

# CORPORATE GOVERNANCE FRAMEWORK



Department of  
**Education**

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Version 9  
February 2015

# DE Corporate Governance Framework

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## **SECTION 1**

### **1. PURPOSE**

1.1 This document sets out details of the Department's corporate governance arrangements. It provides information on the arrangements which have been established to ensure proper and effective management of the Department's affairs, and is a key aspect of the Department's Governance and Control Framework.

### **2. BACKGROUND**

2.1 Corporate Governance is the way in which an organisation is directed controlled and led. It defines relationships and the distribution of rights and responsibilities amongst those who work with and in the organisation, determines the rules and procedures through which the organisation's objectives are set and provides the means of attaining those objectives and monitoring performance.

2.2 The effectiveness of direction and control of an organisation depends on:

- Governance: how well an organisation plans, sets, communicates, undertakes and monitors its corporate objectives;

- Risk Management: how the organisation identifies, considers and manages the risks to the achievement of corporate objectives; and
- Business Controls: how the Board of the organisation assures itself and its stakeholders that it is in control of its business and the risks to the achievement of its objectives.

2.3 This Framework provides an overview of the corporate governance processes and responsibilities within the Department.

2.4 The relationship between Ministers, civil servants and the Assembly is based on the following key elements:

- A Department works under the direction and control of its Minister.
- Civil servants are accountable to their Departmental Minister.
- Ministers are accountable to the NI Assembly.
- Civil servants attend Assembly Committees on behalf of their Minister.
- Only in the Accounting Officer role is a civil servant directly accountable (for limited and specific responsibilities) to the NI Assembly as represented by the Public Accounts Committee.

2.5 The Departmental Board supports the Permanent Secretary by contributing to the corporate management of the Department within the

strategic policy and resources framework set by the Minister and the Executive.

- 2.6 The Framework reflects the key principles in the Corporate Governance in central government departments: Code of Good Practice NI 2013.

### **3. REVIEW**

- 3.1 The Framework is intended to be a living document. It will evolve as the Department's corporate practice develops. It will therefore be kept under continuing review.

## SECTION 2

### 4. ORGANISATION AND STRUCTURES

#### *Department's Vision and Corporate Goals*

4.1 The Vision of the Department is:

**“Every young person achieving to his or her full potential at each stage of his or her development”.**

4.2 Our Corporate Goals are:

- Raising standards for all
- Closing the performance gap, increasing access and equality
- Developing the education workforce
- Improving the learning environment
- Transforming the governance and management of education

4.3 The key organisational structures which support the delivery of corporate governance in the Department are the:

- Departmental Board;
- Audit and Risk Assurance Committee; and
- Performance Efficiency Scrutiny Committee.

4.4 There are also less formal management structures including:

- A weekly Ministerial issues meeting ;
- A weekly business review group meeting attended by members of the Senior Civil Service.
- A weekly Senior Management team meeting chaired by the Permanent Secretary and attended by both Deputy Secretaries and the Chief Inspector.

4.5 The organisational structure of the Department is set out at Annex A.

#### ***Departmental Board***

4.6 The Departmental Board exists to lead the Department's strategic planning and assist the Permanent Secretary and Principal Accounting Officer in meeting his corporate governance responsibilities for the Department. The Board follows Corporate Governance best practice. The Board's Terms of Reference – which set out the functions, aim and responsibilities of the Board and its membership – are at Annex B.

4.7 The Board operates as a collegiate forum, under the leadership of the Permanent Secretary, to manage the running of the Department. The Board is not the principal policy making body within the Department, as policy is determined by the Minister. However, the Board may discuss policy in the context of analysing options, strategic planning and

operational management. In the policy area, the Board operates in an advisory and consultative capacity, offering guidance when sought.

4.8 Both Deputy Secretaries and the Chief Inspector Education and Training Inspectorate:

- are the main policy advisers to the Minister for their areas of responsibility, subject to the overall direction of the Permanent Secretary;
- participate in the high-level corporate decision-making process as members of the Departmental Board;
- contribute to corporate governance arrangements within the Department; and
- provide support for the Permanent Secretary.

