

**Minutes of the 15th Meeting of the Audit & Risk Assurance Committee held on Tuesday 2 June 2020 at GTCNI, Albany House, Great Victoria Street, Belfast**

**Present:** Raymond Beggs, Susan Parlour, Paul O’Doherty, David Baxter, Geri Cameron, John Wilkinson, Trevor Salmon

**Apologies:** None received

**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), Andrew Allen (AA - NIAO), Sima Gondhia (SG – Temporary Accountant), Lesley Dickson (LD – PA)

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| 1. **Welcome**   The CEO welcomed all attendees to the meeting thanking themed for their attendance and and TMcC for hosting the meeting. He advised that officers are trying to get a suitable form of electronic communications arranged for the rest of the Committee meetings and there is a need to determine what is happening with Council. It was advised that a Webex license is being presently explored.  The SEO left the meeting for 10 minutes.  The CEO indicated that since there was a large agenda,some areas had been prioritised to get business cleared and some items therefore would be deferred until the next meeting which may be in July or August. It was advised that staff are working from home with the Covid situation and return to the office is TBC. .  Members were advised that RB had acted as Chair or the last 2 meetings and that the Committee needed to elect a Chair and Vice-Chair. Nominations were invited.  RB raised concerns regarding the election procedure advising that in the interests of good governance and in order to proceed the item should have been on the Agenda 7 days prior to the meeting. GC enquired that if the Committee were in agreement could they then proceed but RB advised against this. PO’D asked members if they were happy to appoint a Chair for the present meeting and elect a Chair and Vice Chair at the next meeting. Members agreed and JW added that this was the correct process.  GC proposed that PO’D chair the meeting  Members were asked if there were any other suggestions and TS enquired if PO’D was content to Chair the meeting. PO’D confirmed his agreement to chair.  Proposer: GC  Seconder: RB  The Chair acknowledged the constraints on time and identified the critical items on the agenda as the two draft sets of Accounts for 18/19 and 19/20. He suggested that following Item 2 Declarations of Interest that the Committee proceed to Item 11 the Draft Annual Report and Accounts for 18/19.  Some further discussion took place about the content of the agenda and the order of priority TS.   1. **Declarations of Interest**   There were no declarations of interest. The Chair reminded members that they could declare at any time during the meeting.  **11. Draft audited Annual Report & Accounts 2018-19 (AC/20/16/P07) and**  **12. NIAO External Audit – RTTCWG 2018-19 (AC/20/16/P08)**  The CEO indicated he would defer to the F&CM..  The F&CM spoke to the Accounts and reminded members that the accounts have been before this Committee on two previous occasions and are ready for signing subject to the completion of a Foreword by the Chair. JW asked if the Accounts could be finalised without a Chairs Foreword and expressed his concerns. It was advised that it would be unusual for a Foreword not to be included but that guidance to resolve was being sought.  The Chair asked members if subject to the Foreword issue being resolved they were content to recommend the Accounts to Council and he invited AA (NIAO) to speak to Item 12, the Report to Those Charged With Governance (RTTCWG) on the 2018/19 Accounts.  AA spoke to the Audit Office’s Report advising that the 2018/19 Accounts audit was complete and that they were proposing an unmodified and unqualified opinion. Four audit recommendations were highlighted one of which was categorised a priority one. He confirmed that the content of the Annual Report reflected their understanding of the Council’s current position and noted that there had been discussions with GTC and DE on regulation. The overall Limited internal audit assurance of 18/19 was highlighted and he explained the context for the Audit Office’s priority one finding as being the absence of a business case covering a procurement and the purchase of 3 Amazon gift vouchers whose value was in excess of a £25 limit.. AA continued and referred to the pay remit business case advising that the temporary pay remit was not authorised until 2020. He further highlighted the Business Continuity Plan which had not been finalised or tested and two reported data handling incidents one of which was sent to the Information Commissioner. He advised that all incidents need to be reported.. The Council’s pension liability was highlighted and He noted that disputed invoices with DSO had now been resolved. Members were advised that a Letter of Representation is a standard requirement.  RB expressed his concerns about the negative tone of the RTTCWG. He said it is worth noting that errors are being flagged up and asked that the Committee scrutinize..  The Chair commented that the nature of the NIAO’s work is to point out issues and indicated that the item of Business Continuity would be addressed later on the agenda. He asked members that if they were satisfied with Item 12 then the Committee would accept the 18/19 Accounts. He advised that specific items of concern would be addressed by TMcC.  TS indicated that some members were not in the Audit Committee previously, and agreed that there was a need to plan to deal with the issues at hand and for the future.  