

**MINUTES OF PROCEEDINGS OF THE AUDIT AND RISK ASSURANCE COMMITTEE HELD ON
8 APRIL 2019 AT 10.00 AM IN THE BOARD ROOM, ANTRIM**

1. PRESENT Mr E Jardine (Chair)

Mr D Cargo	Mr O McMullan
Dr M Dynan	Miss R Rainey
Mrs I Knox	Mr T Salmon
Mr G Lundy	

Mr K Mulvenna was in attendance.

2. IN ATTENDANCE

Ms S Long, Mr D Hanna, Mrs K Scott, Mr S Wade, Mr D Anderson, and Ms L McCall.

Mr G Fair and Ms T McCavigan attended from the Department of Education (DE) and Mr A Allen attended from the Northern Ireland Audit Office (NIAO).

3. DECLARATIONS OF INTEREST

The Chair reminded Members of the requirement to declare interests where appropriate during the course of the meeting.

4. MINUTES OF MEETING HELD ON 17 JANUARY 2019

Mr Fair said that, as part of the discussion on the Transformation Programme, he had drawn attention to risks around the adequacy of *staffing* resources to deliver transformation projects. Subject to this amendment, the Committee agreed the minutes* (ARA/4/19/3) of the meeting held on 17 January 2019 on the proposal of Miss Rainey and seconded by Dr Dynan.

5. MATTERS ARISING FROM THE MINUTES

5.1 QUERY ARISING FROM A DIRECT AWARD CONTRACT (5.1)

The Committee noted the paper* (ARA/4/19/4.1) which was in response to a Member's query on the process to evaluate provision that was procured by schools in specialist curriculum areas. The Member said that while schools could use discretion within LMS guidance to procure advice and support for specific school improvement purposes, a tension did exist where the amount of spend was elevated to a direct award contract.

Ms Long said that this matter would be captured within the review of procurement as part of CoPE accreditation.

5.2 ENGAGEMENT WITH DE'S AUDIT AND RISK ASSURANCE COMMITTEE (10.2)

Mr Fair said it was intended that a workshop would be held in the Autumn between DE's Audit and Risk Assurance Committee (ARAC) and EA's ARAC. The Chair of DE's ARAC would liaise with the Chair of EA's ARAC in the first instance regarding this matter.

A Member welcomed the opportunity for the two Committees to meet informally.

The Chair received confirmation that the workshop would be additional to DE's annual workshop for all Arms' Length Bodies.

5.3 FORECAST OVERSPEND RELATING TO STATEMENTED PUPILS AT VOLUNTARY GRAMMAR / GRANT MAINTAINED INTEGRATED (VG / GMI) SCHOOLS (6.1)

Mr Wade said that, following the receipt of additional funding from DE for VG / GMI schools, the forecast overspend relating to statemented pupils had not materialised.

5.4 EA BOARD - RECONSTITUTION PROCESS (6.2)

The Chair said that DE's letter dated 4 February 2019, which had been considered by the Board at its meeting on 28 February 2019, had provided a response to the query around governance should vacancies have arisen on the Board following reconstitution.

No vacancies existed on the Board following reconstitution on 1 April 2019.

5.5 CORPORATE RISK REGISTER - PERIOD ENDING 31 DECEMBER 2018 (7)

A number of queries had been raised within this area at the previous meeting. It was reported that all EA Directorates considered rurality as a matter of process and this area was factored into the framework of all EA's business. The CYPS Directorate Risk Register gave recognition to awareness and information sharing between partners. Reports on the two major ICT risks, relating to Education Technology Services and EA One Project, would be presented to the Finance and General Purposes Committee at its meeting on 7 May 2019 and all Board Members would be invited to attend the Committee meeting for this purpose.

Mr Anderson said he was devising a process to enable the assurances, which were provided to the Committee on various issues, to be presented to relevant Committees.

A Member, who was the Chair of the Child Protection and Safeguarding (CPS) Committee, said that the CPS Committee had received a verbal report at its March meeting on safeguarding training relating to transport contracts. The report had given an account of arrangements which had been put in place on an interim basis as well as arrangements for an enduring framework. He said that the CPS Committee, at its next meeting, would receive a paper on both the interim and enduring arrangements, including an action plan and timetable. Subject to endorsement by the CPS Committee, this paper would also be presented to ARAC. He said the matter would be kept under review by the CPS Committee.