***Audit and Risk Assurance Committee***

4.9 The Board is supported in its role by the Audit and Risk Assurance Committee, which is a sub-committee of the Board with no executive powers. The role of the Audit Committee is to support the Board in its responsibilities for issues of risk control and governance by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances. The Audit and Risk Assurance Committee's Terms of Reference are set out at Annex C.



### ***The Performance Efficiency Scrutiny Committee***

4.10 The role of this committee is to support the Board and Accounting Officer by providing leadership and oversight of work to ensure effective financial management and efficiency delivery, including through oversight of the Department's Savings Delivery Plans and scrutiny of aspects of performance efficiency in the education sector. The Committee's Terms of Reference are set out at Annex D.

### ***Weekly Ministerial Issues Meeting***

4.11 The Ministerial issues meeting is normally held on a weekly basis and is attended by the Minister, the Minister's Special Adviser, the Permanent Secretary, and both Deputy Secretaries. The meeting is held to facilitate discussion on day to day Departmental issues of interest to the Minister.

### ***Senior Management Team Meeting***

4.12 The Business Review Group meeting is held on a weekly basis. The purpose of the meeting is to highlight departmental issues, to provide advice and direction to senior management on specific items of business that need to be progressed and to identify upcoming key business issues. The meetings are chaired by the Permanent Secretary and membership comprises other Departmental Senior Civil Servants, the Principal Information Officer and the Head of the Central Support and Co-ordination Team.

4.13 This is a weekly meeting chaired by the Permanent Secretary and attended by both Deputy Secretaries and the Chief Inspector. The meeting looks at strategic issues affecting the Department.

## **5. ROLES AND RESPONSIBILITIES**

### ***Permanent Secretary***

5.1 The Permanent Secretary is the Minister's principal adviser across the full range of his/her Ministerial responsibilities. In terms of the Department's corporate governance arrangements, the Permanent Secretary is the administrative head of department and chair of the Departmental Board. The Permanent Secretary is also the Principal Accounting Officer for the Department.

5.2 As Chair of the Board, the Permanent Secretary is responsible for:

- ensuring the Board fulfils its responsibilities;
- ensuring that the business of Board meetings is conducted efficiently and effectively, that there is open debate and that all views are heard;
- summing up Board debates and seeking agreed decisions;
- controlling the order of Board meetings.

- ensuring that systems are in place to provide Board members with accurate and timely information of good quality to allow the Board to consider properly all matters before it;
- ensuring that a Board effectiveness review is performed annually with independent input as necessary, and that results are acted upon;
- ensuring adherence to the comply or explain principle set out in Corporate Governance Guidance;
- notifying the Board of any matters that threaten the regularity, propriety or value-for-money with which the Department carries out its business;
- notifying the Board of any significant issues which may impact on the Department's leadership, medium-term capability and significant risks to delivery of policy, along with mitigating actions taken; and
- disclosing any Ministerial Directions to the Board at the earliest possible opportunity (normally the meeting following the issue of any such Directions).

5.3 The Chair should encourage all Board members to express their views frankly and challenge constructively in order to improve the standard of discussion in Board meetings.

### ***Accounting Officer***

5.4 As Accounting Officer, the Permanent Secretary must be able to assure the Assembly and the public of high standards of probity in the management of public funds. The Accounting Officer must personally sign:

- the organisation's accounts;
- the annual report; and
- the governance statement

5.5 Acting within the authority of the Minister(s) to whom he or she is responsible, the Accounting Officer should ensure that the organisation, and any subsidiary to it or organisation sponsored by it, operates effectively and to a high standard of probity. The main duties of Accounting Officers are set out in the Managing Public Money Northern Ireland which can be accessed using the link:

<http://www.dfpni.gov.uk/index/finance/afmd/afmd-key-guidance/afmd-mpmni.htm>

5.6 This guidance emphasises that Accounting Officers must also take personal responsibility and accountability for:

- propriety and regularity;
- prudent and economical administration;
- avoidance of waste and extravagance;

- ensuring value for money, judged for the Executive as a whole, not just for the department;
- efficient and effective use of available resources; and
- the organisation, staffing and management of the department.