JW said that whilst there were always areas to be developed, he wanted it noted that he was not content with the report.  PO’D asked for a proposal to refer on to Council.  Proposer: TS  Seconder: GC  There were no objections.  The Chair thanked AA, noted his concerns and said that members appreciated his reassurance.  **16. Draft unaudited Annual Report & Accounts 2019-20** (**AC/20/16/P12)**  The Chair turned to the draft unaudited 2019/20 Annual report and Accounts and supporting papers. 16 It was noted that there were different versions of the Governance Statement and the CEO provided clarification in that the Governance Statement is a live document until the point of signing the Accounts. As such the paper highlights the most up to date position on governance and would be presented to the Council at its next meeting.  Some further discussion took place with AA regarding version control with the Audit Office advising that the final draft version of the Accounts should be submitted when officers are content that the Governance statement is complete.  GF expressed his concerns about the Council’s risks and how these are reflected and addressed in the Governance Statement. The CEO advised that he would continue to work through matters raised and that a copy would be resubmitted to DE in due course.  The Chair concluded that the governance statement is evolving, that the governance statement be noted for information but is not the final document and that the Committee needs to examine the paper to see if they are content that it is ready to go to Council.  TS noted that what has been explained is in keeping with previous years’ experience and he extended his thanks to the F&CM and her team for their work. The Chair asked if members were content and said he recognised the sterling work of the F&CM and her team.  The Chair referred to the F&CM to speak to the draft 2019-20 AR&A’s.  The F&CM advised that the AR&A’s had been prepared and submitted to NIAO and DE in accordance with DE/DoF Accounts Direction and deadlines. The context to the Accounts preparation was highlighted explaining that at the time of submission the Aon actuarial report on the pension scheme had not been received and therefore the pensions numbers and information was incomplete. It was explained that this would have a significant bearing on the outcome for 2019-20. It was advised that the council were now in receipt of the actuarial report and the Accounts were being updated accordingly.  Members were directed to the Accounts. Members were brought through the Accountability Report highlighting the specific requirements under the complaints and health and safety disclosures. Members’ attention was drawn to the overall Unacceptable Internal Audit annual assurance assessment and staff payments disclosures including details of payments under VES.  Turning to the Financial Statements members were advised that the net in year expenditure of £39,000 in the Income and Expenditure account would be subject to substantial change in the light of the Aon actuarial report. It was explained that on the advice of the NIAO a full actuarial valuation of pension scheme for 2019-20 was requested. The net outcome of the report is that the Council’s pension liability has increased from £463,000 to £1.185m and that this presented a huge risk to reserves. It was advised that the NIAO had been approached to make enquiries as to whether other NDPB’s had received similar reports and increases in liabilities. The Council’s cash flow position was highlighted and investment arrangements highlighted.  The Chair enquired if the actuarial report had been brought to F&GP.  The F&CM advised that it had been highlighted to F&GP and the effect on reserves had been discussed. The CEO added that it was very worrying, saying that we had recently received the report and was presently considering the content and the implications. He advised that a draft Reserves Policy had been put to F&GP providing information on the principles of how we manage and replenish reserves. It was explained that a discussion on financial sustainability needed to be initiated with DE alongside any internal strategic review of income. It was noted that this is a serious position for the Council and that it would be helpful if AA could enquire about other organisations’ experience in this regard.  The Chair invited AA’s views.  AA responded that he would carry out some enquiries but that the Aon report and assumptions would be audited by NIAO’s own actuarial team as part of the audit and that this would provide a further measure of assurance.  Acknowledging the content of the report as advised, GF highlighted the Departments position with regard to budget cover and any further approval that might be required.  The CEO went on to highlight the Reserves Policy and advised that the Council needed to establish a clear understanding of what cover or guarantees if any the Department would provide and that a meeting would be convened to discuss  The Chair indicated that this issue is a great concern and would take time to finalise with oversight from the relevant Committees and Council. TS reminded members that the pension valuation is a tri-annual event and subject to fluctuation. He said that members needed to focus their concern on the timing and possibility of the liability crystallising.  The Chair invited TMcC for her comments on the draft 2019-20 Annual Report and Accounts and she confirmed that she had no further observations to make.  