

MINUTES OF PROCEEDINGS OF THE AUDIT AND RISK ASSURANCE COMMITTEE OF THE EDUCATION AUTHORITY HELD ON 18 APRIL 2016 AT 10.00 AM IN FORESTVIEW

PRESENT Mr E Jardine (Chair)

Mr D Cargo Ms R Rainey
Dr M Dynan Mr T Salmon
Mr R Forrest

IN ATTENDANCE

The Interim Chief Executive, the Interim Head of Finance, the Change Director, the Director of Finance and ICT, Ms C O'Kane (NIAO), Mr G Fair (DE), the Heads of Internal Audit and the Director of Human Resources (observing).

1. APOLOGY

An apology had been received from Mrs M Culbert.

2. DECLARATIONS OF INTEREST

No interests were declared.

3. MINUTES OF MEETING HELD ON 12 JANUARY 2016

On the proposal of Mr T Salmon, seconded by Ms R Rainey, the Committee approved the minutes* (ARAC/4/16/3) of the meeting held on 12 January 2016.

4. MATTERS ARISING FROM THE MINUTES

4.1 ARAC SELF-ASSESSMENT

Mr Salmon provided an update and recommended that the ARAC Self-Assessment was completed following a full cycle of accounting procedures. It was agreed that the Self-Assessment would be completed in the autumn, following a full cycle, and that there would be careful co-ordination in obtaining all Members' views. Ms O'Kane agreed with the suggested approach and that it was better to have completed one full cycle before completing a self-assessment.

***Action:** Work already completed for the ARAC Self-Assessment to be circulated to Members and an input sought by all Members by the autumn.*

4.2 SCHOOL PROCUREMENT AND INCOME GENERATION

It was confirmed that the issues of School Procurement and Income Generation had been referred to the Finance and General Purposes Committee and brought to the attention of the Department of Education.

4.3 FORMAT OF MINUTES AND ACTIONS

A Member highlighted the lack of clarity as to which actions were required and requested that an 'Action List' was provided at the end of minutes. Mr Boyd reported that this had been addressed for Board meetings and a house style was in place for all papers/minutes.

5. CHAIRPERSON'S BUSINESS

5.1 ARAC SELF ASSESSMENT

This item was discussed under agenda item 4.1.

5.2 AUDIT AND RISK ASSURANCE COMMITTEE ANNUAL REPORT 2015/16

Members approved the paper and reported that the first year of operation was managed well. Following a query from a Member, it was agreed to correct the numbers of meetings attended in line with the possible number of meetings which could be attended.

The Chair requested that for future ARAC meetings, if Members were agreeable, that papers would be allocated to Members for them to take the lead on.

***Action:** Amend the figures within Appendix B of the ARAC Annual Report to the number of meetings possible to attend. Dr M Dynan and Mr R Forrest attended 3 meetings out of a possible 3 meetings.*

5.3 INTERNAL AUDIT - STAFFING

The representative from NIAO and all EA officers, with the exception of the Interim Chief Executive and the Change Director, left the meeting and Members were provided with an update on the recruitment of the Head of Audit and Risk Assurance.

6. RISK MANAGEMENT

6.1 RISK MANAGEMENT STAFF GUIDE

It was reported that the Risk Management Staff Guide had been presented to the Senior Management Team and would be cascaded down through the organisation by Directors.

6.2 CORPORATE RISK REGISTER (MARCH 2016)

The Committee considered the paper *ARA/4/16/6.2 which identified key risks that could mitigate against the achievement of the Authority's objectives for 2015/16 and the actions which were taken to reduce these risks.

The Change Director reported that the Corporate Risk Register presented was a reflection of further changes in the risk environment that had impacted on the business of the Authority between 1 January and 31 March 2016. He reported that changes to the Risk Register would be made by newly appointed Directors and they would be required to provide their views on the risks facing their Directorate. Risk Registers for each Directorate would be established to inform the quarterly updates and that information would be reflected in the next update covering the period 1 April to 30 June 2016.