### ***Executive Board Members***

5.7 The following are members of the Departmental Board:

### **5.8 Executive Board Members**

- Permanent Secretary (Chair) – Paul Sweeney
- Deputy Secretary – Katrina Godfrey
- Deputy Secretary – Fiona Hepper
- Chief Inspector of Education and Training Inspectorate – Noelle Buick
- Director of Finance – Trevor Connolly
- Director, Equality and All Ireland (and Human Resources Director) – Barry Jordan

### **Independent Board Members**

- Independent Board Member – John Smyth
- Independent Board Member – Fiona Keenan

5.9 The Board provides corporate leadership to the organisation as a whole, taking responsibility for the Departments performance and provides support for the administrative head of the Department.

Directors are responsible for:

- the development of strategy and for supporting the delivery of that strategy. This includes taking steps to ensure that the business is prioritised and decisions implemented in accordance with the objectives set by the Board;
- notifying the Board of any matters that threaten the regularity, propriety or value-for-money with which the Department carries out its business; and
- notifying the Board of any significant issues which may impact on the Department's leadership, medium-term capability and significant risks to delivery of policy, along with mitigating actions taken.

5.10 The two non-executive Independent Board Members (IBMs) have been appointed on merit with due regard to guidance issued by the Commissioner for Public Appointments. They bring an important external perspective and challenge as Board members.

All Board members are required to adhere to the Seven Principles of Public Life which are set out at Annex E.

## **6. INTERNAL CONTROL AND RISK MANAGEMENT**

- 6.1 At the end of each financial year the Department's Annual Report and Accounts is laid before the Northern Ireland Assembly in accordance with section 10(4) of the Government Resources and Accounts Act (Northern Ireland) 2001. On approval, the Annual Report and Accounts is published under the Copyright Act 1911 and made available on the Department's website.
- 6.2 As part of the Annual Report and Accounts the Accounting Officer is required to sign a Governance Statement. An effective governance framework including a risk management process involving a systematic approach to the evaluation and control of risk is required to support this.

### ***Internal Audit***

- 6.3 The Accounting Officer and the Board are independently advised by an internal audit service operating in accordance with Public Sector Internal Audit Standards. The primary objective of Internal Audit is to provide the Accounting Officer and the Board with an independent and objective opinion on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the Department's agreed objectives.



## ***Risk Management***

6.4 Risk management is the culture, process and structures that are directed towards the effective management of potential opportunities and threats facing an organisation in striving to meet its objectives. To assist in the process of identifying and managing risk, the Department has developed a Risk Management Framework which sets out the Department's approach to the identification and management of risk.

Risks can be managed at a number of levels, including corporate, group and directorate. The Corporate Risk Register is endorsed by the Accounting Officer and Departmental Board and is subject to monthly monitoring and quarterly review and revision.

6.5 The following key principles underpin the Department's approach to risk management:

- the Departmental Board, chaired by the Permanent Secretary, has overall responsibility for risk management within the Department;
- key risks are identified against the Department's business objectives as an integral part of the business planning process;
- each corporate risk is assigned to the appropriate Executive Board member who is responsible for ensuring that controls are in place at all levels to manage the risk. The appropriate Executive Board

Member reports to the Board on risks allocated within his/her area of responsibility.

- all new business activities are assessed for key risks and controls put in place; and
- the Corporate Risk Register is subject to monthly monitoring on an exception basis and formal quarterly review and revision to reflect changes in corporate risks including changes in risk status.

### ***Subsidiary Statements***

Another key element of the system of internal control is the Subsidiary Governance Statements provided by Grade 5 Directors, the Chief Inspector Education and Training Inspectorate, and the Chief Executive Designate of ESA which feed into the Annual Governance Statement prepared by the Accounting Officer.

These statements provide summaries of progress in delivering business plan commitments and information on how key resources are managed, on sponsored Arm's Length Bodies and on risk management.

### ***Register of Interests***

- 6.6 The Board holds and maintains a Register of Interests which is reviewed and updated on a regular basis. Board members are required to declare any personal or business interest which may, or may be *perceived* (by a reasonable member of the public) to influence their judgement. The

Register of Interests is also placed on the Departmental Publication Scheme.

### ***Register of Gifts, Hospitality and Awards***

6.7 The Board also holds and maintains a Register of Gifts, Hospitality and Awards to record any offers in accordance with the current NICS and Departmental policy. The Register of Gifts, Hospitality and Awards is also placed on the Departmental Publication Scheme.