Mr Hanna said that EA officers were working closely with Department of Infrastructure officials on taxi licensing and vetting arrangements. He drew attention to the significant number of private contractors employed by EA in connection with home to school transport and the very small number of private contractors which had not met requirements. He advised that the current process was overly bureaucratic. Officers were taking forward a piece of work on the risk management framework around child protection and home to school transport.

Members requested that arrangements to ensure compliance in this area, including appropriate staffing resources, were effective and robust.

A Member received confirmation that vetting was carried out for all substitute drivers employed through private contractors.

Mr Fair said that the Chair of DE's ARAC was concerned that some recommendations in the audit report had still not been formally addressed. Mr Hanna said that all recommendations had been addressed. He undertook to provide a report on this matter at an upcoming meeting with a DE official.

5.6 ANNUAL REPORT AND ACCOUNTS 2017/18 (9)

The Annual Report and Accounts had been approved by the Board on 28 February 2019.

5.7 ASSURANCE MAPPING (14.4)

Mr Anderson said that the assurance framework would be presented to the Committee at its next meeting.

6. CHAIRPERSON'S BUSINESS

6.1 MEMBERSHIP OF COMMITTEE

The Chair welcomed Mrs I Knox to the meeting. Mrs Knox had been appointed as an external independent member for the period 1 April 2019 to 31 March 2020.

The Chair welcomed Mr Mulvenna to the meeting. He also welcomed Ms Long in her new role as Chief Executive to the meeting.

6.2 TERM OF OFFICE

The Chair expressed appreciation to Members and officers for their support to him as Chair and their work in support of the Committee over the past four years.

7. CORPORATE RISK REGISTER

7.1 REVIEW AS AT 31 MARCH 2019 AND INDEPENDENT EVALUATION REPORT

Mr Anderson said that, reflecting DE's advice, he was no longer responsible for the compilation of the Corporate Risk Register (CRR). He presented a paper* (ARA/4/19/6.3) setting out his independent evaluation of the content of the CRR and provided a report on high and low residual risk areas. Mr Anderson confirmed that he was satisfied that appropriate action and controls were being applied to bring residual risk levels into line with the agreed risk appetite. He said that in some cases resource constraints and complexity were limiting EA's ability to achieve the desired outcomes quickly. He reported that he was not aware of any further emerging risks that should be included in the CRR.

The Committee noted that the CRR** (ARA/4/19/6.1) had been reviewed by each Director and had been discussed at a recent Corporate Leadership Team meeting.

A Member referred to Risk 7 (EA does not prioritise, invest, maintain and plan for the education estate). Taking account of improved staffing resources, he queried whether the risk had materially reduced. Mr Anderson said that there had been little change in movement in this area.

A Member said that Risk 9 reflected CoPE accreditation embedded within the organisation. Mr Hanna said that work was progressing satisfactorily to achieve CoPE accreditation. Ms Long advised that while EA had conformed to the CoPE assessment model in terms of Construction Works, further work was being taken forward in the area relating to Goods and Services. Mr Anderson said that Internal Audit was carrying out an audit of Procurement and Contract Management which would assist in providing greater assurance in this area.

A Member referred to Risk 11 (EA does not adequately safeguard essential sensitive personal data from unauthorised access and inappropriate use). He queried progress on the external penetration tests which had been commissioned to identify vulnerabilities and potential weaknesses. Mr Anderson said that the outcome of this testing would be incorporated into the next report on Priority 1 Recommendations.

Ms McCavigan sought clarity on the residual risk for Risk 11. Mr Anderson undertook to review the residual status of this risk.

A Member sought clarity on EA's planning strategy for Risk 12 (EA does not effectively plan for Brexit Day 1 which would result in disruption to services). Ms Long said that DE had advised that EA should use planning assumptions based on a 'no deal' Brexit. EA's planning related to operational elements of service delivery whereas the Executive Office was reviewing wider implications. Mr Anderson advised that funding for current EU programmes was ring-fenced.

