

**Minutes of the 14th Meeting of the Audit & Risk Assurance Committee held on Thursday 13 February 2020 at GTCNI, Albany House, Great Victoria Street, Belfast**

**Present:** Raymond Beggs, Susan Parlour, Paul O’Doherty, Trevor Salmon

**Apologies:** David Baxter, Geri Cameron, John Wilkinson

**In Attendance:** Sam Gallaher, (SG - Chief Executive), Gerry Devlin (GD - SEO), Majella Matthews (Finance & Contracts Manager), Gary Fair (GF – Department of Education), Alan Boyd (AB - Department of Education), Tracey McCavigan (TMcC – Head Internal Audit – NICS IAFIS), Carolyn Shaw (CS –NICS IAFIS), Andrew Allen (AA - NIAO), Sima Gondhia (SG – Temporary Accountant), Lesley Dickson (LD – PA)

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| **Preamble**  Members were advised that all Committees are asked to review the Declarations of Conflicts of Interest Form which has been based on the NIAO model. Revised wording and guidance was included in the Declaration of Interest paper which going forward will be used at each Committee and Council meeting. A revised definition of a conflict of interest as contained within the Form.  The committee nor those in attendance were offered a copy of the Form for their scrutiny and no review of the Form occurred.  Members were reminded to complete and return their Annual Declaration of Interest.  Members were advised by TS that regarding Declarations of Interest, “If in doubt, set it out” and take the opportunity before the meeting to speak to the CEO or Chair.   1. **Welcome**   Members were welcomed to the meeting and advised that the work of both the ARA and F&GP Committees was very important. It was stressed that GTCNI remains an organisation in transition along with the important issues on the Agenda to be addressed. It was noted that some risks were outside of the organisation’s control and that there are issues that have adversely impacted on performance during the year. The importance of transparency was highlighted.  Members introduced themselves.  **2. Election of Chair and Vice Chair**  The CEO asked for nominations for the post of Chair.  The term office was discussed and in similar fashion to the other committees members agreed that the term should be two years to align it with the term of office of the Chair and Vice Chair of Council  Proposed: TS  Seconded: PO’D  TS stated it was not appropriate for him to run for Chair.  RB proposed himself for Chair. Seconded by TS.  The CEO asked if members were content.  PO’D stated his preference for having the matter agreed when there was a fuller attendance of Committee members requesting that it be deferred until the next meeting. This was agreed.  Proposed: PO’D  Seconded: SP  Members agreed for RB to act as Temporary Chair for the meeting.  Members discussed the Terms of Reference (ToR) of ARAC noting the intention for the ToR to be ratified by Council at its meeting in the March. It was noted that the proposed TOR were the same as those adopted in 2019 and used by previous committee. It was requested that all draft TORs for committees be reviewed by Internal Audit prior to adoption by Council.  The Committee discussed the process for the approval of minutes. Draft minutes are to be prepared as soon as possible post meeting (ideally within7 days), reviewed by the Chair and circulated to members and attendees for factual accuracy checking and comment. Draft minutes will then be circulated Council. The Committee will ratify the minutes at the next meeting with the final minutes subsequently circulated to Council.  It was indicated that time might be limited to achieve this due to the spacing of committee and council meetings but that the process for approving minutes would be considered when scheduling meetings.  Members were advised that a paper will be going to Council on the preparation of minutes. Current practice was summarised and it was noted that presently the Council never receive the agreed final minutes of Committees.  Members were content.  **4. Minutes of the last meeting**  It was noted that RB and SP were the only members present at the last meeting.  Members and attendees went through the minutes and amendments were noted and made.  **5. Matters Arising**  Ant matters arising would be picked up under the other agenda items.  The Chair indicated that on the last page of the previous minutes, that business had been deferred to the ‘In Committee Meeting’ and queried if this business had actually been addressed “In Committee”. TMcC advised that it had not. The Chair asked members if they wanted to go into Committee to discuss the matters. Members agreed to hold a short ‘In Committee Meeting’ after the main meeting.  **6. Anti-fraud, Bribery and Whistleblowing AC/20/14/02**  The Chair highlighted point 3 of the report concerning the Council meeting of 10th December 2019. The Chair asked the CEO to explain the source of the information. The CEO stated that he had met with the Permanent Secretary and was informed communication had been received along with request for a meeting and that there is a possibility of resignations.  The Chair expressed concern and advised that he had sought the advice of the Chair and Vice-Chair of Council who assured him that they too had attended these meetings and no such concerns were noted.  The CEO reiterated that at the meetings it had been said that communication on had been received by DE.  