



## **7.1 SYMPATHY**

The Chair extended the Committee's sympathy to Mr Anderson following a close family bereavement.

## **7.2 SEMINARS FOR NEW MEMBERS OF AUDIT AND RISK ASSURANCE COMMITTEES**

The Chair said that the Government Internal Audit Agency was planning to introduce a series of half day sessions for new ARAC members in Government. The first session would be held on 18 March 2021 by video conferencing. He invited Members to register their interest should they wish to attend the seminars.

## **8. NORTHERN IRELAND AUDIT OFFICE**

Mr Allen said that the audit of EA's Annual Report and Accounts for 2019/20 continued. This work was taking longer than anticipated on account of remote working and the requirement to complete risk assessments when entering EA premises. He advised that NIAO officers were meeting Finance officers the following week to discuss the audit timetable for EA's Annual Report and Accounts for 2020/21. At that meeting, discussion would also take place on the need for NIAO officers to be on site so as to enable the audit of transactions that included personal data.

## **9. CORPORATE RISK REGISTER 2020/21 – QUARTER THREE HEAD OF INTERNAL AUDIT AND ASSURANCE INDEPENDENT EVALUATION**

Mr Hanna presented quarter three of the Corporate Risk Register (CRR)\* (ARA/1/21/8.1). He referred to the increase in the residual risk rating for two risks (Risks 1 and 9) which related to continuity of learning for children and young people and the effective management of the continuity of services during Covid-19, and the incorporation of a new risk (Risk 10) relating to continuity of provision of ICT services for corporate staff. Mr Wade said that this matter (Risk 10), along with the strategy to address this risk, had been considered by the Finance and General Purposes Committee at its meeting on 1 December 2020.

Mr Hanna said that the Corporate Leadership Team had decided to incorporate the risk relating to the impact of the change to the AQE test date on the successful delivery of the post primary admissions for September 2021. However, given the recent announcement by AQE to cancel the test date of 27 February 2021, this risk had been removed from the CRR. A Member welcomed the constant reappraisal given by the Corporate Leadership Team to the CRR.

A Member sought clarification in respect of quantifying the impact of Covid-19 on the delivery of EA's services during the year. Mr Hanna said that quarters 1 and 2 of EA's Business Plan, and consequently the CRR, were primarily responses to the impact of Covid-19. Quarter 3 set out EA's approaches to bringing about business as usual and quarter 4 would provide further update, including a better understanding of delays in service delivery for the full year.

Mr Anderson presented his independent evaluation\* (ARA/1/21/8.2) of the content of the CRR and advised that he was in agreement with management's current assessment of the key risks. In his opinion, the current residual risk level for each risk was an accurate assessment of the residual risk levels. He reported that there was clear evidence of a robust review of the CRR and the Directorate Risk Registers.

Mr Fair said that he had minor comments to make with regard to Risk 1 and he undertook to forward them to officers. He sought clarity around the residual risk rating for Risks 1 and 4. Ms Long said that the Corporate Leadership Team had taken on board the range of actions that were being progressed to manage the risks in respect of Risk 1 and had considered that these actions reduced the RAG rating from red to amber. Mr Wade referred to Risk 4 (the delivery of

a balanced resource budget) and advised that while the profiled financial position for 2020/21 was resulting in an anticipated break even position by year end, the residual RAG rating remained red on account of the fact that the underlying financial position from 1 April 2021 onwards still showed a significant funding gap. This was primarily due to DoF's strategy that public bodies were required to absorb annual pay and price inflation.

A Member acknowledged the close working relationships between DE and EA officers to address profiled pressures during the year and to bring about an anticipated break even financial position at year end. He also acknowledged the confidence of Members in the Corporate Leadership Team. He said that, given the anticipated break even position at year end, consideration should be given to downgrading the risk for Quarter 4. He said that the position would again change at the start of the new financial year to reflect pressures at that stage including the DoF strategy.

The Chair agreed with this approach and commended officers on the anticipated financial position at year end. He also commended officers on the new format of the CRR which provided clear lines of accountability with regard to operational risks and enabled the Committee to have clear oversight of EA's strategic risks.