### ***Relationships with Arm's Length Bodies***

6.8 The Department is responsible for 14 Arms Length Bodies. These are:

#### **Executive non-departmental public bodies:**

- Belfast Education and Library Board
- North Eastern Education and Library Board
- Southern Education and Library Board
- South Eastern Education and Library Board
- Western Education and Library Board
- Northern Ireland Council for Integrated Education
- Northern Ireland Council for the Curriculum, Examinations and Assessment
- Comhairle na Gaelscolaíochta
- Council for Catholic Maintained Schools
- General Teaching Council for Northern Ireland
- Staff Commission for Education and Library Boards

- Middletown Centre for Autism
- Youth Council for Northern Ireland

**Tribunal non-departmental public bodies:**

- Exceptional Circumstances Body

The Department's Accounting Officer has responsibility for safeguarding the public funds which are given to these bodies. He is supported in this role by the Chief Executive and Accounting Officer of each body. They are responsible for running their respective bodies and for ensuring regularity and propriety is adhered to. Individual Governance Statements are prepared by the Accounting Officer of each body and published through their annual report and accounts. Additionally the external audit statement on each set of Accounts includes a regularity opinion. With the exception of the Middletown Centre for Autism and the Exceptional Circumstances Body, the governance and performance of Arms Length Bodies is scrutinised at regular Governance and Accountability (GAR) meetings with the Department, with the outcome formally reported to the Departmental Board on a quarterly basis.

***The Board's Oversight of Arm's Length Bodies***

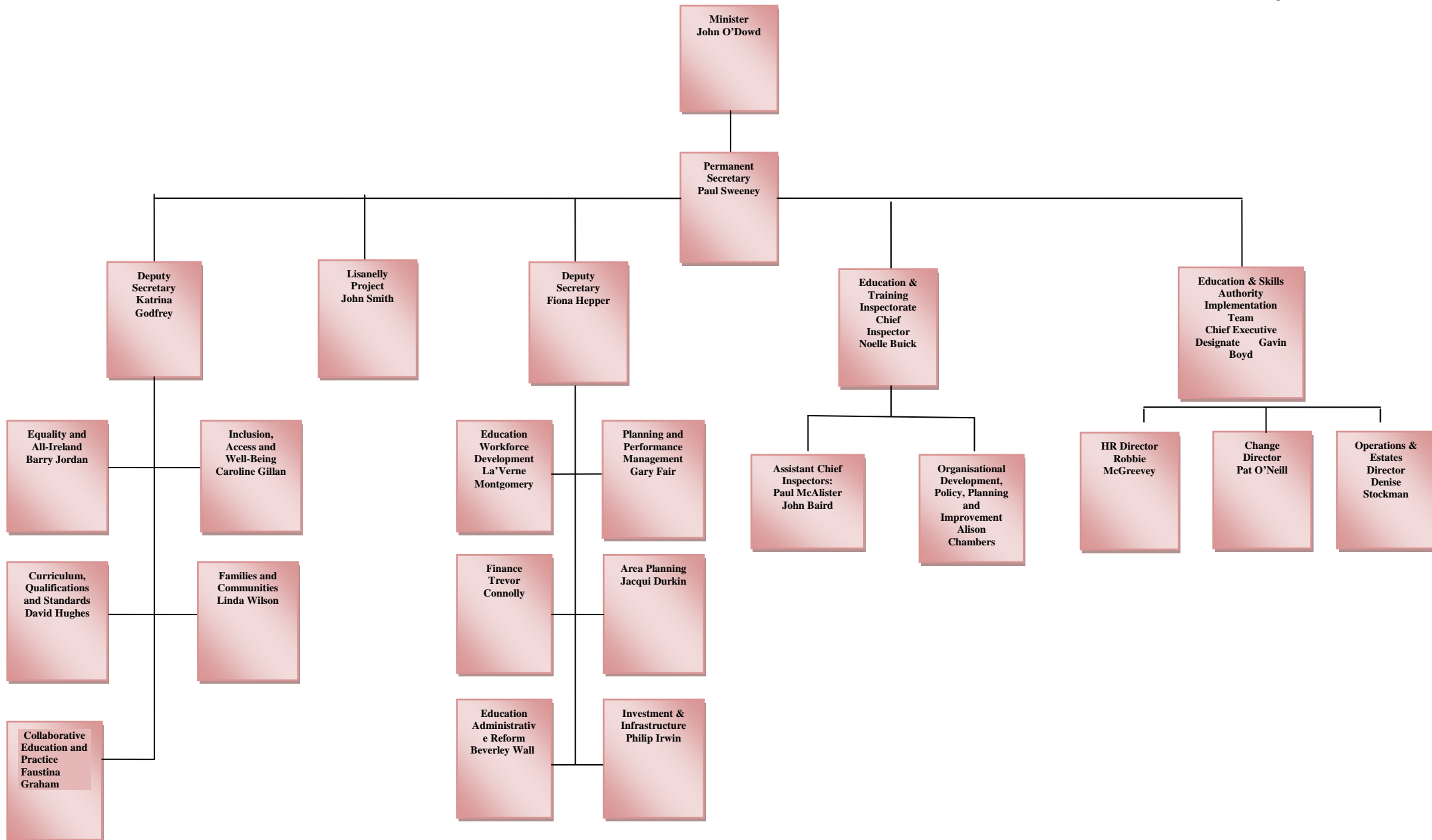
The Departmental Board is responsible for ensuring that there are robust governance arrangements with each ALB Board and this assurance is sought by the Board in its consideration of quarterly reports covering Governance and Accountability review meetings. The existing