GF asked if the Committee could check this for accuracy as the topic would be going to the Council. It was not his understanding that DE is undertaking an investigation to this. TS agreed  The Chair indicated that at the last Council meeting staff members had been asked to leave the room and enquired if members had subsequently informed any staff afterwards of what occurred during the ‘In Committee Meeting' of council.  The CEO stated that the Council did go into “In Committee” at the meeting on 10 December 2019.. Since that meeting he was aware that the the Permanent Secretary had been contacted.  The Chair suggested that the Permanent Secretary could be written to.  Members were informed that a volume of correspondence had been received by DE over several months pertaining to GTCNI and these were being addressed under its whistleblowing policy. The Chair expressed concern regarding the CEO being in a position to report on such matters, as an email recevied from the Chair and Vice-Chair of Council stated that the Permanent Secretary had not raised this matter at their meetings with the CEO in attendance.  The CEO reitetrated that he had attended one meeting with the Vice-Chair of Council and anothert the prerviousweek with the Chair and the same information had been given.  TMcC intimated that regarding whistleblowing there was only one breach of confidentiality to take forward for clarification. The Chair enquired when the whistleblowing report would be finalised and TMcC advised that she would be happy to give an update to members in the closed session.  **7. Chair & Registrar Expenses and Hospitality Register AC/20/14/03**  Members considered the report provided which included the additional information the Committee had requested. The CEO confirmed his opinion that reporting and approval of both the Chair and CEO expenses was in line with Hospitality Policy of Council. The CEO confirmed receipts are attached to expense claims.  **8. Finance Report AC/20/14/04**  Members considered the report summarising the Council’s expenditure to January 2020. The following was noted:   * That the initial allocated budget from DE approved access to £69k (net) of reserves. This had been amended in year due to DE expenditure on HR matters on behalf of the Council.. * That forecast expenditure is in line with DE’s revised allocation with a slight increase in income for the year. * The breakdown of costs and significant expenditure on HR support.   Members were advised that the 2018-19 accounts had been audited, advised on cash balances and associated investment arrangements, the reserves position and on changes reflecting expenditure on the council election and new website. Members were advised that Corporate Services will continue to monitor the finances closely.  Members were reminded that GTCNI operates on a largely fixed income and closely monitor expenditure. The repair to the registration system and the items of expenditure relating to HR support were highlighted. Attention was drawn to the cost associated with the high degree of staff absence which in 19/20 is similar an to the trend of 3-4 years ago.  The Chair questioned the trend in absence and the CEO indicating he did not recall a high level of absence at that time.  The Chair queried the significant increase in the pension reserve and if this was based on the McCloud/Sergeant ruling, noting he understood the outcome of this case had not been settled as yet. NIAO responded that the provision was informed by actuarial assumptions and that the adjustment is based on the most recent position and assumptions and also adjustment for guaranteed minimum pension.  TS stated that the finances statement indicated that the organisation is operating quite well.  The in-year income and expenditure position and the reserves position were noted and discussed. It was acknowledged that GTCNI presently operates in a largely brek-even postion but is not fully undertaking professional regulation which will bring additonal cost pressures that will likely necessitate use of reserves. Additionally, both the short-term and medium-term investments in the repair and replacement of the registration system which will also necessitate access to reserves. Members were reminded by GF that approval needs to sought from DE for use of reserves.  The Chair added that next year we would not antiticpate pension and database costs but expressed concern over the risk that GTCNI was breaking even, but not regulating.  **Contract Register**  Members reviewed the contracts register noting the present position with the NICS/IAFIS contract due to terminate in November 2020 and that the DAC contract for the previous website had ceased.  It was agreed that in future the contract report be amended to differentiate between GTCNI procured contracts and those procured centrally by CPD where GTCNI is a client/customer. The start and expiratory date for each contract is also to be included.  Members discussed the Council’s contract for legal services. The current SLA expired on 31 August 2019 and relevant business cases and Post Project Evaluation documents have been prepared for submission to DE. It is proposed that considering current legal casework and requirements, that the Council renew a contract (SLA) with the present provider (DSO) for the period to March 2021. During this period consideration will be given to the ongoing needs of Council moving forwards in light of development in professionlal regulation. The value of undertaking a market based procurement will also be considered.    