

MINUTES

Meeting Title Audit and Risk Assurance Committee

Date: 18 June 2020

Date of Issue: 29 September 2020

Protective marking: Official

Attendance

- Toby Peyton-Jones Committee Chair, Board member, the Institute
- Jennifer Coupland Chief Executive, the Institute
- Fiona Kendrick Board Member, the Institute
- Stephanie Krogmann Audit Manager, National Audit Office (NAO)
- Colin Wilcox Engagement Director (NAO)
- Catherine Andrews Head of Internal Audit (GIAA)
- Martin Doel Independent Committee member, FETL Professor
of Leadership in Further Education and Skills, UCL Institute of Education
- Peter Schild Chief Financial Officer, the Institute
- Rob Nitsch Chief Operating Officer, the Institute
- Surrinder Bal Head of Programme Office, the Institute
- Matt Cooper Head of Finance, IT & Procurement
- Peter Huggett Head of Apprenticeships Finance, Financial
Management (ESFA)
- Phil Scullion Chief of Staff, the Institute
- David Derrick Financial Reporting Accountant, the Institute
- Committee Secretariat Chief of Staff's Office, the Institute

Apologies

- Kristofer McGhee Head of Legal, the Institute

1. Welcome and introductions

- 1.1. The Chair welcomed participants to the meeting and welcomed Phil Scullion who was standing in for James Matthews who had been seconded to work on the government's Covid-19 recovery plan.

2. Minutes and actions from the last meeting

- 2.1. The Committee reviewed the minutes and actions of the last meeting and confirmed that all outstanding actions were now complete/closed.
- 2.2. Fiona Kendrick asked that the minutes note her attendance at the last meeting and Catherine Andrews asked that her job title should be amended to Head of Internal Audit.
- 2.3. The Chair requested the Committee to disclose any conflicts of interest. No conflicts of interest were declared.

3. Risk Register – overview and change update

- 3.1. This agenda item was extended so that a fuller discussion on the risks to the Institute associated with Covid-19 can take place.
- 3.2. Jennifer Coupland introduced a discussion on the updated Risk Register and progress on key activities. Jennifer confirmed that during the Covid-19 crisis the Institute's priority has been the health and wellbeing of apprentices, employers and everyone involved in the process.
- 3.3. The situation has meant that many apprentices who were ready to take their end-point assessment were not able to do so and the successful completion of their apprenticeships and onward career progression was at risk of being held back.
- 3.4. The Committee then discussed some of the actions the Institute has taken recently to mitigate the impact of Covid-19. The Institute has:
 - supported the cross-government effort to make it easier for apprenticeships to continue and for apprentices to complete in a different way without compromising quality;
 - published new guidance on the delivery of assessment and introduced over 100 end-point assessment flexibilities for standards which have been reviewed on a case by case basis using a number of end-point assessment

organisations (EPAO), EQA providers , the Institute and trailblazer taskforces;

- maintained close contact with T Level providers to ensure they are ready for teaching and providing support for wider aspects of T Levels including industry placements and FE workforce capacity;
- supported, employer groups with guidance and process adjustments;
- set up remote contact with all Route Panel members and are holding webinars with employer groups to understand their situations and to advise and support.

3.5. The Committee reviewed the risk register and asked that the Programme Office should consider how best to include on the Institute Risk Register the high-level risks identified by the weekly Covid Risk Oversight Group.

3.6. Peter Huggett provided a brief overview of work in the Department for Education to develop a skills package to support apprentices, employers and training providers.

Action 1: Programme Office to review how far the COVID-19 risk register and heat-map should be further included into the corporate risk register and how they might be simplified once no longer justified as being separate.

4. Report back from Covid-19 Oversight Group

4.1. Jennifer provided a brief update on the work of the Covid Risk Oversight Group in the previous item.

5. Operational risks / projects in focus: Payroll, HR and Expenses Project update

5.1. Peter Schild introduced this item and confirmed that the Institute's new HR, payroll and expenses system had gone live and staff have been booked onto training webinars. As a precautionary measure staff had been encouraged to download previous payslips and P60s.

5.2. The team were collecting feedback on the new system from staff and focusing on a small number of outstanding issues including legacy data from the DfE.

5.3. The Committee asked that a verbal update of the new payroll, HR and expenses system should be provided at the next meeting.