The Committee noted the CRR including the Head of Audit and Assurance's independent assessment of the CRR.

**Actions:** *Consideration to be given to the residual risk rating for Risk 4. Mr Fair to submit minor changes in respect of Risk 1.*

The Committee agreed to consider agenda items in the following order.

## **10. FRAUD OVERSIGHT REPORT**

Mr Craig presented a reformatted paper giving high level information on open fraud cases and a fraud oversight dashboard. The dashboard incorporated analytics on type of fraud, cause of fraud, means of discovery, perpetrators of fraud, and the indicative risk rating. He outlined his role as Fraud Oversight Liaison Officer and also provided a brief report on EA's insurance arrangements pertaining to fraud.

Members welcomed the reformatted paper which provided for a strategic overview of fraud. They considered that the new format would enable the Committee to give consideration to focusing on targeting resources and activity in the right area to minimise risk. Officers were encouraged to develop the dashboard further, where possible, to reflect on models of best practice.

In response to a Member's query, Mr Anderson reported on the timeframe around a number of open cases. It was noted that a number of cases were dependent on PSNI action via the courts. Mr Fair sought clarity around the analytic relating to the indicative risk rating. Mr Craig said this was based on value and an assessment of the likeliness of the fraud recurring. The Chair said that an analytic could also be developed on the time taken by officers to investigate fraud cases. Mr Craig said that the dashboard would continue to be further refined and would take on board Members' comments.

The Committee noted the paper\* (ARA/1/21/11).

**Action:** *Further consideration to be given to the development of the fraud oversight dashboard.*

## **11. PRIORITY 1 RECOMMENDATIONS**

Mr Anderson outlined the progress made on implementing priority 1 recommendations as set out in the paper\* (ARA/1/21/9). The four areas which remained outstanding related to contingency planning and disaster recovery planning. Mr Anderson drew attention to the target dates to

complete actions. Reference was also made to the summary information in the paper on completed priority 1 recommendations.

The Chair welcomed the progress being made in the current year to implement Priority 1 recommendations.

A Member commended the Corporate Leadership Team on its agility to develop and manage contingency planning during Covid-19. Given that this area had been the subject of comment in the NIAO Report To Those Charged with Governance in recent years, he sought confirmation that the matter would be addressed appropriately in line with the target dates and would therefore not need to be referenced in the next iteration of the NIAO report.

Mr Wade outlined the focus given by the Finance team to the development of the ICT Disaster Recovery Strategy and to his engagement with the NIAO on this matter. Ms Long also referred to the consideration given by the Corporate Leadership Team the previous week to the ICT Disaster Recovery Strategy and the Business Continuity Plan and Emergency Plan. It was anticipated that, with the completion of some further actions, the target dates set for the end of January would be met.

The Chair said it was anticipated that the Business Continuity Plan and Emergency Plan would be presented to the Finance and General Purposes Committee for consideration in February.

The Committee noted the paper.

## **12. INTERNAL AUDIT PLAN 2020/21**

Mr Anderson presented the reprioritised Internal Audit Plan\* (ARA/1/21/10) which set out information on progress against the 53 audits. He pointed out that 40% of the audits in the plan had been progressed to either draft or final report stage and a further 45% were ongoing. He also anticipated that the majority of the audits in the plan would be completed to at least draft report stage by the end of the year to enable reasonable assurance to be provided in the Annual Assurance Report and Opinion for 2020/21. He referred to the number of recommendations made and accepted in the final audit reports issued to date. This included one priority 1 recommendation in respect of the Capital Works Programme. He also referred to the final systems reports that had issued since the last report to the Committee.

Discussion ensued on the outcome of a final systems report where 37 priority 2 recommendations had been made and accepted. A Member queried whether the final audit report was an indicator of wider concerns within the school. Mrs Corkey undertook to report back on this matter.