arrangements will be reviewed time to time by the Performance Efficiency Scrutiny Committee.

### ***Other Processes***

6.9 There are also a number of other processes which contribute to corporate governance including:

- the business planning process and associated monitoring and reporting process;
- the Performance Management System for reviewing and assessing the performance of individual members of staff;
- HR policies to ensure the Department has staff with suitable skills to meet its objectives;
- Budgets and priorities setting and in-year monitoring processes;
- the Departmental Anti-Fraud Policy which details responsibilities regarding the prevention of fraud and a Response Plan which specifies the procedures to be followed in the event of a fraud being detected or suspected. Both documents relate to fraud and loss within the Department and its sponsored bodies;
- Annual Business Area Security Returns, which form the basis of the Annual Departmental Security Report;
- Assurance statements from ALBs



## **Annex B**

### **DEPARTMENTAL BOARD**

#### **TERMS OF REFERENCE AND OBJECTIVES**

##### **Purpose**

1. The Departmental Board (the Board) provides corporate leadership to the organisation as a whole, takes responsibility for the Department's performance and provides support for the head of the Department who provides advice to the Minister.

##### **Membership**

2. The Board is chaired by the Permanent Secretary of the Department, Paul Sweeney. The Board Chair is responsible for the appointment of all the Board members and the appraisal of their performance. Executive Members of the Board will have their performance assessed through the Department's Performance Management system.

3. The other Executive members of the Board are:

- Katrina Godfrey, Deputy Secretary for :  
Access, Inclusion & Well Being  
Families & Communities  
Curriculum, Qualifications & Standards  
Equality & All Ireland  
Collaborative Education & Practice
- Fiona Hepper, Deputy Secretary for :  
Education Workforce Development  
Investment & Infrastructure  
Area Planning  
Planning & Performance Management  
Finance
- Chief Inspector Education and Training Inspectorate, Noelle Buick
- Director of Finance – Trevor Connolly.
- Director of Equality and All Ireland (and Human Resources Director) Barry Jordan

There are also two non-executive Independent Board Members (IBMs):

- John Smyth – appointment term 1 September 2011 – 31 August 2015; and
- Fiona Keenan – appointment term 1 January 2014 – 31 December 2015.

4. All members will receive appropriate induction and training in the Board's responsibilities and procedures.



5. The Central Support and Coordination Team will provide a Board secretariat. The secretariat will be responsible for ensuring compliance with Board procedures and maintenance of a Register of Interests for the Board.
6. An effective board secretary is essential for an effective board. Under the direction of the Permanent Secretary the board secretary's responsibilities should include:
  - Developing and agreeing the agenda for Board meetings with the chair, ensuring all relevant items are brought to the Board's attention;
  - Ensuring good information flows within the Board and its committees and between senior management and independent board members, including:
    - challenging and ensuring the quality of Board papers and Board information;
    - ensuring Board papers are received by Board members according to a timetable agreed by the Board;
    - providing advice and support on governance matters and helping to implement improvements in the governance structure and arrangements
  - ensuring the Board follows due process;
  - providing assurance to the Board that the Department adheres to the 2013 Corporate Governance Code's principles and supporting provisions on a comply or explain basis (which should form part of the report accompanying the resource accounts)

