

**Minutes of the 11th Meeting of the Audit & Risk Assurance Committee held on Tuesday 5 March 2019 at GTCNI, Albany House, Great Victoria Street, Belfast**

**Present:** Rosemary Rainey (Chair - RR), Raymond Beggs (RB), Sheila Fleming (SF),

Trevor Salmon (TS)

**Apologies:** David Cargo (DC), Susan Parlour (SP)

**In Attendance:** Sam Gallaher, (SG - Chief Executive), Majella Matthews (MM – Corporate Services), Gerard Devlin (GD - SEO), Gary Fair (GF – Department of Education), Julie Humphries (JH - 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)

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| 1. **Welcome**   The Chair (RR) welcomed members and guests and noted the apologies.   1. **Declarations of Interest**   There were no Declarations of Interest. The Chair reminded members that they could declare an interest during the meeting if required.   1. **Minutes**   Members confirmed that the Minutes of ARAC Meeting of Tuesday 4 December were a true and accurate reflection of the content of the meeting and adopted.  **Proposed by SF, seconded by TS.**   1. **Matters Arising**   There were no matters arising.   1. **Anti-Fraud, Bribery and Whistle-blowing (AC/19/11/P01)**   MM spoke to the paper and confirmed that there were no reported incidents of fraud, bribery or Raising a Concern at Work since the last meeting.  TS enquired if staff receive training on this matter.  MM advised that a programme of staff updates, including training, is scheduled to commence on Monday 11th March and that fraud awareness training will be covered in one of these sessions. She reminded members that a fraud risk assessment had been carried out in 2018 and that this will be repeated shortly, and the outcome presented to ARAC.   1. **Chair and Registrar’s Expenses and Hospitality Register 2018/19 (AC/19/11/P02)**   A report on the Chair’s and CEO’s expenses and the hospitality register was presented to members for their information. JH asked if the Council has a Policy on Gifts and Hospitality. MM confirmed that there is a policy. JH queried the breakdown of costs of the Council meeting on 18/6/18 for £990.85. MM explained that this comprised both room hire and lunch for Council members and attendees.  JH queried the venue of the Council meetings and GF stressed the need to be mindful of costs. Some further discussion took place about venue hire and value for money. Some members expressed the view that using ARAC to discuss expenses and gifts and hospitality was not the best use of Committee time. Members differed, and it was agreed that officers would consider the most appropriate committee to bring this information to and review the content of the report and provide more detail as necessary  **FINANCE AND PROCUREMENT**   1. **Direct Award Contracts (AC/19/11/P03)**   MM reminded members that the Council has three DACs in place.   1. MTL for database support and maintenance to 31.3.2020 2. I3Digital – website support and maintenance to 31.3.2019 3. Marsh – insurance broking services to 29.9.2019.   JH questions the DAC for I3Digital and due to the delay with the new website whether a further extension to this DAC would be necessary. MM confirms that this would indeed be necessary. JH requested that this is put in place as soon as possible if it needs Permanent Secretary approval. MM noted the requirement   1. **Draft Business Plan 2019-20 (AC/19/11/P04)**   The CEO spoke to the paper and invited members’ questions. TS asked if there was a 3 Year Strategy underpinning the draft Business Plan and outlined the importance of this model and approach. The CEO confirmed a Corporate Plan to 2022 was in draft form and stated that this would discussed at the next Council meeting.  The CEO said that the draft Business Plan addressed all Council’s statutory commitments and progressed the recommendations from the Department’s review of GTCNI.  JH reminded members of the GTCNI ‘transition plan’ for the organisation and that this should be reflected in Council’s business plan. She advised members that DE would be meeting shortly with the CEO to go through business plan and to discuss any matters arising.  SF welcomed the draft business plan and queried the staff resourcing and capacity to deliver. The CEO explained that there is nothing very radical in the proposed staff structure, mainly the filling of some vacant posts but confirmed that there were some elements of the plan that are dependent on the implementation of the restructure. He went on to advise that a realistic implementation timeframe for staffing changes would be the quarter 3 of 2019-20.  The CEO further advised that staff meetings are scheduled for the first Friday post end of quarter with the primary aim of sharing with staff progress against the business plan. Arising from the first of these meetings in January a series of weekly staff awareness/training sessions will commence 11th March. He said that GTCNI is a very lean organisation and the purpose is to ensure all staff are aware of the business and can see the value of their contribution. An aim is for the GTCNI to maximise its impact.  