Action 2: Peter Schild to provide a verbal update to the Committee on the roll out of the Payroll, HR and Expenses system at the next meeting.

6. a. NAO: Audit Progress Report 2019-20

- 6.1. Colin Wilcox set out the timetable for work to be completed for the completion of the Annual Review and Accounts. The Institute and the NAO were working very closely together to mitigate the impacts of the extra time needed to undertake audit work remotely, validate data and reflect in the annual accounts some additional reporting requirements including disclosures relating to Covid-19 and the UK leaving the EU.
- 6.2. Steph Kromann noted that sample testing of journals, other expenditure, payroll, accruals receivables and intangible additions, plus bank reconciliation was still ongoing. Testing to date had found no issues of concern.
- 6.3. Steph confirmed that the NAO planned to complete their audit testing on the 3 July.

b. Annual Report and Accounts

- 6.4. The Committee thanked David Derrick for his work on drafting the Annual Review and Accounts. The Committee expressed the view that the Institute had a strong narrative which should be threaded through the document. Additionally, the Committee asked that the Institute's response to Covid-19 should be placed front-end of the Report and there should be more detail around T Levels.
- 6.5. Jennifer expressed the view that the document should better reflect the Institute's mission and vision, use consistency of language, draw on a limited number of case studies and overall be more streamlined.
- 6.6. Colin Wilcox noted that the NAO team had recently been strengthened to help manage the work around the Report.

Action 3: David Derrick to reflect on how best to include feedback on the Annual Report and Accounts from the Committee.

Action 4: Steph Krogmann to provide a list of outstanding data and other items.

Action 5: Toby agreed to circulate the updated draft to the wider Committee at the first opportunity and include the NAO in any final discussions on the Report.

7. GIAA items

Draft Annual Internal Audit Report

- 7.1. Catherine Andrews introduced this item and acknowledged the progress that the Institute had made in the last year. Catherine noted that the Institute had made significant progress in delivering the Government's technical education reforms during its third year. Her opinion on the framework of governance, risk management and control for the year ending 31 March 2020 was Moderate. The opinion reflected the coverage of the agreed audit plan and was made on the basis of the work and assurance provided, meetings with senior management and attendance at key governance meetings.

Year End Health Check – Final Report

- 7.2. The 19-20 Year End Health Check opinion was Moderate. The Committee welcomed the improvements made since the previous health check in the Institute's governance, internal control and risk management framework particularly within HR and Commercial. However, further work is needed to develop the assurance framework and counter fraud strategy. A number of recommendations have been made and work was in train to progress these.

EQA Reviews – Final Report

- 7.3. The Committee welcomed the Moderate opinion and noted that accountability, reporting / delivery and oversight arrangements were now in place with clear roles and responsibilities in the team that monitors EQAPs. However, GIAA determined that the internal reporting arrangements should be standardised with actions tracked from one period to the next. In addition, the Qualitas system used for submitting delivery reports could be more user friendly. The Committee welcomed that management action had already been assigned to owners and work was in train with target dates for completion.

Draft Plan and Audit Charter 2020-21

- 7.4. Catherine introduced the GIAA risk-based internal audit plan for 2020-21. The Committee confirmed they were content with the fee and amount of audit resource. Subject to further discussions the outline scope should cover:
- T Levels
 - Apprenticeships
 - Workforce strategy

- Year-end health check

7.5. The scope may be changed during the year in consultation with management and the Committee. There was also discussion around work looking at funding reforms and payroll, although payroll is currently being reviewed by the Institute's assurance function.

Action 6: Carl Purkins to liaise with the Funding and Approvals Team in regard to auditing the impact of the proposed funding reforms.

Action 7: Carl Purkins to review the Institute's service level agreements with Ofqual and the Office for Students.

8. Finance Report

8.4. Peter Schild noted that due to Covid-19 the Institute had revised its forecast and continued to monitor the projected spend vs savings accruing from the lockdown. These pressures have been communicated to the DfE. The Committee asked that a log of savings over spend should be explored.

8.5. There were no reported instances of fraud or whistleblowing in the period.

Action 8: Finance Team to consider how to capture and present Institute spend / savings as a result of Covid-19.

9. Any other business

9.1. None

Next meeting date

9.2. The next Audit and Risk Assurance Committee meeting will take place on 22 September 2020, 11:30-13:30 via Microsoft Teams.

Author

Institute Secretariat

Date created

Version

16/05/2020

FINAL