The Interim Chief Executive reported that there was a need to update the Corporate Risk Register as the Authority was in a transitional phase moving from geographic to functional

management. He reported that Directors would be providing an input for their Directorate into both the Authority's Business Plan and Corporate Risk Register.

Following discussion, the Chair agreed that the current nine corporate risks would not change significantly. It was agreed that information from Directors, the 2016/17 Budget and Departmental priorities would be required to inform the Corporate Risk Register for 1 April - 30 June 2016.

The Interim Chief Executive stated that in his view the structure of the Risk Register was correct and as of 31 March 2016 mitigating activity scoring reflected the situation as it was being managed at that time.

It was suggested by a Board Member that a short paper be provided on a quarterly basis from each Director identifying issues which had affected/changed the scoring within the Risk Register. This information would be reported to the Committee.

The Interim Chief Executive agreed to discuss the comments raised with Directors and agree a way forward.

On proposal of the Chair, seconded by Mr Salmon, the Committee agreed to approve the Corporate Risk Register (March 2016)

***Action:** Short paper to be provided on a quarterly basis from each Director identifying issues which had affected/changed the scoring within the Risk Register.*

7. INTERNAL AUDIT

7.1 INTERNAL AUDIT ANNUAL REPORT 2015/16

The Committee considered the paper *ARA/4/16/7.1 which provided Members with the results of audit work carried out during the 2015/16 year along with the audit opinion on the adequacy and effectiveness of the Authority's governance, risk management and control arrangements. The Heads of Internal Audit provided an overview of the report which highlighted that they were content to provide a satisfactory level of assurance and that there were twenty instances where limited assurance had been determined on the basis of audit findings.

A Member welcomed the report and thanked the Heads of Internal Audit for their work. Clarification was sought as to how recommendations were processed and disposed of. It was confirmed that management responded to recommendations. Internal Audit then would carry out a review to ensure that actions had been delivered. Priority 1 Recommendations were reported to the Committee.

Following a discussion on Priority 1 Recommendations it was agreed that it would be useful to see if there were any patterns emerging and to identify how lessons could be learned from them. A Member also requested information with regard to the number of Priority 1 recommendations from the previous year and how many have been dealt with.

A Member stated Whistleblowing was an extremely sensitive area to manage and that it would be useful to have further information with regard to the percentage of valid and non valid allegations.

The Interim Chief Executive commented that the Internal Audit Report was comprehensive and that the Heads of Internal Audit would take on board the comments and report back to the Committee.

The Chair queried the number of schools audited and sought clarification on the process of determining which schools were audited. The Heads of Internal Audit confirmed that the Self-Assessment form used by ELBs was still being used. They aimed to audit a school every five years and they would identify schools which were high risk for various reasons.

The Chair stated that he was content to note the report and the Heads of Internal Audit agreed to supply the Department of Education and the NI Audit Office with a copy of it.

Action: *Identify patterns emerging and to identify how lessons could be learned from Priority 1 Recommendations and information with regards to the number of Priority 1 recommendations from the previous year and how many have been dealt with.*

It was agreed that percentage information to be provided to the Committee on the number of valid and not valid Whistleblowing allegations.

7.2 INTERIM INTERNAL AUDIT WORK PROGRAMME 2016/17

The Committee considered the paper *ARA/4/16/7.2 which identified the Programme of Work to be undertaken by Internal Audit in 2016/17 following their assessment of risks facing the Authority. An update was provided by Heads of Internal Audit on the work programme and it was reported that the number of days required for audits had not yet been assigned; however, there were 4,000 direct audit days available. It was reported that input and detail on priority issues from the Directors would be essential to populate the programme. It was agreed that when information was provided to Heads of Internal Audit, through the Change Director, the programme would be finalised and a final Internal Audit Work Programme for 2016/17 would be provided to the next ARAC meeting.