The Chair asked if this decision had been taken by F&GP.The CEO advised that F&GP are aware of what is proposed and that it would be prudent not to seek a further 3 year agreement at this point.  The Chair enquired if the F&GP Committee had considered the risk. The F&CM stated that although the present SLA had expired the Teacher Education Sponsor Team at DE had confirmed it was okay to continue to commission legal advice from DSO pending approval of the business case. There were a number of legal processes underway and that it would be unusual to switch provider in the middle of such processes It was confirmed that F&GP had received the same documentation as ARAC and had raised no issues. Notwithstanding this there is an urgency to get DE business case approval and agree a new SLA  Chair indicated that this risk should be raised with Council.  **9. Direct Award Contracts AC/20/14/05**  Members were informed that there is only one DAC contract remaining which is with MTL database support and maintenance of the registration system for up to two years.  **New Registration IT System**  GF highlighted again the urgency to put resources in place to prepare a revised business case and take forward procurement of a new Registration system,suggesting that the Committee may want to insist on seeing a clear timetable for this. He expressed concern over recurring delay.  It was stressed that in light of the revised DAC with MTL there is a 2 year window to procure and implement a new replacement system, noting that if the current supplier was successful in a future procurment then this pressure would be mitigated.  The importance of pressing on with procuring a replacement system and the associated significant risk was acknowledged by all attending and concern expressed at the lack of progress since approval of the orginal business case and over recent months. Both the Chair and DE representatives recorded their concern, The CEO was quized on slippage of the project over recent months.  In mitigation it was stressed by the CEO that work on this is being undertaken by a few staff fitting it in around the exsiting workload. That attention in recent months had to be diverted from the project to addressing the urgent repair of the existing system and that present staffing issues were not helping. He acknowledged that the situation was not ideal regretting the delay but stessed that renewed attention was being given to procuring the necessary resources to take things forward. The CEO stated that experience of past months indicated the need to secure a resource to prepare a revised business case, options for this had been dicussed with DE, CPD, and with BCS (DoF). In addition, work was ongoing to secure project management resource. Undertaking a further market test was being considered on advice from CPD.  The Chair asked if there was a plan of action. The CEO responded that in broad terms, market procurement for support to undertake the business case could take up to 6 weeks, preparation of case up to 6 weeks,approval of business case circa 6 months, procurement 6 months and system implementation circe 12 months. To achieve a project within the timescale would necessitate procurement being completed ideally by Dec 2020 or by Apr 2021 latest.  Members were informed that having the business preparation undertaken by BCS would avoid tendering for external consultancy support, but they are not in a position to commence such work before April 2020. Discussion with BCS is ongoing. A business case for securing external support will also be required. It is hoped that procurement for a project manager (via DOS framework) can be progressed in March.  The Committee expressed its unease with the situation noting the assurances given by the CEO at the meeting in September that a revised business case would be completer by November a deadline which was missed. SP expressed unease at staff absences being cited as a reason for delay. GF said that the programme needed to be considered as two year maximum not 3 years as the CEO’s current timeline indicates. GF stressed that the Department will always do its best.to process business cases as quickly as possible.  The Committee were reminded that the replacement project had drifted for close to 4 years since the business case was approved, but the CEO recognised the time pressure created by the current contract with MTL and was taking necessary steps to progress matters. The CEO stressed for the second half of 2019 it was himself and the temporary accountant leading on the two registration system projects, fitting these in around other commitments. Additionally the entire month of November had unexpectantly been consumed on matters pertaining to the Council election. Unfortunately over the four months to January, progressing the main system replacement project as envisaged was not possible.  The Chair said that by November the business case was to have been complete. The CEO advised he was not going to comment other than he appreciated the urgency and once the required repair was complete the risk of the system not being available will be greatly reduced.  The CEO stressed that legal advice obtained regarding the DAC recommended that the contract should be kept to a minimum. Advice from the Department indicated two years. It is important that we have the skills and capacity needed to comnlete business case and profress the project. It has taken longer than anticipated and he was working to get resources in place as quickly as possible. GF reiterated the importance of moving quickly.  