**Minutes of the 16th Meeting of the Finance and General Purposes Committee held on Monday 1 June 2020, at GTCNI, Albany House, Great Victoria Street, Belfast**

**Present:** Keith Smith,Shaunagh Lambe, Catherine McBride, Brendan Morgan, Siobhan McElhinney

**Apologies:** Graham Gault, Emma Loughridge

**In Attendance:** Sam Gallaher (CEO), Gerry Devlin (SEO) (GD), Majella Matthews, (F&CM), Sima Gondhia (Temporary Finance Accountant) (SG), Lesley Dickson (LD) PA

Preamble

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| 1. **Welcome, Introduction and Apologies**

Apologies were noted.1. **Declarations of Interest**

 1. **Minutes**

Members agreed to defer approval of the minutes of meeting 12th February 2020 until the next meeting.**4. Matters Arising****5. Finance Report (F&GP/20/16/P01)**The F&CM spoke to the paper. She advised that as some of the sections in the paper are dealt with in more detail in separate papers elsewhere on the agenda and would not dwell on these areas. Members were informed of the detail of the Finance Report for the 12 months ended 31 March 2020 advising a net overall over-run on expenditure of £64k against the revised DE budget. It was explained that £78k of the over-run could be accounted for in Pay and comprised £57.5k in VES exit payments all of which would be recovered from DE in due course. She advised that this was a timing and accounting issue. Members were advised that the payback on this scheme is approx. 2.5 years, meaning GTCNI cannot recruit to these posts and it is expected that subsequent DE approved budgets will reflect this reduction in approval to spend. The balance of over expenditure of £20k was explained as relating to pay in lieu of notice amounts paid to 5 staff who left in 2019-20.Members were advised that there were net savings of £11k in Non-Pay most of which is attributable to savings on legal costs due to the pause on regulation.Members were referred to Appendix 1 of the report for further information.Referring to Sections 2 and 3 of the Report it was explained that the 2018-19 Accounts had been audited with an unqualified audit opinion and hopefully would be ready for sign off at the next Council meeting.The content of 2019-20 draft unaudited accounts were addressed later in the meeting.Members were advised of the position with regard to internal audit work during the year. Copies of the reports were included at Paper 2. The Council had received an overall *Unacceptable* internal audit assurance rating and the reasons explained. Members were informed that IA concluded in 2019-20 *“that the system of governance, risk management and control has failed or there is a real and substantial risk that the system will fail to meet its objectives”*Tuning to procurement and contracts management, members were appraised of the status of a number of business cases and procurements. There were four business cases being progressed, one for procurement that has commenced for project management resource for the registration database replacement project; the second, which is with the Department to approve securing externals consultancy input (BCS) for the development of a revised business case for a new registration system; and the last two cases with the Department seeking approval to continue to get legal support from DSO. Members were directed to a copy of the Contracts Register at Appendix 2. It was explained that the Register comprises two sections; the first being GTCNI procured contracts through CPD and the second NICS Framework contracts on which GTCNI are named. These provide value for money for the Council due to the collective purchasing power of the NICS. Members reviewed the Council’s cash balances how these are deposited, the maturity date and interest rates attaching and the reserves position at Section 6 of the report. Balances at 31.03.2020 totalled £1.9m. Members were further advised that the Reserves Policy had recently been revised and attached at Paper 8 on the Agenda for discussion.The meeting moved on to Paper 8 **12. Reserves Policy (F&GP/20/16/08)**Members considered the revised Reserves Policy. The Council has accumulated over £1.8m in reserves over a long period largely because the Council was not regulating. Members were informed that external audit had considered the level of reserves as significantly high and as NDPBs do not normally carry reserves, GTCNI should seek to minimise cash balances. The CEO advised that GTCNI was not a funded NDPB, but was financed through registration fees paid teachers and it received no money from the Department. The CEO highlighted the principles and classification of reserves in the new policy highlighting the need for restricted reserves to cover medium to long term liabilities, provide a regulation contingency and for the replacement of key assets. It was highlighted to Members that the General Reserve will be depleted over time (2 – 3 years) largely in support of regulation and emphasised the need for the Council to undertake a strategic review of its funding requirements while in the interim operating within its annual income. Members were advised that presently it is unclear what, if any, guarantees the Department will give in relation to the Council’s liabilities and that discussion needs to take place with the Department in this regard.It was stressed that reserves are predominately committed and the general reserve will be consumed quickly when regulation commences. That the Council financially is not in an ideal position and a strategic review of funding is necessary and this is why financial sustainability is recorded on the Corporate Risk Register.Members enquired about regulation and the impact of any future increase in the range of sanctions and asked if this was being considered in the revision of legislation.The CEO said that