The Chair noted that the Interim Internal Audit Work Programme 2016/17 was work in progress.

Action: *Information to be provided to Heads of Internal Audit, through the Change Director, and the programme finalised. Final Internal Audit Work Programme for 2016/17 to be provided to the next ARAC meeting.*

8. DRAFT EA GOVERNANCE STATEMENT

The Interim Head of Finance provided an overview on the **draft EA Governance Statement tabled at the meeting. He highlighted that the single biggest challenge for the Authority was the financial planning process for which the Audit and Risk Assurance Committee initiated a review.

A Member provided an explanation of Governance Statements and it was noted that this was the first for the Authority and would be referred to in subsequent years. The Governance Statement highlighted the achievements, risks and failures and should strike a balance.

It was agreed that the Members' information with regards to the number of meetings they could possibly attend would be addressed in this Statement as well as the Committee's Annual Report.

A Member enquired as to how much detail below the Authority's Board would be required for the Governance Statement and if it was necessary to provide details regarding attendance at Committee meetings. The Interim Chief Executive agreed to explore that issue.

***Action:** Amend the figures within the document to the number of meetings possible to attend. Dr M Dynan and Mr R Forrest attended 3 meetings out of a possible 3 meetings. The Interim Chief Executive to explore the issue of needing to provide information below Board level.*

9. ANNUAL THEFT AND FRAUD REPORT 2014/15

9.1 COVER LETTER TO ALBs

9.2 DAO (DFP) 04/16

9.3 ANNUAL THEFT AND FRAUD REPORT 2014/15

The Committee noted the Annual Theft and Fraud Report 2014/15 and associated documents.

10. EXTERNAL AUDIT

10.1 NIAO LETTER DATED 4 APRIL 2016 AND 2015/16 ACCOUNTS AUDIT STRATEGY

The 2015/16 Accounts Audit Strategy *ARA/4/16/10.1 was presented by Ms O'Kane who reported that the strategy for the year was a risk based approach. Ms O'Kane provided an overview of the strategy and highlighted the following details:

- the quantitative materiality threshold set as approximately 2% of expenditure;
- for reporting purposes, any misstatements below £250,000 will be treated as 'trivial' and therefore will not require consideration of the Audit Committee;
- there were no specific risks within the Authority;
- non-compliance with procurement and contract management procedures and failure to adhere to good practice would result in potential irregular expenditure;
- the notional fee for the Education Authority account is £195,000.
- staff allocated to audit the Education Authority would be NIAO staff who had previously audited the Education and Library Boards and would be in-house staff.

The Chair stated that he was content with the strategy and thanked Ms O'Kane for her input.

10.2 NIAO LETTER DATED 14 APRIL 2016 AND REPORT TO THOSE CHARGED WITH GOVERNANCE

The Report to Those Charged with Governance *ARA/4/16/10.2 was presented by Ms O'Kane who reported that all legacy Education and Library Board audits had been signed off by NIAO. She confirmed that the five Education and Library Boards' information had now been combined into one report and that the report closed off the 2014/15 financial year. Recommendations contained within the report would continue to be reviewed by NIAO during future audits.

Members queried the issue regarding Special Education within SEELB and Mr Boyd reported that it had been passed to the Children and Young People's Services Committee for action.

11. SINGLE TENDER ACTIONS

The Committee noted the following Single Tender Actions approved by the Interim Chief Executive:

- Maintenance agreement for the biometric cashless catering systems in 4 school meals kitchens;
- Welcome packs for the Duke of Edinburgh Award Scheme; and
- A television advertising campaign to increase public awareness and promote the FE Wards Scheme. DEL has requested a television advertising campaign and is funding same.

12. DATE OF NEXT MEETING

It was agreed that the next meeting to sign off the Annual Report and Accounts would be scheduled for Friday 27th May at 11.00 am in Antrim Board Centre.

The meeting ended at 12.30 pm.

Chair

Date

* Paper circulated ** Paper tabled