MINUTES

IFATE AUDIT AND RISK ASSURANCE COMMITTEE

Meeting title:	IfATE Audit and Risk Assurance Committee
Meeting date:	04 December 2023
Protective marking:	Official
Board members present:	Jennifer Coupland, Chief Executive Officer and board member (JCou); Sir Peter Estlin, Non-Executive Director (PE) (Chair); Dame Fiona Kendrick, Non-Executive Director (FK); Professor Martin Doel, independent member (MD)
IfATE officials present:	David Wilson, Chief Financial Officer (DW); Avril Cooper, HR Director (AC); Carmel Grant, Deputy Director Commissioning and Development (CG) (item 6 only); Assurance & Compliance Senior Manager (CP); Risk Lead (BA); Finance Business Partner (RK); Governance Manager (Secretariat).
Other stakeholders present:	Government Internal Audit Agency (GIAA) representatives (BK, CY); National Audit Office (NAO) representative (RS); Ernst and Young representative (BL) Attila Garamszegi, Deputy Director, Finance Business Partner Skills and Regional Group, Department for Education (AG) (items 1-4).
Apologies:	None

Item 1. Welcome, introductions, apologies for absence and declarations of interest

1. PE welcomed committee members and participating officials to the meeting.

2. PE asked committee members whether they had any declarations of interest to make. All committee members recognised that should a potential or actual conflict arise by virtue of their other interests (outlined in the declaration of interests or otherwise) then it must be raised at the outset of the relevant meeting which deals with the issue giving rise to the actual or potential conflict. No actual or potential conflict of interests were declared.

3. Since the last committee meeting, there had been no reported instances of fraud, whistleblowing or data breaches which warranted a declaration to the relevant regulator.

Item 2. Minutes and actions from the last meeting

4. The minutes of the meeting held on 14 September 2023 were agreed without amendment.

5. The committee considered the action log and agreed to close the three actions proposed to be closed, in relation to the provision of cyber risk training for board members and the addition of items to the forward look. Members asked that the cyber security toolkit for boards prepared by the National Cyber Security Centre was circulated to all board members for information.

6. Members welcomed the prototype HR dashboard and emphasised the importance of ensuring that the metrics included on it continued to be relevant and that the anonymised data presented on the dashboard was not unnecessarily complicated.

Item 3. Follow-up of audit actions – GIAA recommendation tracking

7. CP provided an update on the progress against actions arising from audits carried out by the Government Internal Audit Agency (GIAA). The three recommendations arising from the recently-received final audit reports on employer engagement and cyber security incident management had been added to the GIAA recommendation tracker alongside those from the audit on financial forecasting, budgeting and decision-making.

8. In total, 12 recommendations were on the tracker. Eight had been completed already, three were due for completion by March 2024 and one by August 2024.

Item 4. Finance report

9. DW provided a financial update to the committee and explained that IfATE is forecast to end the financial year within its delegated budget, subject to the satisfactory resolution of matters relating to depreciation and property licences. These matters are the subject of ongoing discussions with DfE.

10. DW reported that, as part of the business planning process for 2024-25, IfATE had been asked to provide information on the impact of different budget scenarios upon IfATE's delivery capacity. AG noted that whilst budgetary considerations were difficult across the DfE group, it was important for DfE to understand the implications of any decision made on IfATE's 2024-24 budgets. Members emphasised the importance of understanding in detail the likely effect of budget pressures on IfATE's capacity pressures and avoiding IfATE making unrealistic commitments.

11. Members noted that a key risk could be a discrepancy between the expectations of what IfATE should deliver in 2024-25 and what is realistically deliverable within the likely budget for 2024-25. The Committee asked for further information on this to be provided at the March 2025 ARAC meeting.

Item 5. Strategic risk management update

12. JCou introduced the strategic risk management update and advised members that the tender process for Generation 2 T Levels was due to launch on the afternoon of 4 December 2023. Both DfE and HM Treasury had agreed to the inclusion of an element of adaptive pricing within the contracts which may stimulate competition for each of the contracts.

13. Despite mitigations, the residual rating of strategic risk 4, related to the strength of the awarding organisation (AO) market, had increased to the highest rating on IfATE's scale. Members commented that the NAO had recently noted that the Infrastructure and Projects Authority had rated the T Level programme as red on its own RAG scale in 2023, and asked that a briefing was provided to all board members on this strategic risk. Members also noted that T Levels would exist for a further ten years and hoped that this would provide a level of assurance for AOs.

Item 6. Deep dive: Higher Technical Qualification (HTQ) programme – key risks

14. CG introduced a deep dive into the risks associated with the delivery of the HTQ Programme which relates to Level 4 or 5 qualifications that have been quality marked by IfATE to indicate their alignment to employer-led occupational standards. CG explained the mitigations in place in respect of the key potential risks related to: demand and awareness; market participation and diversity; stability of occupational standards; and the impact of post-16 reforms on scheduling and applicant capacity. The programme is now in its fourth cycle with 175 qualifications approved and awareness growing across employers and providers of the strength of the qualifications. CG added that, as the programme was maturing, it was having significant positive impact on employer input into qualifications and

encouraging providers to develop skills delivery provision. There would be two cycles per year going forward in order to facilitate the application process.