legal opinion considers the current sanction available to GTCNI as limited and draconian and that most professional bodies have a range of sanctions available. The matter will be considered within the development of new legislation. He advised that a DSO resource has been assigned to DE to undertake this work.. He said that increase in the range of sanctions will increase the regulatory workload and the associated costs. Members discussed the process for revising legislation in respect of regulation and to what extent GTCNI will be involved in the process. At present the situation remains unclear and the matter is being followed up by the CEO with both DSO and DE. Members were informed that the questions already put to the Permanent Secretary still stand and that the matter would be raised with DE at the June MOM. . Members discussed provision for pension liability. Presently £463k is provided for within the restricted reserve for this liability. They were advised that a recent Aon Annual Actuarial Report on the NILGOSC pension scheme and the Council’s share of the liability indicates a risk of further substantial increase in this liability with possible knock on effect on other reserves. Based on this actuarial report, the pension liability will increase to £1.185M and as a result the general reserves would be wiped out and other identified reserves compromised.It was explained that Council commission an annual report from NILGOSC on the Councils share of the pension fund assets and liabilities for the purposes of preparing the Annual Report & Accounts. The matter has been referred the to NIAO to see if other NDPBs are being similarly affected.This increase in liability is not as yet reflected in the current draft Accounts or in the Reserves Policy but that the content of the actuarial report has been notified to the external auditors. The Council will need to determine how it provides for liabilities in light of this possible change, as between pension liability and replacement of the registration system, the total reserve will be accounted for. The 2019-20 Accounts will be amended in due course to reflect any change arising from this report. Members discussed the potential consequences arising from the potential change in pension liability and on income as the Council is self-funding, Members considered other aspects of the Reserves Policy including provision relating to accommodation in respect of moving costs and dilapidations. Members enquired if GTCNI was the only self-funding NDPB. The CEO said there were likely to be others but was not aware of others in the education sector. Other organisations may receive direct funding or grant in aid. Members were informed that when GTCNI was established some 17 years ago a fee of £44 per registrant was set and this has not changed though costs have increased over the period. That as GTCNI is an NDPB its finances come under those of the Department so are considered public funds, hence why DE allocate the budget for GTCNI, why approval is required for expenditure and to access reserves and why Council should operate with minimum reserves.Members were content and approved the revised Reserves Policy.Proposed – SLSeconded – CMcBThe Chair advised he was attending a meeting on Wednesday with the CEO and SGh regarding accommodation.**6. Internal Audit Reports (F&GP/20/16/02)**Members were reminded that the overall annual audit plan for 2019-20 had been agreed with the ARAC and that Internal Audit spent considerable time in 2019-20 on governance issues. There had also been a separate review by DE on Information Management and Governance. They were advised that elements of the reports were not a surprise and that GTCNI needs to undertake a significant programme of work on Corporate Information Management and Governance, presently in planning. Members considered the reports on Project Management, Information Governance & Management, Business Continuity and Previous Recommendations. Internal Audit had rated these areas Unacceptable and both Members and Senior Management acknowledged that this did not reflect well on the organisation and action is required. The need for a timescale to resolve these problems was highlighted.The CEO stressed that a comprehensive revision of FOI procedures was underway, a draft Business Continuity Plan was under internal review, as was a PID (Project Initiation Document) for the programme of work relating to Information Management & Governance (IM&G). Project Management structures are in place for the Registration System project and general policies and procedures and training in respect of project management would be addressed in due course. All the matters in question are reflected in the Corporate Risk Register. In addition, the Head of IM&G in DE had been contacted regarding providing support to GTCNI and this had been agreed. Members were informed that all staff had completed in May training on Handling Information. Members enquired as to capacity and resource to undertake the work necessary. They were advised that it was likely that designated resources would be required, especially in respect of IM&G and options will be considered as part of the planning process. The possible redeployment and backfilling of existing staff, employing additional fixed term staff or seeking secondment are all options to be considered. It would important to secure the right expertise to take this programme forward.The CEO said it was intended to progress the Information Governance project in the current financial year, however the present Covid 19 restrictions may limit what can actually be achieved. Presently it was hoped to initiate a programme of work from September. The programme of work will extend into 2021. The PID needs to be signed off internally before sharing with the Committee but it was