- acting as the focal point between independent board members and the department, including arranging detailed briefing for independent board members and meetings between independent board members and officials, as requested or appropriate;
- recording Board decisions accurately and ensuring action points are followed up; and
- arranging induction and professional development of Board members

## **Reporting**

7. The Audit and Risk Assurance Committee and the Performance Efficiency Scrutiny Committee should report regularly to the Board on their work.
8. The Board will undertake an annual effectiveness review with independent input at least every three years, and ensure that the results are acted upon.

## **Responsibilities**

9. The objective of the Board is to provide collective leadership for the Department by scrutinising and advising on:
  - strategic clarity;
  - risk capabilities; and
  - performance efficiency.

10. In order to achieve these objectives, a formal schedule of **matters always dealt with by the Board** – that is, those which should not be delegated within the Department – is maintained. This covers decision-making in relation to the following matters:

- setting the strategic direction for the Department through its business plans to achieve Ministerial objectives;
- appropriate operational strategies to implement policies set by the Minister;
- Acting under the direction of the Minister, financial planning and management, including allocation of resources to match delivery requirements and in-year monitoring and management of expenditure;
- monitoring departmental performance against objectives and targets and assessing the risks to delivery;
- risk management policies, registers, including the risk appetite of the Department;
- finance, human resources and other strategies affecting long term capability of the Department; and
- corporate governance arrangements within the Department and with its Arm's Length Bodies.

- The Board expects to receive reports on significant **matters delegated** to Departmental Directors including performance against internal targets and commitments.

11. The **main categories of information considered** at Board meetings include:

- progress against business plan targets;
- progress and status of significant projects;
- performance against key efficiency metrics;
- risk management;
- scrutiny of performance of the Department's sponsored bodies; and
- management information relating to use of resources compared to budgets, cash flow and balance sheet movements.

12. The Audit and Risk Assurance Committee, on behalf of the Departmental Board will review, prior to publication, the draft **Departmental report and accounts**, including the governance statement.

13. The governance and performance of arms length bodies is scrutinised at regular Governance and Accountability (GAR) meetings with the Department with the outcomes formally reported to the Board on a quarterly basis. The arrangements will be reviewed from time to time by the Performance Efficiency Scrutiny Committee, which reports to the Board.

## **Rights**

14. The Board may:

- Invite other staff or individuals to attend the Board as deputies, observers or to present a paper;
- co-opt additional members to provide specialist skills, knowledge and experience; and
- procure specialist ad hoc advice.

## **Meetings**

15. The Board will meet at least 8 times each year, to deal with corporate management issues. The Board maintains a work programme which is developed on a rolling basis. It includes matters always dealt with by the Board; matters that are delegated but where the Board expects to receive reports for approval or decision as necessary; and the usual governance expenditure, risk management and performance reports for the Department and its ALBs.

16. A minimum of 4 members must be present for the Board to be deemed quorate.

17. Members should attend Board meetings and committee meetings regularly, attend events when required and contribute to discussions. Decisions should

be taken both corporately and objectively, acting in the public interest in keeping with the Nolan principles of public life.

18. Members should record in the Register of Interests any issues on which they might have a conflict of interest. The Board as a whole should consider how matters on which a member may have a conflict of interest will be handled.
19. Where members have concerns about the running of the Department or a proposed action which cannot be resolved, they should ensure that these are recorded in the minutes.
20. An agenda and papers will be circulated at least three working days in advance and a summary of Board outcomes will be circulated to staff within three working days of the meeting. The formal minutes will be produced within three working days of the following Board meeting. The secretariat will maintain an induction pack and programme for new members.

### **Board Sub-Committees**

21. The Board may delegate other matters for consideration to sub-committees, chaired by a Board member. The Board will consider formally the work and recommendations of the sub-committees.
22. The Audit and Risk Assurance Committee operates in accordance with Department of Finance and Personnel and HM Treasury guidance. The

Committee is chaired by an Independent Board Member, with at least one committee member having recent and relevant financial experience.