15. Members emphasised the importance of awareness in driving demand for HTQs. CG advised that some applications were for refinements of existing qualifications, for which there was already a track record of demand. Officials were content with the number of organisations submitting HTQ applications, and felt that this number may increase in cycles 5 and 6 due to the lifetime learning entitlement.

Item 7.   Assurance of key controls and testing

16. CP introduced the item, which provided the committee with a summary of key controls within the commercial delivery division and the results of assurance testing on key controls undertaken since the last ARAC.

17. The Commercial Team, supported by CP, had completed a walkthrough of commercial controls which considered the overall robustness and effectiveness of these key controls and concluded that the controls in place are robust and are working effectively. CP advised that the combination of the recent GIAA substantial assurance opinion, management walkthrough of controls, and substantial self-assessment provided a level of confidence that that controls in the commercial function are effective.

18. CP had reviewed the controls in place for the last complete payroll cycle. The intended outcome was to provide objective assurance that the controls established around the payroll process were operating effectively and identify whether there were sufficient measures in place to limit the opportunities for payment errors and fraud. CP concluded that the overall payroll control framework and the controls which operate within this framework to be robust, working effectively, and proportionate for an organisation of IfATE's size.

19. CP had reviewed the controls in place around IfATE's procurement cards, and concluded that IfATE has strict controls around the card application and authorisation process. New cards required an application form and approval criteria to be met, a user agreement form signed by card holders prior to card issue, and training to card holders in respect of card accounting requirements and responsibilities.

20. Members asked whether IfATE and other public bodies would be required to publish their assurance maps. BK advised that GIAA would consider and clarify the position.

21. Members welcomed the report and thanked CP for their work in this area.

Item 8.   Government Internal Audit Agency (GIAA)

22. BK introduced the item and explained that fieldwork was underway on the resource resilience audit, and work on the apprenticeships funding band strategy was planned to take place in Q4 of 2023-24.

23. The final audit report on employer engagement was issued in October 2023 with a Moderate assurance opinion, with two medium priority recommendations in relation to implementing a customer relationship management (CRM) system and reviewing the selection criteria for roles directly engaging with employers to ensure they remain fit for purpose. The final audit report on cyber security preparedness was issued in November 2023 with a Substantial assurance opinion, and one low priority recommendation in relation to formal scenario testing.

24. Members asked JCou about IfATE's response to the GIAA recommendations in relation to employer engagement role selection criteria. JCou informed members that a range of roles at IfATE engaged directly with employers, each of which having different essential and

desirable skills. JCou added that in aggregate the workforce had an impressive variety of skills, and that the HR function would work with recruiting managers to ensure that job descriptions and adverts for roles involving employer engagement accurately reflect the required skills and capabilities.

25. Members thanked BK and GIAA for their report.

Item 9. National Audit Office (NAO)

26. RS and BL confirmed the independence of NAO and their audit partners Ernst and Young, and introduced the indicative audit planning report on the 2023-24 financial statements audit. BL advised that the report would be iterated over the next several weeks based on risks and management feedback. BL added that the planned work would be front-loaded as far as possible, and noted that the ongoing discussions regarding property leases would be a factor in the audit.

27. Members asked whether the timetable for audit and publication of the Annual Report and Accounts (ARA) would be affected if a general election were to be called in spring 2024. RS and BL replied that the audit work should not be affected, but that a report could not be laid before Parliament, if it was not sitting and it was expected that further guidance would be issued in the eventuality of a general election being called. Members emphasised the need for clarity, and asked that NAO provide further guidance on the potential effects of a general election upon the ability of IfATE to lay its ARA in a timely manner. Members also asked to be provided with a copy of the current timetable for the preparation of the ARA.

Item 10. Annual review of ARAC effectiveness and Terms of Reference

28. PE introduced the annual review of ARAC effectiveness. Members commented that the results of the self-evaluation survey were positive, but did not provide a clear indication of where the committee should focus its efforts for improvement.

29. Members recognised the importance of external perspectives and noted the comments made by the external facilitator who had observed an ARAC meeting during the external board effectiveness review. BL noted that there had been a good discussion around the earlier deep dive and that they often recommended that their other clients undertook deep dives on their topics of interest. BK added that the IfATE ARAC was an open forum facilitating good discussions. Members asked officials to ensure that future committee evaluation surveys included the perspectives of senior officials and partners.

Item 11. ARAC forward look

30. The committee considered and noted the forward look.

Item 12. Any other business

31. There was no other business.