Members commented on EA's ability to manage risks which had potential to impact negatively on its reputation. They pointed out that the communications strategy to address this area needed to be refined. The Committee agreed to recommend that the CRR should be amended to reflect the potential for reputational damage across all risks and the need to manage communications around those risks.

A Member received reassurance from Ms Long that all actions were being taken to mitigate risk in the three new separate risk areas.

Mr Fair said that DE had concerns that the CRR did not appropriately reflect child protection and safeguarding risks. He queried whether the assessment provided was adequate. Ms Long said that, in order to provide reassurance to DE, the matter would be taken forward by Mr Hanna at his upcoming meeting with the DE official.

A Member suggested that the DE official would be welcome to attend the next meeting of the Child Protection and Safeguarding Committee to discuss this matter.

Mr Fair confirmed that this approach would also be helpful. He queried whether the a dedicated EA ICT Security Officer had yet been appointed. Mr Wade advised that EA's Head of Network and Infrastructure had been appointed. He undertook to report back on the appointment process for the security officer post.

Action: *CRR to be amended to reflect the potential for reputational damage across all risks and the need to manage communications around those risks. Mr Hanna to provide a full report on the child protection issue to the DE official at an upcoming meeting. Mr Wade to report on the appointment process for the IT Security Officer post. Mr Anderson to review the residual status of Risk 11.*

7.2 EDUCATION TECHNOLOGY SERVICES (formerly known as C2K)

Mr Wade said that the C2K contract had been extended to March 2021 to ensure continuity of service to schools while EA procured a replacement solution. He presented a paper* (ARA/4/19/6.2) giving information on progress on the procurement exercise, the six key project tasks, an outline of project risks together with mitigating actions, and high level project milestones.

The Chair queried the expertise available to support the project. Ms Long reported that external resources were being procured to augment internal resources. This included specific legal support, support in the production of the Business Case, and technical support. Mr Fair said that the Business Case was complex and there was excellent engagement between EA and DE on the Business Case.

A Member sought clarification that the specification of user requirements for the project adequately reflected the needs of all schools.

Mrs Scott said that a paper on the wide ranging consultation and information gathering exercise with educational users and stakeholder organisations had been provided to the Education Committee at its March meeting. This paper had set out the activities undertaken to gather requirements for Education Technology Services (ETS).

Engagement had taken place on a face to face basis and by cluster meetings. It included engagement with schools, pupils, governors, a Senior User Forum (senior teacher representatives across sectors) and a Technical User Forum (technical staff mainly in post primary and special schools).

A Member drew attention to the importance of ensuring that every effort was made to continue to obtain feedback from all schools on their requirements. It was important to ensure there was no disconnect between schools' needs and a future provision.

A Member asked officers to reflect on the strengths of a Gateway Review around user requirements.

A Member said that training was essential to ensure that schools could take full advantage of future products within Education Technology Services. He highlighted that face to face training was best suited for schools.

The Committee noted the paper.

Action: *Members' comments to be followed up around the need to ensure sustained user engagement in obtaining feedback on user requirements and on training to schools.*

8. DRAFT REPORT TO THOSE CHARGED WITH GOVERNANCE 2017/18 INCLUDING MANAGEMENT RESPONSE

The draft Report to those Charged with Governance (RTTCWG) had been considered by the Committee at its meeting on 17 January 2019.

Mr Wade presented the draft RTTCWG and management response* (ARA/4/19/7). The draft document had been shared with NIAO. In summary, management responses with target completion dates had been provided to 9 audit recommendations (eight priority 2 recommendations and one priority 3 recommendation).

Mr Allen said that NIAO had been reviewing the management response and had sought further information from the Finance team. He said that Appendix 3 to the RTTCWG summarised NIAO's evaluation of management's implementation of the previous year's priority 1 recommendations. Three had been completed and three were ongoing in relation to IT Audit issues. He emphasised that target completion dates should be realistic and officers should avoid optimism bias. The timeframe to appoint the IT Security Officer was specifically raised. Mr Wade took the comments on board. He said he had endeavoured to set out the reasons for non-compliance of target dates in the management response.