JH advised that the Department expect a staff business case to be submitted to DE before any staff changes are made. This was acknowledged and in hand,  RB queried if these staff meetings are minuted. The CEO advised that they were not as a semi-formal format was better for these. A more formal structure for staff meetings (that will be minuted) exists under the NIPSA agreement and the first of these meetings was being rescheduled. RB commented that members need to be made aware of any serious disagreements between staff and Council and suggested that minutes of formal staff meetings should be maintained. The CEO agreed intimating that any matters of serious concern would be raised with the HR committee and Chair.  SF warned members of the danger of the Committee getting involved in operational matters and placing unnecessary demands on the SMT. She said that operational matters had been delegated to the CEO.  RB queried some of the commitments in the draft Business Plan and stated that the Council should be concentrating on its core functions in the first instance and queried the accreditation work-stream. He also felt that an indication as to the cost of certain work-streams would be helpful. The CEO pointed out that this was an initial draft and costs would be included in due course.  GD explained that accreditation of ITE programmes is a statutory requirement. That all of GTCNI’s statutory functions are complimentary. Council need to be satisfied that the educational programmes meet GTC requirements for registration. He advised that a fundamental role of GTCNI is to act as ‘gatekeeper’ and DE, ETI, HEIs all have their own individual responsibilities.  TS confirmed that he is happy with the draft Business Plan as presented and asked if there will be a progress report made available for monitoring purposes. The CEO confirmed and advised that a quarterly monitoring report goes to DE and to Committees and Council.  JH indicated that the draft Business Plan has not yet been approved by DE and will have to go through the approval stages.  *Chair brought forward Audit and Governance, Item 14, as TMcC must leave early.*  **9. Internal Audit Progress Report (AC/19/11/P07)**  TMcC took members through an internal audit progress reports on the Review of HR Policies and Financial Management. She advised members that Internal Audit has further work to do between now and year end and therefore is not in a position to give an overall opinion on the effectiveness of the operation of the Council’s overall system of internal controls..  TMCC proposes the development of a 4-year internal audit strategy for GTCNI as it would provide better value and in-depth review.  SF queries the recommendation to review all HR policies annually.  TMcC confirms that this is good practice and necessary to ensure that any changes in legislation are captured. She noted by way of example that there has been a change in legislation with regard to whistleblowing, so that the onus still lies with Council even though the concern is raised with a 3rd party.  Some further discussion took place about the merits and costs of annual policy review. It was agreed that the approach to this should be proportionate to the size of the organisation and should be light touch with the lead being taken in the first instance by the HR service provider.  **10. Finance Update (AC/19/11/P06)**  MM spoke to the report on the financial outturn for the 10 months to January 2019, the budgetary outlook and the effect on the Council’s reserves due to flat-lining income and significantly increased expenditure because of regulation.  The CEO commented that this was an initial draft budget and that SMT would look closely at the detail to determine where the budget could be trimmed. He reiterated that regulation is costly and was now going to be a constant feature going forward.  TS thanks MM and the CEO and noted the financial sustainability risk for GTC. He advised that this needed to be a prominent risk on the Risk Register including the actions being taken to mitigate the risk including a review of the fee level.  The CEO reminded members that the reserves are ring fenced for contingent liabilities with regulation currently an ‘unknown area’ however he said that he was confident that it had been costed correctly. He stressed the need to be able to replenish diminishing reserves.  GF highlighted the Departments budgetary position advising that it was not looking good and that in this context it is highly unlikely that Council will get any increase in its budget for 2019-20. He agreed with TS about the importance of flagging the financial sustainability of GTC and advised that the Council needs to engage with the sponsor team in this regard. He went on to say that it is very important to be realistic in deriving and managing the budget but that if there is a case to be made then GTCNI should do so and the Department will consider.  Some further discussion took place between officers and members about the origins of the reserves and the level that needs to be retained  TMcC advised revisiting the risk register and residual risk to see if actions and controls around this matter are effective or not.  JH referred members to section 2, paragraph 2 of the paper. The pointed out that the paper stated that GTCNI had 3 core statutory functions - registration, regulation and professional services. JH reminded members that GTCNI statutory duty is not to provide professional services and explained that its functions are detailed in the MSFM with its sponsoring department. The CEO clarified that professional services is purely a title that reflects the Council’s work in the area of informing/supporting policy, professional standards and being a professional voice, which are within its statutory remit.  **11. Capital Projects (AC/19/11/P05)**  MM spoke to the paper. The CEO explained that a procurement strategy had been adopted and stage 1 ITT documents completed and work on stage 2 Statement of Requirements was well advanced. He highlighted aspects that may emerge in the procurement process that may alter the nature of the final solution and profile of spend over a contract period.  GF stated that this appeared to be at variance with the business case approval and addendum currently being reviewed by DE/DoF and would require a refresh of the business case to include any new option that may emerge. This may create added delay.  AA agreed with GF position. He said that it sounded like a different business case, as it could possibly be a different product in that it would no longer solely be a bespoke product but potentially a licence contract.  JH stated that Miller have already offer this alternative and it is not part of the addendum to the business case. She went on to query the need for a project manager if GTCNI were to choose a licensed product and suggested withdrawing the addendum and developing a business case.  The CEO said he did not entirely disagree with the comments but was merely highlighting things that may emerge during the procurement phase. He stated that he does not think the addendum is wrong or the direction of the business case is wrong but sees the potential for a SaaS type option to emerge during procurement which may alter the payment prolife, which in light of the revenue position maybe advantageous to GTCNI. This will be reflected in the addendum business case as part of responding to clarifications.  GF reminded members that GTC must be careful of contravening the terms of an approved business case and risking an irregular spend.  Some further discussion took place and it was agreed that a meeting would be set up between DE/NIAO and GTCNI officers to discuss and agree  **12. Taxation Status (Verbal)**  GF updated members on progress to date with HMRC. He explained that a lead officer from DE has spoken to HMRC’s customer liaison officer who advised that he had passed on GTCNI’s paper to the HMRC policy team. GF said that initial feedback from HMRC was positive and that this is a relatively straight-forward matter and could be dealt with without the need for a meeting. However due to Brexit issues some delay in a decision from HMRC can be expected but DE will continue to follow up.  CEO reminded members that the 17/18 accounts are still outstanding and the F&GP committee had stated that these should not be qualified nor laid until this matter is resolved.  **AUDIT AND GOVERNANCE**  **13. NIAO – External Audit**  **2017-18 Draft Audited Annual Report and Accounts**  **Report to those charged with Governance (RTTCWG)**  AA reiterate that NIAO await HMRC position on GTCNI’s taxation status and will issue their final report and audit certificate once a decision is received.  **14. Risk Register (AC/19/11/P08)**  MM spoke to the paper and referred members to the short summary provided highlighting the increased risk in relation to the Council’s financial sustainability.  TS stressed that;   1. The financial sustainability of Council is so significant that it needs a separate risk 2. The residual risks and how to address these needs more attention   Some discussion took place between members about the content and structure of the Risk Register.  GF suggested increasing the narrative on the risk register to aid understanding.  **15. IA Outstanding Recommendations Update (AC/19/11/P09)**  MM updated members on the status on outstanding internal and external audit recommendations.  She advised that Council had only two Priority 1 audit recommendations related to;   * Cash balance and reserves; and * Taxation status   with all other recommendations being Priority 2 or 3. She advised that most were being addressed with only four recommendations largely dependent on the staff restructure to be addressed.  **16. Regulation Update (AC/19/11/P10)**  GD took members through the paper on the status of regulatory activity.  JH asked when regulation would be fully operational. GD replied that it is already operational with a final quality assurance of processes taking place and scheduled retraining due to the time that has elapsed since the last regulation training session was held. It is intended that a full regulation cycle would be completed by Dec 2019.  RB asked about the impact of the election on regulation and future timetables.  The CEO replied that efforts are being made to mitigate this, but that the election could have an impact which could delay hearings to early 2020. However, he assured members that the more serious cases pending are being dealt with first.  **17. Independent membership of ARAC (Verbal)**  The CEO advised members that TS agreed to stay on as an independent member until a new Council is elected and in place. Further TS had agreed to indicate to the CEO well in advance when he intended to stand down and support the process to appoint a replacement.  Members recorded their sincere thanks and appreciation to TS for his services and valuable contribution to meetings  The Chair also recorded her thanks to TS.  **18. Any Other Business**  None  **19. Date of next meeting –** 3 May 2019  Signed…………………………….. Dated ……………………………….. | Action  Action  MM  CEO/MM  MM  CEO  Action  Action  MM  SMT  SMT  Action  JH  GF  Action  CEO/MM  MM |
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