hoped that an initial meeting of a Steering Group could take place in July and that having a member of Council on this group should be considered. Members enquired if a business case for this project was required, They were informed that this would depend on how the project was to be resourced and the level of associated expenditure. A business case is required for all expenditure but whether DE approval is necessary depends on expenditure limits.Members enquired as the envisaged timescale for this work. The CEO reiterated that subject of ongoing Covid 19 restrictions, he envisaged Steering Group meetings commencing July or August with a programme start in September. All details would be covered in the PID which is to be circulated to members for information once signed-off internally..The Chair asked if everyone was content.The CEO advised that going forward a report would be given at each meeting on progress in addressing the key Corporate Risks relevant to the F&GP Committee **7. Information and Management Governance (F&GP/20/16/03)**The CEO advised that this had in effect been discussed under the previous agenda item. He highlighted a discussion with DE and gave the Committee reassurance on this matter**8. Corporate Risk Register and Actions (F&GP/20/16/04)**The Chair invited the CEO to speak on the paper.Members were advised there were 6 risks important for F&GP Committee and that the Risk Register and covering Actions Report had been provided for information.It was noted that here were 10 risks on the Corporate Register., 2 have an inherent risk of 25 and 8 have a risk of 20 and that this is linked to the receipt of the unacceptable internal audit assurance rating in 2019-20. ARAC had requested focus on the critical risks. With regard to F&GP, 6 out of the 10 risks are owned by this Committee. She outlined them as Risk 2 – Stewardship, Risk 3 - Business Continuity Planning, Risk 4 Ineffective Information Management and Governance, Risk 6 - potential flat-lining income, Risk 8 - ageing technology and IT system and Risk 9 continuing delays in replacing registration system. Of the remaining risks two are the remit of the HRC, one is specifically owned by Council, with the last one relating to regulation being the remit of the PRRC.It was stressed that members of F&GP need to understand the existing shortcomings and failures; to satisfy themselves that resources are in place to deal with risks; and finally that there is accountability on the part of the executive management..Members enquired as to priority risks and if there is a mechanism to say what should be address first. The F&CM advised that the risks fell into three main areas; 1. Information Governance; 2. the Registration System replacement project, and 3. Financial sustainability, but that all would run concurrently. It was acknowledged that the Risk Register can be complicated and there are new people on the Council that would need to understand these and benefit from trainingThe CEO said that HR was also a priority and that ARAC had suggested the value of having a risk workshop for Council to help prioritise matters. This was being considered but may not be possible in the immediate future.Members discussed the feasibility of and options for holding a risk workshop in present circumstances. The matter will be considered by senior management in light of concerns raised by Committee.Chair – left for a minute and returned**9.** **2019-20 Draft unaudited Annual Report & Accounts (F&GP/20/16/05)**Members were advised that these had been produced in accordance with DE and DoF Accounts Direction and would normally be presented to F&GP and then on to ARAC before progressing to NIAO for audit. That in the current circumstances it was not possible to comply with this processes and that all parties had been advised accordingly.The F&CM covered the various sections of the AR&As noting - the Performance Report containing a review of the Council’s activities and performance over the period compared to the Business Plan 2019-20, an Accountability Report including a Governance Report, Governance Statement (which is a live document until the Accounts are signed off post audit), the Accounting Officers Assurance Statement and the Remuneration and Staff Report. It was highlighted that the pensions section was not yet complete as the Aon actuarial report had not been received in time to allow for inclusion and meeting the Accounts Direction deadlines. Therefore the financial statements do not reflect the current position on pension assets and liabilities. As presented the report is deficient but that once updated and agreed it will to be re-submitted to the Audit Office. In due course these will come back to the ARAC and Council – probably close to Christmas.Discussion took place about the governance statement and Members sought clarification about the version included in the Accounts vis a vis the version 3 submitted as a separate agenda item.The CEO explained that the Governance statement is an interim document meant to reflect the present up to date position of the organisation. It is not confined to the 19/20 year. It will change between now and when the audited accounts and annual report are finalised. A further iteration of the Governance Statement had been prepared post submission of the accounts to NIAO. This had been provided to members for information. Members enquired if this was the latest version. The CEO said there is now a version 3a recently submitted to DE in light of comments received. BM referred to Page 5 of the Governance Statement in the ARAC section which recorded that there is no fraud, bribery or whistleblowing to the council in 2019-20 and enquired if this was correct. The CEO said that this only refers to matters raised within GTCNI and was accurate to his knowledge. It does