A Member said that the management response should be reviewed to ensure deliverability against the target completion dates. The Committee therefore noted that a final RTTCWG and management response would be presented to the Committee at its next meeting.

Action: *Target completion dates within the management response to be reviewed. Final RTTCWG to be presented to the Committee at its next meeting.*

9. NORTHERN IRELAND AUDIT OFFICE

Mr Allen said that planning work had commenced on the Financial Statements for 2018/19. Meetings were to be convened with officers from Finance and the Head of Internal Audit and Assurance as part of the planning process.

Mr Allen reported that audit work on EA's Trust and Endowment Funds for 2017/18 had been completed and that the funds would be certified by the Comptroller and Auditor General in due course.

Mr Allen said that the Comptroller and Auditor General had published his public reporting programme for the next three year period. Work to take place included social deprivation and linkages to educational attainment. A piece of work would also be taken forward on the Education Training Inspectorate in 2021.

A Member queried whether the work on social deprivation would reflect on rural complexities and special educational needs. Mr Allen said that the approach to the feasibility study was not yet confirmed. The work on social deprivation would be taken forward on the basis of the social deprivation measures used by DE. He said that NIAO had completed a study in 2017 on special educational needs and a follow up was due to take place later in the current year. It was not envisaged therefore that this study would include special educational needs.

10. PRIORITY 1 RECOMMENDATIONS - PROGRESS REPORT

Mr Anderson outlined the content of a paper* (ARA/4/19/9) which set out progress on implementing priority 1 recommendations. He referred to areas where satisfactory progress had been made and said that these areas would be removed from the paper.

Mr Anderson said that further consideration had been given to target dates within the report. Discussion ensued on specific areas. The Chair referred to a number of areas where recommendations had not been implemented to agreed timeframes. He urged Mr Anderson to impress upon management the need to give appropriate focus to realistic timeframes to implement priority 1 recommendations.

Members commented that, given the importance to the Committee of progressing priority 1 recommendations, every effort should be given to ensuring that timeframes associated with implementing priority 1 recommendations were realistic. A Member referred to the Committee's role to support and challenge the Chief Executive. He said that the Chief Executive should review the process around the implementation of priority 1 recommendations in conjunction with the Chair of the Committee.

Mr Lundy left the meeting temporarily at 11.50 am and re-entered at 11.51 am.

The Committee noted the report.

Action: *Appropriate focus to be given to realistic timeframes to implement priority 1 recommendations. Chief Executive to review the process.*

11. INTERNAL AUDIT

11.1 INTERNAL AUDIT PLAN 2018/19 - PROGRESS REPORT

Mr Anderson presented the re-prioritised plan* (ARA/4/19/10.1) giving information on 81 audits to be covered in 2018/19. He said that 50% of audits in the 2018/19 plan had been progressed to either draft or final report stage and a further 27 audits (33%) were ongoing. It was anticipated that the majority of ongoing audits would be completed to at least draft report stage to enable reasonable assurance to be reported in his Annual Assurance Report and Opinion for 2018/19. Mr Anderson said this report would be presented to the Committee at its May meeting.

Mr McMullan left the meeting temporarily at 11.56 am.

Mr Anderson pointed out that 223 Internal Audit recommendations had been accepted by management in final reports out of a total of 224 recommendations.

A Member referred to the audit on complaints handling. He said that, in light of matters which had been raised in the media, consideration should be given to the overall strategy

around media management and ensuring that all staff were aware of the complaints procedure. Mrs Allen said that the Corporate Leadership Team was currently reviewing EA's complaints procedure and level of resource.

A Member queried arrangements to support schools on media issues, particularly issues raised through social media. He said that the management of media greatly concerned governors and principals. Ms Long said that EA's Communications Team which resided within the Chief Executive's Office had responsibility to support schools in this area. A review of this area was also currently being undertaken.

The Committee noted the Plan.

Mr McMullan re-entered the meeting at 12.04 pm.