RB asked that if F&GP had examined the Accounts and if they had raised any issues. The CEO said that the discussions at F&GP were similar to those currently being expressed.  TS noted that the Council had received an unacceptable opinion,that it needed to face reality and discussions to address its position. The CEO advised that the Risk Register and risks were discussed at F&GP and that an unacceptable opinion is not where anyone would wish to be. RB asked for the concerns to be noted.  Members noted their concerns and said they want to know what the organisation intends to do. They advised that it was important to say they were not happy with the situation and that the issue must be addressed. They said that concerns should be noted to Council as time is of the essence.  TS noted that the outcome for the year was not a disastrous one and that it was just the pension problem and some meetings and further discussion is needed.  The Chair asked for a proposal for the Annual Report and Accounts to go forward with concerns noted.  Proposed: SP  Seconder: TS  **17. Internal Audit Progress Report on outstanding recommendation** (**AC/20/16/P13)**  TMcC spoke to her papers. She indicated the limited progress GTC had made on previous recommendations and that the last two reviews have shown limited progress in the past two years.  The Chair enquired if members had looked at the outstanding issues and that some menbers who had sat on the previous Council would be aware of these.  Addressing some of the findings and recommendations, the CEO advised that there is a draft Business Continuity Plan prepared presently being reviewed internally. He added that the Reserves Policy had been approved by F&GP, that the process for the Staff Appraisal Scheme was being consulted on and that Council is trying to progress regulation.  GF advised that there had been discussions at ARAC in February regarding a risk workshop for Council where a paper could be prepared and presented to Council who can provide leadership and agree a plan to put in place.  The CEO suggested that some workshops would be useful however it was highlighted that under the current Covid 19 circumstances there may be difficulties in conducting a meeting or workshops with 33 people.  GF re-iterated that a paper should go to Council otherwise there is a risk of coming back to little progress.  TMcC continued addressing the audit findings in relation to Information Management reviews carried out by both DE and her audit team. The Unacceptable rating was highlighted and a need for urgent action.  The CEO advised members that a project Initiation Document to address Information management and Governance issues was in draft and that resourcing of this significant project had to be considered. The aim was to initiate a programme of work in September subject to restrictions and resourcing. Members were further advised that advisory input had been secured from the DE Information Governance team via membership of a Steering Group which would be formed to provide oversight.  TMcC continued advising that GTCNI had no clear procedures on Project Management and highlighted in the light of the registration IT systems project accordingly an unacceptable assurance had been given.  The CEO advised that the management team needed to address this and while a Project Board there is a piece of work to be done to resource the project fully. In addition generic procedures and training is required regarding project management.  RB indicated that for the benefit of new people these had been identified previously and expressed his concern in hearing this repeatedly. He said that the unacceptable rating received is intolerable with the work we do and the highlight of the risk and we have been told over the last year that it is going to be done. We have had no explanation. It had been highlighted to the Committee during the year and said that from his point of view it was demoralizing.  The Chair advised that there were difficulties facing Council and staff regarding the variety and volume of the areas to address. The onus is on us to hold officers to account. He was concerned this has been experienced over the past 4 years, and there is a need to facilitate change. Council needs to identify what needs to be done. We have the responsibility to see if work can be done rather than what needs to be done. He said that the new people on Council may not be as informed as previous members are. He indicated a need to bring these issues to Council and address them.  The CEO assured members that we were not dragging our heels and that some of these require the work of the management team. Some other issues and high levels of absence have impacted on things. Money to be spent has to be agreed. He said we are making progress but slowly.  SP highlighted that she had been on the Committee for the past two years and we are no further on. She enquired if we had the capacity to move forward, or are consultants required. She noted the lack of progress and said we are not getting anywhere.  The Chair added that the Council had approved the new staffing structure so felt that resources will come in and these can help deal with issues. He asked TMcC to proceed with the 3rd paper.  TMcC advised that the BCP had not been agreed that it was fit for purpose and that GTC is potentially vulnerable. Regulation is still not operating and here has been a lack of progress since 2018-2019. So this has been awarded unacceptable.  