not include any matter raised with the Department.The Chair asked if there was nothing internal. The CEO confirmed that on fraud and bribery nothing had been raised via his office, that he was not aware of any whistleblowing concern raised internally but was aware of issues raised to DE.BM asked the CEO if he would check with the previous Chair if anything had been received. The CEO said he was confident there were none but would check. The Chair asked that the CEO to report the findings back to BM. **13. Temporary Teacher Registration 2020-21 (Discussion)**The Chair indicated he had spoken to a previous member of Council regarding the registration of temporary teachers.The CEO confirmed he had shared an email with some members of Committee and summarised the process for collection of registration fees as a deduction at source (DAS) from salary. Normally 3,500 temporary teachers’ registration fees is collected this way. GTCNI staff subsequently do a reconciliation against those on the register and issue an invoice to those registered but who have not paid a fee. Members were advised that following internal discussion it was decided to run the DAS process as usual on the premise it would pick up the temporary teachers in work in April and as schools had closed in March the numbers could be a lot lower than normal. A decision would subsequently be taken on the issuing of invoices post the normal reconciliation process.It was proposed to defer the invoicing to September with a payment term to be agreed, potentially up January 2021 so that income would secured before the end of 20/21. On balance GTCNI would invoice approx. £130,000 to £150,000 and this needs to be factored into any consideration. The CEO stressed that wavering fees is not really an option but deferring is a possibility. Officers are sympathetic to the situation affecting temporary teachers,Members were informed that 5 emails had been received to date following the DAS process of which two only relate to payment in present circumstances.. Members expressed differing views but believed it was unfair to ask teachers to pay if they were not working. The Chair enquired about reducing the fee. The CEO said he considered such action premature explaining that any reduction in fees will have a knock on effect on cash-flow and income but the situation will be kept under review. It is hoped the situation relating to schools will have become clearer by September.Members discussed the fee situation and consideration of deferment, reduction or the waiving of outstanding fees. Attention was drawn to the hardship fund established by the Minister for temporary teachers. BM enquired if any of the other GTCs offer a lower fee for part-time work and if a reduced fee should be considered. . The CEO said he was not aware of this happening informing Members that the costs would be the same in processing applications regardless of timing. BM indicated that in the longer term reduced fees could be examined. The CEO said that this matter should be considered in the strategic review of funding.The CEO asked members if they were content, that no decision is made until the DAS process is complete.The Chair advised that this will be picked up at the next meeting for decision and he will respond to the ex-Council member who raised the matter. .The Chair asked if he would receive expenses for today as he was available for subbing when the schools are closed. BM enquired what the position is if the Chair was subbing and other teachers were at work.The CEO advised that the present arrangement is that Members volunteer to be on Council, though Council provides an allowance to schools for sub cover where a teaching member needs to attend Council meetings during business hours. Travelling/subsistence expenses are paid to members. Pay in-lieu is not available unless the Council wishes to alter this. The Chair reiterated his view that if teaching was available then members should be paid.The CEO indicated that the matter of expenses could be picked up under the Strategic Review **15. Registration System Projects Update Report (F&GP/20/16/P10)**The Chair and CMcB indicated that they would have to leave the meeting.The CEO said he was happy to take questions.SMcE asked about the Accommodation Update.The Chair aid he would be attending a meeting on Wednesday with the CEO and SGh and will do a report for the next meeting. The CEO said they were having a stocktaking meeting and advised that the lease on Albany House had been extended for 2 years.Referring to the Registration Project System, the Chair asked when the next Project Board Meeting would be. The CEO said it would be the end of June/beginning of July and is to be finalised. He added that it was attended by representatives from DE, CPD and a technical advisor, along with the CEO, the F&CM and the SEO.The Chair enquired if someone from the Committee should sit on the Board and the CEO said there would be no issue with that request. It was agreed the Chair (KS) should attend the Project Board. The Chair asked if he would get paid. The CEO advised that he could claim travel expenses. The Chair said he would attend initially. The CEO advised meetings would probably be via teleconferencing for the next two months. The Chair thanked members and the CEO thanked Alan Boyd for hosting the meeting.The date of the next meeting is to be confirmed and would probably be September subject to the current situation. The Chair asked about the next Council meeting and the CEO said that the feasibility of this is to be discussed with the Chair of Council.The meeting ended at 13:00**14. Date of Next meeting**TBC Signed………………………….. Dated ……………………………. | ActionChairActionActionCEOActionFC&MFC&MActionCEOFC&MActionFC&M/CEOActionCEOActionAction |
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