11.2 INTERNAL AUDIT STAFFING - UPDATE

Mr Anderson provided an update on progress on restructuring of Internal Audit. This included a report on negotiations with trade unions. He said that letters would issue shortly to the vast majority of staff within Internal Audit on revised agreed job descriptions. Good progress was also being made in terms of those staff who were undertaking audit qualifications.

The Chair welcomed the progress made in this area.

A Member referred to the importance of developing a good industrial relations strategy with effective working relationships with Management Side and Trade Union Side. Ms Long said that Joint Negotiating Forums had been established for each Directorate with Trade Union Side. However, the Chief Executive's Office had not established its own forum. Mr Hanna said that HR was developing a toolkit to support negotiations with Trade Union Side. The Member suggested that EA should harmonise a strategy that could be used for both Management Side and Trade Union Side.

11.3 INTERNAL AUDIT ANNUAL PLAN 2019/20

Mr Anderson presented the second year plan* (ARA/4/19/10.3) of an agreed three year strategy to provide adequate audit coverage of all EA systems and processes.

In response to a Member's query, Mr Anderson said that the plan was linked to EA's Strategic Plan and the Corporate Risk Register. The transformation levers were useful in terms of structuring the plan. The plan gave coverage to priority areas as well as to areas requiring annual audit. Given previous concerns raised by the Committee, the Member queried if the plan remained overly ambitious for 2019/20. Mr Anderson said he considered the plan to be achievable and realistic. Ms Long said that consideration had been given to the overall number of audit days based on the previous year's learning. This number had been reduced to allow for contingency in areas at the request of management.

Mr Fair referred to the three high risk areas that had been removed from the previous year's plan and were now factored into the plan in quarters 1, 2 and 3. He queried if the Committee was content with the prioritisation given to the three audits. Mr Anderson said that two of the three audits related to IT. As staffing in this area was not yet fully in place, he had structured the plan to accommodate the appointment of the IT officer.

A Member referred to previous consideration given by the Board on criteria for leasing school premises. This information would be provided to the Community Use of Schools Committee at its next meeting. The Member said that consideration would also need to be given to special needs provision when leasing school premises. Mr

Anderson said he would relay this query to the Director of CYPS. He said that schools would shortly receive new guidance on promoting Community Use of School Premises and on the use of private school funds.

On the proposal of Mr Cargo, seconded by Miss Rainey, the Committee agreed to recommend the adoption of the plan for 2019/20 with the proviso that the Head of Internal Audit and Assurance had flexibility to add to the plan during the year and review days allocated.

11.4 FRAUD REPORT 2018/19

Mrs Knox declared an interest in this report.

Mr Anderson presented the report summarising current and completed fraud investigations.

Members raised queries in respect of a number of cases and received a report on actions being taking in these areas. Discussion ensued on finance and fraud related training to be provided to staff and other approaches to be adopted such as separation of duties to mitigate against risks.

The Committee noted the report* (ARA/4/19/10.4).

12. WHISTLEBLOWING CASES

Mr Anderson presented the report* (ARA/4/19/11) setting out current and recently completed reviews relating to Whistleblowing. He said that cases which had closed would be removed from the report.

Mr Anderson said the Committee had agreed to amend the Whistleblowing Policy so that a Board Member would have responsibility for Whistleblowing cases in instances where an employee might have no confidence in senior management. It was suggested that the Chair of the Committee would be the named Board Member in the Whistleblowing Policy. This approach was agreed by the Committee.

The Committee noted the report.

Action: *Amend Whistleblowing Policy to include the Chair of ARAC as the named Board Member with responsibility for cases where an employee might have no confidence in senior management.*

13. AUDIT AND RISK ASSURANCE ANNUAL REPORT 2018/19

The Chair presented the Committee's annual report* (ARA/4/19/12). The report set out the Committee's overall opinion that assurances provided to the Committee during the year on corporate governance, risk management and internal control had been comprehensive, reliable and sufficient to assist EA and the Chief Executive to meet accountability obligations. The annual report also recorded that actions taken to address control weaknesses and other identified issues had been satisfactory.

It was agreed to make two amendments to the report. The report would reflect that the Committee continued to monitor timescales for completion of priority 1 recommendations and the main body of the report would make reference to the Committee's self-assessment exercise carried out during the year.