23. The Performance Efficiency Scrutiny Committee supports the Board and Accounting Officer by providing leadership and oversight of work to ensure effective financial management and efficiency delivery, including through oversight of the Department's Savings Delivery Plans and scrutiny of aspects of performance efficiency in the education sector. The Committee's Terms of Reference are set out at Annex D.

**TERMS OF REFERENCE FOR AUDIT AND RISK ASSURANCE COMMITTEE (as at June 2014)**

**1. Role and Authority**

- 1.1 The Department of Education Board has established an Audit and Risk Assurance Committee (ARAC) to support it in its responsibilities for issues of risk, control and governance and associated assurance.
- 1.2 The ARAC is a sub-committee of the Departmental Board and is an independent advisory committee with no executive functions.
- 1.3 The Terms of Reference for the ARAC are approved by the Departmental Board and will be reviewed annually.

**2. Membership**

- 2.1 The Committee comprises 2 Non-Executive Board Members and 2 Independent Board Members:

Non-Executive Board Members:

|              | <b>Date Appointed</b> |
|--------------|-----------------------|
| John Smyth   | September 2011        |
| Fiona Keenan | March 2014            |

Independent Board Members:

|               | <b>Date Appointed</b> |
|---------------|-----------------------|
| Colin Lewis   | September 2010        |
| Deborah Brown | 7 February 2013       |

- 2.2 The Committee is chaired by John Smyth.



2.3 The Committee is provided with a secretariat function by Planning and Performance Management Directorate.

### **3. Meetings**

3.1 The Committee will meet at least 4 times a year; however, the Chair of the Audit Committee may convene additional meetings as deemed necessary.

3.2 A minimum of 2 members of the ARAC will be required to be present for the meeting to be deemed quorate.

3.3 Committee meetings will normally be attended by the Permanent Secretary, the Deputy Secretary with responsibility for finance and performance management, the Finance Director, the Head of Internal Audit and a representative of External Audit.

3.4 The Committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter.

3.5 The Committee may ask any or all of those who normally attend, but who are not members, to withdraw to facilitate open and frank discussion of particular matters.

3.6 The Departmental Board may ask the Committee to convene further meetings to discuss particular issues on which it seeks the Committee's advice.

### **4. Access**

4.1 The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the Committee. The Chair of the Committee will meet separately with the Departmental Board, the NIAO Director and the Head of Internal Audit at least once a year.

## **5. Rights**

5.1 The Audit and Risk Committee may:

- Co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience; and
- Procure specialist ad-hoc advice at the expense of the Department, subject to budgets agreed by the Accounting Officer/Board.

## **6. Reporting**

6.1 The ARAC's agenda and minutes will be circulated to all Board members to keep them up-to-date with the work of the Committee.

6.2 The Committee will formally report back in writing to the Departmental Board after each meeting. This report will clearly communicate the ARAC's advice and recommendations to the Board.

6.3 The Committee will produce an Annual Report (timed to support finalisation of the accounts and the Governance Statement) summarising its conclusions from the work it has done during the year and providing its opinion on the comprehensiveness and reliability of the assurances available to support the Board and the DE Accounting Officer (the Permanent Secretary) in their accountability obligations.

## **7. Responsibilities**

7.1 The Committee will advise the Departmental Board on:

- The strategic processes for risk, control and governance and the Governance Statement;

- The accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- The planned activity and results of both internal and external audit;
- Adequacy of management response to issues identified by audit activity, including external audit's management letter;
- Assurances relating to the corporate governance requirements for the organisation; and
- Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

## **8. Information Requirements**

8.1 For each meeting the Committee will be provided with:

### Risk Management

8.2 A report summarising any significant changes to the Department's strategic risks and a copy of the Corporate Risk Register.

### Internal Audit

8.3 A progress report from the Head of Internal Audit summarising:

- work performed (and a comparison with work planned);
- key issues emerging from Internal Audit work;
- management response to audit recommendations;
- changes to the Annual Audit Plan; and
- any resourcing issues affecting the delivery of Internal Audit objectives.