Members expressed their reservations and concern emphasing that the matter be brought to the attention of Council as raised as a priority. TS requested to see a revised plan as he was of the opinion that there are also other matters risks facing the organisation which require urgent attention. He asked that a plan be prepared urgently, not least because the organisation is currently in Special Measures. That if a Special Meeting of Committee or Council was needed it should go ahead.  Members reiterated there concern over the situation and it was proposed asked that an action plan be prepared for the Committee as a matter of urgency. In addition concern and reservations were expressed over the other organisational risks included on the Corporate Risk Register. PO’D requested that the action plan should consider all of the risks in addition to the registration system. TS reiterated that if there was a need for a Special Meeting this should go ahead and he would be happy to endorse.  Members agreed for the CEO to prepare an action for the Committee to consider at a special meeting on Friday 21st February 2020, 12 noon, Albany House.  Proposed: TS  Seconded: BM  **10. Capital Projects Update AC/20/14/06**  This was incorporated into discussion earlier in the meeting.  **11. Corporate Plan 2019-2022 AC/20/14/07**  The CEO discussed the draft Corporate Plan with members stressing that the document was draft and not it is final form and will be submitted to DE for approval once agreed.and is to be submitted. The plan would provide a framework for the Council’s operations for the next three years.  Members expressed there views and indicated areas that require updating and that a Minister is in now in place and the the plan will be subject to his review.  In the section on finance the GF queried the projected overspend of £196K The CEO emphasised that the overspend indicated those points where drawing on reserves will be necessary and that it is recognised that approval is required in such cases. The purpose was to illustrate that the delivery of the corporate objectives set out in the plan would be underpinned by the Council reducing its reserves over the period in support of its operations and assumes no growth in income..  SP asked about the reference to collaborative working in the objectives  By way of example the CEO highlighted the work GTCNI was undertaking in support of Learning Leaders where GTCNI is collaborating with EA, CCEA and the HEIs  The Chair said that as a council member he was unaware of some of this work that the organisation was doing. The CEO explained this work is reported to Council via the PRRC.  SP queried the reference to assessment fees on page 9, asking if this was further income. The CEO indicated that it costs GTCNI circa £1700 to process a non-UK application for registration. The introduction of an assessment of circa £500 as part of cost recovery was under consideration and had been discussed previously with the F&GP Committee.  SP then enquired about the wording regarding use of an e-bulletin. She asked if the CEO thought this would grow the number of teachers using the website. The CEO said that he did not think that standing of GTCNI with the profession was as good as it should be and this was reflected in the level of website traffic. To build and develop the website needed a communication activity that engages the profession. SP expressed her belief that teachers will not go to the GTCNI website until regulation is operational. She queried if GTCNI was straying into the territory of the EA. The CEO said that was not the plan.  The Chair expressed his concern at the absence of detailed costing pertaining to how objectives will be realised and enquired if the Council had the finances to deliver the plan and if the targets are realistic. He stressed the plan is a a public document that the public will hold the Council to account.. Council should be aware of reputational risk and damage to the reputation of teachers. He believed that more financial planning was required and did not think the objectives realistically affordable.  The CEO stressed that the Corporate Plan was the responsibility of the Council as it needs to set the strategic direction. The document prepared was to inform its decisions. It was based on sound assumptions and the while objectives may appear aspirational to a degree, it was believed that they were realistic and achievable with the detail of delivery reflected in annual business plans. The prime focus over the period of the plan will be the delivery of all of the Council’s statutory responsibilities.  TS advised that the organisation needs a Corporate Plan and that a realistic view needs to be taken. This should be a high level document but he was not sure this was the right time to get into detail  TMcC said that the absence of a Corporate Plan was referred to in last year’s Internal Audit Annual Assurance Report. She went on to say that this is a key element of Corporate Governance which will be the key finding to going forward. This risk was accepted last year and its absence would heighten the risk for this year.  **12. Draft Annual Report and Accounts 2018/19**  It was noted that nothing material had emerged in the audit of the Accounts for 18/19. Agreement was required on the wording of the report section and the governance statement and a meeting is being convened to agree this. The 18/19 AR&A will go to the next round of Committees for approval.  The Chair noted the AR&A was not being presented for scrutiny and noted concern. If the governance statement is not ready the Accounts should have been presented and asked the report would be available in the coming week. The CEO said that was doubtful..  **13. Final RTTCWG 2018/19**  The NIAO advised they were awaiting the finalisation of the Annual Report and Accounts and that the draft RTTCWG cannot be tabled until then adding that the draft Accounts were tabled in May 2019 and the only significant change to the accounts related to the McCloud/Sargeant provision.  TS stressed that trying to deal with last year’s accounts some 12 months later caused difficulties  **14. Internal Audit Progress Report**  TMcC advised that the progressing the agreed audit plan had been postponed until ongoing investigations were concluded. She advised that by year end Internal Audit should complete an of audit project management and the outstanding internal audit recommendations. The annual audit report and opinion would be issue after the investigations to inform the Annual Report and Accounts.  **15. IA Outstanding Recommendations Update AC/20/14/08**  GF advised that a number of the due dates were coming up soon and asked about the completion of work and the realism of dates. The CEO said that actions were progressing at least from an internal point of view.  The Chair asked TMcC if she was content that sufficient movement is being made TMcC confirmed she would carry out verification work.  NIAO requested that the heading on the report be corrected to 2019/20.  **16. Corporate Risk Register AC/20/14/09**  Members reviewed and considered the risk register and shared a consensus view that it was of concern and made uncomfortable reading. Too many riskd denoted red with high risk scores. There was agreementr that it reflected a number of tasks becoming more urgent and would need addressing. Mitigations appear not to be happening.  Members agreed that some risk scoring requires revision citing that:   * the registration database should be “red” until more assurance is given; * the impact scores for Risks, 2, 4 7 and 9 have changed, however, the impact rating should remain the same between the Inherent and the residual rating; * mitigating actions likely to have the greatest impact should be more prominent; * with Risk 3 the action to develop/agree a business continuity and disaster recovery plan should be included in the Action Plan for improvement rather than the Current Actions to Manage risk.   TMcC highlighted the lack of movement on business continuity planning  The F&CM indicated the main stumbling block was issues surrounding the current registration system and that the Council has was not yet fully onboarded with IT Assist. Once the current system is upgraded it will help mitigate the associated risks. TMcC said that this is understood and that it is important that any Business Continutity Plan to be fit for purpose.TMcC advised that there is a 3-4 month key risk for the organisation and this needs to be reflected.  The Committee concluded that the situation was concering and greater reassurance was required. It was acknowledged that an organisation in special measures would have risks denoted red but the number was of concern. A desire to see the residual ratings reduce was expressed and it was agreed the in addressing the risks the Committee and Council would need ot consider priorities.  The Chair requested that amendments be made to the register for the special meeting on 12th March.  **17. Information Management and Governance**  The CEO presented as document outling a review on information governance in GTCNI conducted in September/October 2019 by DE at the request of the Permanent Secretary. The report made a number of recommendations which pointed to the need for a major overhaul of corporte filing, guidance, procedures and structures associated with information management and governance. He indicated preparatory work for what will be a major project has been initiated.  A query was raised as to why the paper was tabled and not included in the pack of papers. The CEO said that in light of ongoing concern in over the circulation of Council papers and considering the nature of the recommendations, he felt it more appropriate to table the paper. He stressed that the matter was referred to and reflected in the Risk Register under risk 4.  The Chair expressed concern that the document had not been circulated as there was an expectation all members will respec Committee papers as confidential. He enquired if the Chair of Council had been consulted on the matter. The CEO advised they had not and the paper was for the information of the Committee at this stage.  Members discussed the matter and agreed to include it on the agenda of the special meeting. The Chair resolved to raise the matter with Council.  **18. Any Other Business**  **‘In Committee Meeting’.**  **19. Date of next meeting**  21 February 2020  Signed…………………………….. Dated ……………………………….. | Action  GD.  All members  Action  CEO  Secretariat & Chair  CEO/LD  CEO/LD  Action  Secretariat  Action  CEO – circulate policy  Action  CEO – circulate policy.  .  F&CM – amend register  Action  Action  Action  CEO / All  Action  Action  Action  CEO  Action  CEO  All  Temp Chair |