On the proposal of Miss Rainey, seconded by Mr Lundy, the Committee approved the annual report for 2018/19 with the two amendments. The annual report would be presented to the Board for noting.

14. GENERAL DATA PROTECTION REGULATIONS - REPORT ON DATA BREACH

Mrs Allen provided a report on a data breach within EA. The report included the nature of the information contained within the data breach, the numbers impacted, the timeframe of the data breach, how and when the Corporate Leadership Team was notified, the actions taken to rectify the situation upon notification including the establishment of an initial response team, the establishment of a team chaired by the Director of Human Resources to commence a formal investigation, and the findings of the formal investigation.

Mrs Allen presented the formal investigation report* (ARA/4/19/13) which provided a detailed analysis of the factors that had led to the data breach along with seven recommendations. She said that, following the report's consideration by the Corporate Leadership Team, a detailed action plan had been developed around the recommendations. She advised that some actions had already been completed and some actions would require a longer term approach. Mr Anderson said that, in his role as Head of Internal Audit and Assurance, he would be monitoring progress of the implementation of the action plan.

Mrs Allen said that EA had engaged with the Information Commissioner's Office and with the data subjects to inform them of the breach. She said that parents had welcomed one to one meetings on this issue.

A Member said that the findings, as set out in the formal investigation report, and the approach taken by EA to address the matter upon notification were comprehensive and robust. He commended EA's openness and transparency in its engagement with the data subjects. However, he considered that this issue should have been drawn to the attention of Members at an earlier stage. Other Members also commended the programme of action put in place but expressed concerns about the length of time taken to notify Members of the data breach.

Mr Fair received clarification on the extent of actions to be taken forward with regard to training around system products and on products within the new Education Training Services system.

A Member said that EA should adopt a coherent approach within its governance structure to any future data breaches. The relevant Committee should receive regular reports, including reports on implementation of recommendations and monitoring against those recommendations. Mr Anderson said he had responsibility for providing assurance over implementation of recommendations and on reporting on the effectiveness of systems.

A Member queried the level of training provided to new principals and Boards of Governors on GDPR. Mrs Allen said that a review of the training currently provided was now being undertaken for principals and Boards of Governors. She drew attention to one recommendation arising from the formal investigation which related to resources for information governance. She said that the Corporate Leadership Team had agreed to increase the resource around supports to schools in this area.

Ms Long said that she would give further consideration to the most relevant governance structure to receive reports on data breaches, including the terms of reference of that Committee. She referred to the Board Member workshop held on 27 March 2019 to review aspects of EA's governance and said that further consideration would be given to the mechanism by which Members were notified of emerging issues and potential media issues.

The Chair referred to the seriousness of the incident. He said that once EA had been notified of the data breach, its actions had been comprehensive. It was agreed that a follow up report

would be provided to the Committee on this particular issue which would also give an account of engagement with the Information Commissioner's Office.

Actions: *Follow up report to be provided to the Committee on this particular issue, to include a report on the engagement with the Information Commissioner's Office; Ms Long to further consider the most relevant governance structure to receive reports on data breaches, including the need to amend the terms of reference of the relevant Committee; and issue relating to notifying Members to significant and emerging issues to be further considered by the Board as part of the lessons learned exercise.*

15. ACCOUNTABILITY AND FINANCIAL MANAGEMENT

The Committee noted the following circulars:

- DAO (DoF) 01 19 - Accounts Directions for 2018-19
- DAO (DoF) 02 19 - Annual Theft and Fraud Report 2017-18
- DAO (DoF) 03 19 - Partnerships between Departments and Arms' Length Bodies
- DCM (DoF) 01 19 - Designation of Bodies for Whole of Government Accounts 2018-19
- FD (DoF) 09 18 - Pay Remit Approval Process and Guidance 2018-19
- FD (DoF) 01 19 - Government Financial Reporting Manual (FReM) 2018-19

16. DATE OF NEXT MEETING

The next meeting was scheduled for 30 May 2019.

The meeting ended at 1.15 pm.

Chair

Date

* Paper circulated

** Paper tabled