### External Audit

8.4 A progress report from the External Audit representative(s) summarising work done and emerging findings.

8.5 As appropriate the Committee will also be provided with:

- Draft Governance Statement and Accounts;
- Head of Internal Audit's Annual Report and Opinion
- Proposals for the Terms of Reference of Internal Audit;
- The Internal Audit Strategy and Audit Plans;
- Fraud Reports;
- Quality Assurance reports on the internal audit function;
- A report on any changes to accounting policies;
- External Audit's management letter;
- A report on any proposals to tender for audit functions;
- A report on co-operation between Internal and External Audit; and
- The Department's Risk Management Strategy.

## **9. Evaluation of Performance**

9.1 The ARAC will assess its own effectiveness on an annual basis. It will formally report the results of its review of effectiveness to the Departmental Board.

**PERFORMANCE EFFICIENCY SCRUTINY COMMITTEE TERMS OF REFERENCE**

**1. Introduction**

1.1 This paper sets out the revised composition of, and terms of reference for, the Performance Efficiency Scrutiny Committee (PESC). This Committee is a sub-committee of the Departmental Board (the Board). Accordingly, its membership and remit require the Board's agreement. Terms of reference were most recently agreed by the Board on 4 September 2014.

**2. Terms of Reference**

2.1 The role of PESC is to support the Board and the DE Accounting Officer by providing leadership and oversight of work to ensure effective financial management and efficiency delivery, including through oversight of the Department's Savings Delivery Plans and through scrutiny of aspects of performance efficiency in the education sector.

**3. Structure and Membership**

3.1 The Committee will be chaired by the Deputy Secretary with responsibility for finance. Membership of the Committee will comprise the Deputy Secretary with responsibility for human resources; the Finance Director; the Director of Planning and Performance Management; and the Second Accounting Officer.

3.2 Other directors and senior staff may be asked to attend meetings or co-opted to the Committee to facilitate oversight or the carrying out of particular tasks.

3.2 The Committee will meet every 6-8 weeks and will provide quarterly reports on its work to the Board.

3.3 A minimum of 2 members of the Committee will be required to be present for the meeting to be deemed quorate.

3.4 The Committee will be supported by a secretariat function serviced by Planning and Performance Management Directorate. Minutes will be

prepared following each meeting and circulated to all Committee members, co-opted members and anyone else who attended the meeting.

#### **4. Areas of focus**

4.1 The Committee's principal areas of focus for 2013-2015 are set out below.

##### **Strategic financial planning and effective financial management**

- Overseeing input to the planning and preparation phase for the next Executive's Budget Process
- Reviewing budget structures on an annual basis to ensure that financial resources are allocated in a manner that reflects and responds to the Minister's strategic priorities as set out in the Corporate Plan for Education and the Department's annual business plan
- On an ongoing basis, scrutinising and critically reviewing the nature of spending in all areas to ensure effective financial management and to examine the scope for improving value for money, delivery and performance within the Department and across the education sector
- Oversight of the Department's Savings Delivery Plan including ensuring that the savings measured outlined in the plan remain deliverable and capable of realising the projected levels of savings within the expected timescales and can be objectively monitored
- Oversight of governance and accountability arrangements, and any issues arising, in relation to the Department's arm's length bodies (ALBs).

##### **Efficiency and Value for Money**

- Oversight of work to continue to consider the recommendations flowing from the PEDU Stage 2 reports on home to school transport and school meals
- Establishing a programme of scrutiny of operational expenditure and oversight of the development of appropriate, efficiency-related performance indicators for the Department's ALBs including to ensure the Department is an 'intelligent scrutineer' when reviewing the performance of its ALBs in delivering operational services

- Following up of NIAO recommendations (in VFM reports, Reports to Those Charged with Governance and other audits) to ensure action is taken across the Department.

## **5. Annual report**

5.1 As well as providing quarterly reports to the Board, the Committee will provide an annual report on its work which will inform the development of the DE Governance Statement.

## **6. Review**

6.1 This paper will be reviewed and if necessary updated/amended by the Board to ensure that the existence, role and remit of PESC remain appropriate.

6.2 Such a review will take place in April 2015 or at the request of the Chair of PESC or the Departmental Accounting Officer, whichever occurs sooner.

### The Seven Principles of Public Life

#### **Selflessness**

Holders of public office should take decisions solely in terms of the public interest.

They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

#### **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

#### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.



## **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

## **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

## **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interests.

## **Leadership**

Holders of public office should promote and support these principles by leadership and example.