The Chair said he was confused in terms of regulation. Council would be at risk of going forward with regulation legally. We cannot bring regulation forward lawfully and we are getting an unacceptable rating and will get the same for 20/21. How do we respond to this?  TMcC said she appreciated this but the opinion would have to remain until regulation progresses. If so it may move to limited, but will remain the same until then.  The Chair said we were stymied in terms of regulation and asked what we can do.  Members discussed and said they would like to see a short paper going to Council with items in sequence, which looks at the organization operating within a certain environment identifying problems. They highlighted that there were mitigating factors against progress and that regulation is beyond our control. They indicated they would like to see an action plan and report coming back to ARAC. The organization is not driving forward. Staff absences can affect things and there is a need to look at bringing people in. They advised of the need to pull it together, identify the problems and prioritise them.  RB said that regarding regulation TMcCs report is correct. The fee is taken from teachers and we could face a legal challenge on GTC not doing regulation. He said he was unaware of communication with the Permanent Secretary and that we should lobby our own politicians to get GTC regulating.  The CEO said the matter was regularly discussed with the Permanent Secretary and he had had discussions with DSO on their findings. He said an overall timeframe is needed and we can only take caseloads as far as we can.  The SEO indicated that it was important to point out that there was a major mistake when the legislation was established in 1989. Officers identified this many years ago and we have been placed to regulate on a number of occasions but we do not have the legislative cover. Officers have been trying since 2004 but have been hampered by lack of legislation.  The Chair advised that Committee would move to discuss the Risk Register and said that it would be helpful if PRRC were updated on regulation. He said that priorities need to be identified. He asked if members were content then they could move on to the Risk Register.  TMcC asked if Committee could move on to the Annual Report and Opinion and outlined each items covered in the Annual Report.  Section 2 highlights the Opinion and key factors, Corporate Governance, Information Management and BCP; Section 3.3 – Outstanding Governance Report which is close to issuing; Section 4 – Staffing; Section 5 – Audit work performance; Section 6 – Independence of Internal Audit Service.  She said she was happy to take comments.  The Chair indicated that this is Paper 16 and was concerned about bulletpoint 2.2 on regulation. He said the Department do not have control of the timetable. He said it was prudent to move towards an operational date though it may not be possible. He thanked TMcC.  SP indicated point 3.5 regarding FOI requests and asked if these had been resolved.  The SEO said that currently there is just one FOI which we need to respond to as the individual concerned was not satisfied with the response. The Vice-Chair is to agree to sign off the correspondence to the individual. Officers need to speak to TMcC prior to sending the letter. One other FOI is on the contracts register and being dealt with. TMcC asked if a compliance check could be done on this.  The Chair asked if people were content and would agree to move on to the Risk Register. He said it was critical to move forward and invited the CEO to take the paper.  **19. Corporate Risk Register** (**AC/20/16/P15)**  The CEO advised that after the last committee this had been revised and updated as of May. He said that a review of the Register internally is due in a few weeks’ time. He highlighted the upgrade work on the Registration system and said this should be finished by the end of July and this should have a significant effect on vulnerabilities. A business case has been put in for the Project Manager post. Discussion has been had with BCS and a proposal has been received from them. The Business case has been submitted to DE and is awaiting approval from them. He highlighted the market testing exercise and said the questionnaire has been completed. CPD are still getting a reasonable response on tenders and the business cases should be completed around the end of August. The HR action plan is being discussed and we are consulting on policies. Progress is needed on the NIPSA agreement and the NIPSA survey will be discussed at HR. The key element is the Governance Framework for Council to adopt either as current or with amendment.  The SEO discussed risk and said that the Business Continuity Plan developed under the F&CM has been strongly tested and business is continuing. Under the leadership of the F&CM this has kicked in and he asked for this to be noted.  The Chair asked the CEO, SEO, F&CM to pass the Committee’s appreciation on to staff and appreciate that staff are trying to work under difficult circumstances. The SEO said he did know the background situations that some staff members were working under and said that staff had stood up to the plate. He said he would pass on the appreciation of the Committee.  The Chair enquired if TMcC’s comments on the existing Risk Register covered unacceptable areas and asked if these had been caught.  