

**Minutes of the 9th Meeting of the Audit & Risk Assurance Committee held on Tuesday 25 September 2018 at GTCNI, Albany House, Great Victoria Street, Belfast**

**Present:** David Cargo (DC), Rosemary Rainey (RR), Sheila Fleming (SF), Susan Parlour (SP)

**Apologies:** Trevor Salmon (TS)

**In Attenance:** Sam Gallaher, (SG - Chief Executive), Majella Matthews (MM - F&CM), Gerard Devlin (GD - SEO), Collette Kane (CK - NIAO), Caroline Laird (CL - NIAO), Gary Fair (GF – Department of Education), Julie Humphries (JH - Department of Education), Tracey McCavigan (TMcC – Head Internal Audit – NICS IAFIS), Lesley Dickson (LD – PA)

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| 1. **Welcome**   The Chair (DC) welcomed members and guests and noted the apologies. He welcomed SG to his first meeting of the ARAC and asked members to introduce themselves. He also noted that R Beggs had been ill and was not in attendance today.  GF informed members that Gavin Patrick who had previously attended ARAC had now moved to another appointment within DE.   1. **Declarations of Interest**   There were no Declarations of Interest.   1. **Minutes**   JH asked if a correction could be made on Page 2, Paragraph 8.  Members confirmed that the Minutes of ARAC Meeting of Friday 4 May were a true and accurate reflection of the content of the meeting (after amendments are made).  **Proposed by RR, seconded by SF**   1. **Matters Arising**   JH acknowledged receipt of the Reserves Policy which she had requested at the previous meeting.   1. **Anti-Fraud, Bribery and Whistle-blowing (AC/18/10/P01)**   MM confirmed that there were no reported incidents since the last meeting. She advised that the relevant policies are being reviewed and would be brought to the ARAC in due course.  TMcC enquired if there were any ongoing cases and MM confirmed that there were none.   1. **Summary of Direct Award Contracts (AC/18/10/P02)**   MM advised members that this update is a standing item for the ARAC and updated on the Council’s current position including the recent award of a DAC to Marsh for insurance broking services until 30 September 2019. She explained that this had been brought about by unexpected delays within DE and DoF in getting the necessary approvals, leaving insufficient time to carry out a procurement competition and complete the annual insurances renewal process.  The Chair advised that it would be useful to have an annual timetable for Business Cases and MM explained that this was already detailed within the Procurement and Contracts Register, adding that the Council was presently engaged in a new cycle of procurements.  SG informed members that a new HR support provider had recently been secured for the next 4 years.   1. **2018-19 Business Plan (AC/18/10/P03)**   SG provided an update on the pertinent ARAC Business Plan activities for 2018-19 and highlighted the key activities for the next quarter. He advised that the biggest issue is regulation and following his upcoming meeting with T O’Reilly, he expects that the Department will write to him with a proposal for the way forward. The other concern which he highlighted was the procurement of the Registration Database and he said that this may be pushed into the first quarter of next year. He informed members that a meeting was scheduled for the following day between himself, MM and CPD to discuss procurement strategies.  JH added that in relation to regulation, the Department was waiting on legal advice and was scheduled to have a meeting with the DSO later in the week.  JH also requested SG to confirm that the Business Plan reflected all the priorities and activities that he planned to undertake this financial year.  SG confirmed and advised on his plan for the development of a strategic plan and the progression through to the Business Plan for next year.  Some further discussions took place between MM and GF regarding capital cover for the registration database project.  SP highlighted point 1.2 regarding the competences. GD advised that there will be no changes to the competences and that only the publication would be refreshed.  JH advised that the Oversight Group for Learning Leaders was establishing a sub-group to look at Leadership Competences.  GD informed members that an advisory group was being set up and members had been nominated. He said that he was hoping that a member of Council would chair the group and that his role would be as an officer representative on the group with other representative stakeholders. He said that he had written to Gerry Murphy requesting a nominee.  SG said that this was an important workstream and consultation would take place but that there was a need to strike a balance and all relevant stakeholders will have a place.  SP stressed that the group needs to be representative of teachers.  The Chair reminded members that this had been discussed at the last Council meeting.  GF highlighted point 13 and inquired if there would be an overspend.  SG said that a detailed review needed to be completed but that he hopes that the Council will be able to live within its original budget allocation.  GF highlighted and stressed the financial constraints for the next year.  JH enquired if the full Business Plan would go to all Committees or would each Committee get the Business Plan relevant to them.  