

# MINUTES

## FOR APPRENTICESHIPS & TECHNICAL EDUCATION AUDIT AND RISK ASSURANCE COMMITTEE

**Meeting Title:** Institute for Apprenticeships & Technical Education Audit and Risk Assurance Committee

**Meeting Date:** 11 March 2021

**Protective marking:** Official

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**Board members present:** Jennifer Coupland (JCou); Professor Martin Doel (MD); Dame Fiona Kendrick (FK); Toby Peyton-Jones (TPJ) – Chair

**Independent committee members present:** Catherine Andrews, GIAA (CA); Jennifer Dorrell, NAO (JD)

**Institute officials present:** Peter Schild (PSch)

**Other stakeholders present:** Tika Khan, ESFA (TK)

**Apologies:** None

### **Welcome, introductions and declarations of interest**

1. Toby Peyton Jones (the Chair) welcomed committee members and participating officials to the meeting.
2. The Chair 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) 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 conflicts were declared for this meeting.

## **Minutes and actions from the 10 December 2021 meeting**

3. The committee approved the minutes from the meeting held on 10 December 2020, subject to correctly recording Professor Doel's role title.
4. The committee noted the resolution of actions from the 10 December meeting.
5. The committee supported the preparation of a forward look, and the identification of agenda space for deep dives. Committee members proposed deep dives into cyber security, cyber vulnerability and digital strategy in due course. The forward planner for the committee's business under development was discussed. A further iteration would be used to guide the meeting cycle; it would be brought back to the next meeting.

## **Follow up of audit actions**

6. The committee noted a summary overview of the level of progress against audit recommendations outstanding from 2019-2020 (GIAA and NAO reviews), and 2020-2021 (GIAA). The format for reporting to the committee on audit recommendation follow up work in progress was accepted, subject to further clarification of the specific month due for the resolution of the action in future iterations.
7. Work outstanding on the NAO 2019-20 Financial Statement Audit with reference to the control framework and operating effectiveness of externally used systems and information was noted. The committee requested a future deep dive into contracts and service level agreements and how they are constructed to manage risk.

## **Risks – strategic overview and update**

8. The committee discussed and noted an analysis of the top three strategic risks facing these Institute as follows: (1) risk to the capacity of employer panels; (2) the additional requirements of the Further Education White Paper coupled with changing economic needs, putting pressure on the Institute's core processes and delivery of business objectives; and the (3) risk to the apprenticeships and technical education sector arising from the COVID-19 pandemic and from future policy decisions impacting on the achievement of the learning/skills objectives. Within the Institute's mitigating strategy, dialogue with employer groups through route panel enhancements, prioritisation,

process and internal system redesign; expanding Institute workforce capacity through recruitment; monitoring arrangements; and plans for 2021 governance review were discussed.

9. Committee members highlighted the importance of joined up working to mitigate cross-departmental and inter-agency systemic risk, relying upon strong partnerships in place.
10. For future meetings, the committee requested the refinement of the strategic risk heat map to demonstrate an explicit join up with the top risks from operational risk registers.

### **Government Internal Audit Agency (GIAA) report**

11. Progress against the internal audit (GIAA) 2020-21 work programme was discussed and noted. GIAA had issued two final reports with moderate opinions: Apprenticeships – Trailblazers and Route Panels (November 2020); T-Levels Contract Management (January 2021); and an advisory report on Workforce Strategy (February 2021), without an opinion. The Institute had accepted all recommendations. A Year-End Health Check was to be drafted by the end of March 2021.
12. GIAA's written observations to the committee on the end of the EU exit transition period; cross-government insights on the operation of IR35 off-payroll working; and technical resources were noted.
13. A GIAA strategy and a risk-based internal audit plan 2021-22 was proposed, with four audits to be completed by 31 March 2022: organisational restructure; governance and assurance; risk management; and commercial arrangements. The proposed plan was approved and the fee agreed.

### **National Audit Office (NAO) report**

14. The committee expressed interest in the NAO's recently published reports and studies underway. There was particular interest in receiving the NAO's report on Government's delivery through arm's-length bodies due to be published in summer 2021.
15. The plan for preparation for the Annual Report and Accounts 2020/21 was noted; good progress had been made to date. NAO's audit of the payroll function had found no significant issues. The interim NAO audit was underway. Committee members would

be briefed on the Institute's Annual Report and Accounts 2020-21 in mid-June in advance of the next meeting.

### **Audit and Risk Assurance Committee (ARAC) Effectiveness Survey**

16. The outcome of the ARAC effectiveness survey carried out in in Q3/4 2020-21 and tested against HM Treasury's Audit and Risk Assurance Committees Handbook's five good practice principles was discussed. Findings were generally positive.
17. Further consideration would be given to the cycle of review of committee membership and skills, with training for any new members, regular review of the committee's calendar of business and its terms of reference. Partnership dialogue with the ESFA audit and risk assurance committee would be considered, as appropriate.
18. Focused areas for challenge were discussed. Committee members indicated that cyber and digital security should be given more attention at future meetings. It was agreed that lessons learnt and draft recommendations should be prioritised and aligned with the 2021 main governance review.
19. The Institute board was to receive a proposed terms of reference for the main governance review at its 24 March meeting. *Post meeting note: the 24 March board meeting accepted the terms of reference for the governance review. Further recommendations for development of ARAC as a board committee have been integrated into the governance review phase one work plan.*

### **Finance report**

20. The 2020/21 year-end forecast and 2021/22 forecast budget, including the forecast against recruitment for posts from February – July 2021, were noted.
21. There were no reported instances of fraud or whistleblowing in the period.

### **Papers for information**

22. The GIAA Audit and Risk Assurance Committee Report Supplement – February 2021 was noted.

### **Any other business**

23. The Chair reported back on the most recent meeting for arm's-length bodies ARAC

chairs. The agenda had covered responses to Covid; interoperability across departments; and reliance on IT for interoperability and considerations of digital risk. Value for money processes, sponsorship arrangements and resources for good practice including from NAO and GIAA had been covered.

### **Next committee meeting**

24. The next meeting of the committee would take place on 17 June 2021 at 11.00 hrs.

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