TMcC said that they had been caught and greatly improved and that she was content at this stage. GF added that it reflects the position. He asked the CEO about actions not having much effect on the residual. The CEO said that monitoring should reflect how risk is beginning to move.  The F&CM added a point of clarification that the planned actions do not affect the residual risk and TMcC said they did not. GF said that given the 2 year timescale the programme will have to be carefully managed.  The CEO said we would need to reassess the tender process and AB advised that the approval letter had been sent regarding BCS today. GF indicated that issues are eating into reserves and need to be covered.  The Chair asked if anyone had any points to raise.  RB said there were improved risks but he was unsure if the Committee knew how to read a Risk Register. He discussed safeguarding children in light of regulation and this should be mentioned. The CEO said this was inherent in the Regulation Risk and that all we can do is take current processes as far as we can.  The SEO added that he hoped that the Permanent Secretary realises the seriousness of the issue of regulation and implications for the GTC, the Minister and the Permanent Secretary.  RB added that none of the information on the oversight meetings are being shared and that Council should get a regular update.  The CEO informed members that there had been a meeting last week and he needed to discuss how the Chair wants to share information with Council. He said he would raise the question and expects a report will be provided.  The Chair indicated that the Risk Register deserves one further meeting. Given the limited timeframe can members agree that a large amount of work needs to be done.  RB highlighted the large pension risk and the CEO agreed and said it needed to be considered. He asked that point 6 be amended with regard to the Pension Liability.  The Chair indicated that he would expect the Risk Register to be amended after consideration at this meeting. GF enquired if this would be seen by all Committee members. The CEO said that it had been shared at the last Council and will go through every committee and then back to Council.  JW indicated that the Corporate Risk Register is owned by the Council and each member has a responsibility.  The Chair said it would inform discussion at Council to prioritise and how it would be addressed. He asked members if they were content then TMcC could discuss the Audit Plan.  **20. Annual Internal Audit Assurance Report** **(AC/20/16/P16)**  TMcC indicated this should have been the second year of a four year strategy but it had been extended for one year. Members were directed to Annex B which will cover key risks and be reviewed on a quarterly basis. She asked if members were content to approve it will be discussed with management. Members were asked if they had any questions.  The Chair indicated Annex B and said that assuming 5 days to review policies and procedures that he did not see how it could be done.  TMcC said it had an unacceptable rating and would remain so until 20/21. The CEO said we can only take forward what we can and he had no problem having an audit in that context. It is outside our control.  GF indicated that it was all linked back. TMcC has been put in a difficult position. There is a need to focus on the issue and a need for it to be addressed.  The Chair said that Internal Audit is useful to point out weaknesses. Appropriately Tracey has identified regulation as a risk. But he was unsure what programme could be made in the timeframe. GF added that the Council needs to document rationale and it needs to have a plan with some tracking.  TMcC said that if the Council put a plan in place she would be happy to defer and bring forward to the September Committee. An Audit plan could be looked at between December and March. She advised that she could provide consultancy without getting involved in operations.  The Chair said he could not envisage that these would not be important to plan. TMcC advised this could be reviewed on a quarterly basis and she would be happy to accept with Regulation removed.  The Chair enquired if members were happy and they agreed.  The Chair said it was only right that we take responsibility.  **22. AOB**   1. Communication and the Audit Committee 2. Procedure for the Suspension of the Accounting Officer of the General Teaching Council Northern Ireland   The Chair enquired if members were content to discuss.  RB said that the amendments to the Agenda had not been made within the timeframe.  The Chair said that two motions came forward to the CEO as per Standing Orders within 48 hours in relation to the two items and can be discussed under Standing Orders.  RB advised that the CEO is not the Chair of the Committee.  The Chair said that motions can be tabled by the Committee and it is the Committee’s decision to hear and agree.  GC said it would be a benefit to hear.  The Chair asked if members would be content and RB indicated that he was not happy.  The Chair advised that at least the motions could be heard as they relate to the risk when suspending the Accounting Officer and a procedure needed to be put in place for suspension as the Accounting Officer has a responsibility relating to the Permanent Secretary.  GF highlighted that it was not appropriate for officers to be present.  Members agreed to move the meeting ‘In Committee’.  Proposer: GC  Seconder: TS  Officers left the meeting.  Signed…………………………….. Dated ……………………………….. | Action    Action |