SG advised that the Council will get a summary of the Business Plan with Committees only getting the relevant sections.  *Item 10 was brought forward as Collette Kane, NIAO had to leave the meeting early.*  **10. NIAO 2017-18 Year-End Audit Plan (AC/18/10/P05)**  CK took members through the Year-End Audit Plan, highlighting how NIAO plan to audit the financial statement for the year end 31 March 2018, matters of interest, the planned timetable, fees and the audit team. She indicated matters which NIAO are required to communicate to the Council and the value for money work which is undertaken by the C&AG.  CK advised that one significant risk had been identified and discussed actions for the ARAC. CK informed members that materiality is £24,293 and discussed how this was calculated.  CK directed members to the Significant Risk of Charitable Status and the Audit Reponse being undertaken.  CK advised members of an ongoing study which may be of interest to GTCNI. The Office’s Report on the Financial Health of Schools in Northern Ireland due to be published on 16 October 2018.  **8. Internal Audit Reports (NICS IAFIS)**  TMcC, Head of Internal Audit NICS IAFIS spoke to this paper and advised that an Audit Plan had been agreed. TMcC requested a meeting with SG to discuss the plan and advised that she would prepare a paper to be circulated to ARAC members. Members were informed that the HR policies had been reviewed and there were no major issues to disclose and that the report would be available in the coming weeks.  **9. Internal Audit Recommendations Update (Priority One)**  **(AC/18/10/P04)**  MM spoke to the paper advising that its purpose was to update the Committee on action required on outstanding internal and external audit recommendations.  MM advised that the paper has now been amended to reflect the ARAC request to have sight of Priority 1 recommendations at each ARAC meeting and bi-annual oversight of all outstanding recommendations. The Council has two Priority 1 audit recommendations related to;  The two Priority 1 audit recommendations related to:   * Cash balances and reserves, and * Charitable status and potential liability to corporation tax.   Members were invited to review the Audit Update relating to both.  **11. Charitable Status (AC/18/10/P06)**  MMupdated members on the progress in dealing with HMRC following the Review of Decision to the Charity Commission for Northern Ireland.  MM outlined that Tom Penman of BTMM, after liaising with EWC, advised that the next step is to contact HMRC using the DE HMRC contact and argue that as separate legislation applies for tax exemption (FA 2010) full tax exemption should apply for GTCNI and if HMRC don’t agree then try to get agreement that as the Council is under Government control it should be exempt anyway.  She advised that the Department has subsequently advised that in the first instance, before any contact is made with HMRC, they should have sight of any proposal to ensure that any potential repercussive issues are identified and that the Department is content with any proposal. Following this, GTCNI could engage with HMRC and it may be that the Department would want to be part of those discussions depending on the proposal.  She advised that BTMM have completed the template for officers to agree the way forward with the Department.  Members discussed the best approach to be taken by Council. GF advised that similar discussions had previously taken place with DE and HMRC on behalf of the EA. He advised that officers might find the content of the template used useful and it was agreed that the ARAC would have sight of the EA template. It was further agreed that the Council’s completed template would be sent to DE for review in advance of any further action with HMRC.  SG confirmed that the template from EA would be helpful.  SF enquired if there is a possibility that the decision could be reversed and the Chair said that some other organisations within the education sector have been able to obtain charitable status.  **12. Management Statement and Financial Memorandum (AC/18/10/P07)**  SG informed members that he had received the copy of V9 of the MSFM, which had been approved by the Permanent Secretary.  JH added that this had been signed off as of the previous day.  **13. Corporate Risk Register (AC/18/10/P08)**  MM took members through this paper which provided an update on the Council’s corporate risks.  MM highlighted that the five risks set out in the Risk Register attempted to set out the risks to the non-achievement of commitments/targets as set out in its agreed 2018/19 Business Plan and the mitigating actions taken/proposed by officers. She further advised that officers are working to develop a new Business Continuity and Disaster Recovery Plan which will help in more fully addressing some of its corporate risks and this would be brought to the Committee when ready.  TMcC added that Audit Committees needed to be cognisant of cyber-risk.  Members discussed the service provided by IT Assist and the VFM of service contracts.  GF added that the Council should protect itself by ensuring full compliance with Public Procurement Policy  Members noted the report.    **14. Any other Business**  None  **15. Date of next meeting**    Tuesday 4 December 2018.  Signed…………………………….. Dated ……………………………….. | Action  Action  Action  Action  Action |