The Chief Executive confirmed that this was the only incident known at this time and it was an automated attack only to the telephone system, there was no data risk.

A Committee member sought clarification on whether there was a need to look at fire walls and IT systems security. The Chief Executive advised that the CCEA had secure firewalls and review procedures in place and ICT have recently been ISO27000:2013 accredited.

'ISO2700:2013 outlines best practice in establishing, implementing, maintaining and continually improving an Information Security Management System (ISMS) within the context of the organisation. It also includes requirements for the assessment and treatment of information security risks tailored to the needs of the organisation'.

CCEA ICT is one of a small number of public sector business units or departments with this accreditation.

Members were content that all appropriate actions had been taken.

2014/15 Annual Report and Accounts and Whole Government Accounts Update **AUD/28/3**

The Finance Manager advised that the Annual Report and Accounts 2014/15 were approved by Council on 24 June and laid before the assembly on 3 July 2015. He confirmed that CCEA had received an unqualified certificate and report.

The Report to those Charged with Governance had been received with 3 minor actions, 2 of which have been enacted.

The Chair, on behalf of the Committee, congratulated officers on this achievement.

6 Corporate Risk Management and Audit

Corporate Risk Register September 2015 and Mid-Year Governance Statement* *AUD/28/4

The Business Assurance Manager drew attention the Corporate Risk Register and supporting documentation, in particular the Risk Profile Changes detail in paper **AUD/28/4a**. She reported on the following :

- One critical risk **(CR5)** : Additional mitigation is also being developed to address the high level risk.;
- Two risks have been removed : **(CR7)** and **(SPQ 2)**;
- Three risks reduced : **(CR1)**, **(SPQ1)** and **(CR2)**;
- One risk has increased **(SPA 2)**; and
- One additional risk has been added **(FS2)**

A Committee member sought clarification on the range of options being explored to address the high level risk around recruiting ICT staff, in particular reviewing salaries. The Chief Executive confirmed that an economic review was being carried out in this area and a salary review was one option. He confirmed that the use of G-Cloud staff to support ICT was working successfully.

Members sought clarification on a number of issues and were satisfied with the explanations provided.

The Chair sought and received confirmation that the committee were content that the mitigation factors in place regarding ICT staff were being successfully managed.

Members were content to approve the Corporate Risk Register and commended the clarity of information provided in Paper **AUD/28/4a** Risk Profile Changes.

Mid-Year Governance Statement

AUD/28/4c

The Business Assurance Manager advised that the DE requirement had changed from quarterly to mid-year governance statement submissions. She confirmed that the statement was focussed around CCEA's internal control and governance processes and drew attention to the information provided in Annex A and Annex B.

An overview of the main issues was provided and members noted that 91% of CCEA's objectives were on target with 9 likely to be achieved with some delay.

A Committee member sought clarification on whether detailed information was available. The Business Assurance Manager confirmed that regular meetings were conducted with officers across the organisation and supporting evidence provided to support the statement.

The Chief Executive confirmed that the document would be used for high level discussion and clarification of issues at the DE/CCEA Governance and Accountability meetings.

The Chair sought an assurance from the Chief Executive that he was content with the current status of the document. The Chief Executive confirmed that this was the case and that the use of the RAG system clarified the areas where objectives required close monitoring.

Members were content with the information provided.

Summary of CCEA's Business Continuity and Disaster Recovery Plans

AUD/28/5

The Chair advised that members requested this information at the last meeting.

The Business Assurance Manager drew attention to paper AUD/28/5 and provided an overview of the contingency plans in place for disaster recovery and business continuity. She advised that the Disaster Recovery Plan included detailed descriptions of actions across the organisation, and highlighted the recent operational improvements which arose from the review of contingency arrangements. (Page 2 of the paper).

It was confirmed that documents such as the Disaster Recovery Plan would be made available on the web portal. This will be extended to all Council members.

Members sought clarification on a number of issues and were satisfied with the explanations provided.

The Chair thanked the Business Assurance Manager for the clear and concise manner in which the item was presented.

Internal Audit Activity : proposed schedule of audit reviews

AUD/28/6

Mr Clerkin (ASM) advised on the latest internal audit activity currently underway and updated members on the proposed schedule of audit reviews for 2015/16.

Clarification was sought on whether the work being carried out would increase the audit opinion to satisfactory. It was confirmed that full reports on those reviews completed would come forward to the January meeting of the committee.

The Chair welcomed development in this area.

Irish Medium Translation Controls and Assurance

AUD/28/7

The Chief Executive advised that ASM undertook an audit of the Irish Medium provision and became aware of a potential issue regarding the Irish medium papers (detail provided in Appendix 1). Subsequently the Awarding Organisation proposed a range of actions and processes to the Regulator to mitigate against potential for risk in this area.

The Director of Qualifications gave an overview of the issue and the range of actions taken to ensure the process is robust and fit for purpose. She confirmed that the amended process has been approved by the Regulator.

Members noted the information provided and agreed the actions taken to date.

NIAO Update

Ms Doey (NIAO) advised that there was nothing to report at this time.

DE Update

Ms McGavigan (DE) advised that there was no new activity to report on within DE. Once the new unit was established she undertook to inform the committee as appropriate.

7 Qualifications Risk Management and Assurance

Operational Readiness for January 2016

AUD/28/8

The Director of Qualifications drew attention to the information provided in paper **AUD/28/8** and provided an overview of the risks identified for the January examinations series. The Qualifications Risk logs were available upon request. No issues of concern were reported.

She confirmed that the actions would be monitored on a daily basis during the examination period. A receipt system has been established to ensure a complete audit trail on all scripts received.

Members were content with the information provided.

Monitoring of the CCEA Regulation Action Plan for CCEA Essential Skills Qualifications

AUD/28/9

The Director of Qualifications advised that all of the 19 recommendations identified had now been closed out by the Regulator.

Members noted the closure of the Action Plan in relation to Monitoring Grid 1.

8 Any Other Business

None identified.

9 Date of Next Meeting

The Chair confirmed the date of the next meeting as Wednesday 20 January 2016 at 10.00 am

He thanked members and officers for their input into the meeting.