A Member sought assurance that sufficient audit activity would be completed by year end to underpin the Head of Internal Audit and Assurance's overall opinion. Mr Anderson said that the recommendations contained within final audit reports supported his annual assurance report. He also said that he drew upon the findings contained in draft reports. He was confident that sufficient audit activity would be undertaken by year end to inform the basis of the overall audit opinion.

The Committee noted progress in the delivery of the Internal Audit Plan for 2020/21.

## **13. WHISTLEBLOWING CASES – PROGRESS REPORT**

Mr Anderson presented the report\* (ARA/11/21/11) setting out high level information on ongoing whistleblowing cases and cases which had closed.

Members queried the possibility of developing a dashboard for whistleblowing cases with a view to enabling oversight of emerging trends and patterns. A Member also queried the possibility of estimating the time taken to complete whistleblowing investigations. Ms Long advised that

corporate performance metrics were currently being developed and consideration would also be given to the development of such a dashboard for whistleblowing cases.

The Committee noted the report.

**Action:** *Consideration to be given to developing a dashboard for whistleblowing cases as part of the wider development of corporate performance metrics.*

#### **14. VOLUNTARY GRAMMAR AND GRANT MAINTAINED INTEGRATED SCHOOLS (VG/GMI) – REVIEW OF INTERNAL AUDIT REPORTS – UPDATE**

*The Chair declared an interest in this item as he served on the Board of Governors of a grammar school.*

Mr Anderson said that 35 responses had been received from the 88 VG/GMI schools on their audit coverage. While reminder letters had been issued to the remaining schools, it was acknowledged that the challenges facing schools due to Covid-19 were significant. He advised that further engagement would take place with these schools in order that an overall report on the audit activity within VG/GMI schools would be presented to the Committee at its next meeting.

A Member queried the line of accountability for the audit reports of VG/GMI schools. He also queried if the findings from VG/GMI audit reports formed part of the Head of Internal Audit and Assurance's overall Annual Assurance Report and Opinion. Mr Anderson said that these findings did not form part of his overall opinion at year end. His function was to review the internal audit activity carried out by VG/GMI schools and to provide assurance to the Accounting Officer and the Committee that this work was being carried out satisfactorily. EA's responsibility was highlighted with regard to ensuring that VG/GMI schools adhered to DAO 10/07, ie the need to separate the duties of internal and external audit providers. Members also discussed the role of a Board of Governors which had responsibility for audit activity and for the production of Annual Reports and Accounts. Mr Wade said that he would liaise with Mr Fair and Mr Anderson in order to clarify the assurances around financial controls within VG/GMI schools.

The Chair indicated that the report to be presented to the Committee at its next meeting would include an update on the position of schools in respect of segregating the duties of internal and external audit providers.

**Action:** *Engagement to take place between EA and DE officers to clarify the assurances around financial controls within VG/GMI schools.*

#### **15. DIRECT AWARD CONTRACTS**

Mr Fair asked for summary information to be provided to the Committee on Direct Award Contracts. Mr Hanna undertook to provide more meaningful information in a summary format.

Mr Fair said that he had minor comments to make on the Direct Award Contracts and he undertook to engage with Mr Hanna on these outside the meeting.

The Committee noted the Direct Award Contracts\* (ARA/1/21/14).

**Action:** *Summary information to be provided on Direct Award Contracts. Mr Fair to further engage with Mr Hanna on the DACs.*

#### **16. ACCOUNTABILITY AND FINANCIAL MANAGEMENT**

The Committee noted the following circulars:

- FD DoF 11 20 Better Business Cases NI

- DAO DoF 06 20 Coronavirus Job Retention Scheme (including Attachment)
- DAO DoF 07 20 Coronavirus Job Retention Scheme - Extension and Exit
- DAO DoF 08 20 Continued payment of Grants during period of Covid-19 Response
- DAO DoF 09 20 Continued payment of Grants during period of Covid-19 Response
- DAO DoF 10 20 Coronavirus Job Retention Scheme - Extension

## 17. DATE OF NEXT MEETING

The next meeting would be held on 19 April 2021.

The meeting ended at 3.40 pm.

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**Chair**

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**Date**

\* Paper circulated

\*\* Paper tabled