MINUTES

IFATE AUDIT AND RISK ASSURANCE COMMITTEE

Meeting title:	IfATE Audit and Risk Assurance Committee
Meeting date:	16 March 2023
Protective marking:	Official

Board members present:	Jennifer Coupland (JCou); Sir Peter Estlin (PE) (Non-Executive Director) (Chair); Dame Fiona Kendrick (FK) (Non-Executive Director).
	Professor Martin Doel (MD) (Independent member)
IfATE officials present:	David Wilson, Chief Financial Officer (DW); Audit and Assurance Team Lead (CP); Head of Portfolio Management Office (SB); Risk Lead (BA); Avril Cooper, HR Director (AC); Paul Dowse, Deputy Director for Digital and Analytical Services (PD) (item 9 only); Governance Team (RCr, JT)
Other stakeholders present:	Government Internal Audit Agency (GIAA) representatives (BK, CY); National Audit Office (NAO) representatives (KA); EY representative (HC); DfE Chief Information Security Officer (MS) (item 9 only).
Apologies:	Attila Garamszegi, Deputy Director, Finance Business Partner Skills and Regional Group

Item 1.   Welcome, introductions and conflicts of interest

1. PE welcomed committee members and participating officials to the meeting, noting the committee's appreciation for the work of IfATE's former chief financial officer Peter Schild, as well as the outgoing representatives of GIAA and NAO.

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. There were no reported instances of fraud or whistleblowing since the last committee meeting. There has been one data breach which fell within the criteria for reporting to the Information Commissioner's Office (ICO). The ICO closed the report with a finding that no further action by the ICO was necessary.

Item 2.   Minutes and actions from previous meeting

4. The minutes from the meeting held on 06 December 2022 were approved without amendment.

5. The committee considered the action log and agreed to close all actions proposed for closure. It was agreed to keep open one action from each the June 2022, September 2022 and December 2022 committee meetings.

Item 3.   Finance report

6. DW provided a financial update to the committee, and provided an overview of the factors affecting actual expenditure and forecast expenditure against budgets. The committee was advised that the IfATE budget for 2023-24 was due to be confirmed very soon.

7. Committee members asked how the 2023-24 budget was expected to be allocated between Programme and Administration spend, and were informed that the budget was expected to be allocated in a similar ratio to the 2022-23 budget. HM Treasury rules permitted for a degree of flexibility in reallocating funds from Administration spend to Programme, but did not provide similar flexibilities in allocating Programme spend to Administration.

8. DW outlined the process for the approval of the 2022-23 Annual Report and Accounts, adding that the initial work was underway.

9. Members thanked DW for his report.

Item 4.   Risks – Strategic Overview and Update

10. The committee received an update on strategic risks from JCou, who outlined that the residual score of Strategic Risk 4 (Budgets) had been refreshed and reviewed from medium to low as the financial year end was approaching, reducing the risk that there would be an overspend or significant underspend. JCou explained that a new tier of risks had been identified, sitting between operational risks and the strategic risks to which they are connected. BA added that work was ongoing to embed this layer of risks, and to determine whether metrics derived to measure intermediate risks could be used as a barometer for their 'parent' strategic risk.

11. Members welcomed the work that had been done in this area and made suggestions regarding the language that could be used to describe the connections and relationships between the different tiers of risks. Members suggested that the new intermediate risks could form the basis of future deep dives to support testing of the strategic risks, and requested that additional metrics are provided to show current status as well as acceptable maxima/minima where possible. Members also suggested that additional intermediate risks may be identified in future.

12. Members felt that Risk 2 (Loading) should be updated to clarify its scope and confirm its trajectory. JCou agreed to take this forward.

13. Members asked that R1 (Employer Confidence) took into account qualitative as well as quantitative measures, and requested that additional metrics were provided where possible to illustrate the position and trajectory of risks. In closing, PE thanked JCou and BA for the paper and for the progress made in this area.

Item 5.   Institute Assurance Framework

14. CP updated the committee on the activities conducted in relation to IfATE's assurance framework. The paper provided an overview of work being done to integrate assurance

controls across IfATE, and on the mapping of assurance activity against risk including those in the newly identified intermediate tier.

15. Members welcomed the alignment between risks and assurance testing, and asked for a summary of the results of testing on controls to be provided to a future meeting of ARAC.

Item 6. Follow up of audit actions

16. CP introduced the item and updated the committee on progress against actions arising from the Government Internal Audit Agency (GIAA) audits on Risk Management, Governance & Assurance, and Financial Forecasting, Budgeting and Decision-Making.

17. PE thanked CP for their report, and requested that in future, the follow-up of audit actions could focus on one audit each meeting.

Item 7. Government Internal Audit Agency (GIAA)

18. BK (GIAA) introduced CY, who had recently joined as an audit manager with GIAA and would be working on IfATE audits in future. BK advised the progress had been made on the audit plan and that draft reports were expected to be issued for the audits on Level 2/3 Preparedness and Future & Emerging Skills in the near future. The final audit, on the Digital Strategy, was expected to be a desktop exercise to which a future follow-up could be arranged.

19. BK advised that they had met with JCou to discuss the audit plan for 2023-24 and that four audits had been selected to be taken forward for that year.

20. BK advised that the GIAA cross-government insights team had recently completed an audit on Government Functional Standards and offered to share this with the committee.

Item 8. National Audit Office (NAO)

21. KA and HC introduced the item, which consisted of an audit planning report. The areas which would receive the greatest focus during the audit were identified as the presumed risk of management override of controls; International Financial Reporting Standard 16 (Leases); and checking the regularity and disclosure of exit packages.

22. DW added that IfATE was awaiting the lease agreement from DfE relating to the office space occupied by IfATE in Sanctuary Buildings.

Item 9. Deep dive: Cyber security and resilience

23. PD and MS introduced the item and explained that the IfATE IT landscape could be broadly categorised into four areas: services provided, hosted and managed by DfE; services hosted within the DfE environment but developed and/or managed by IfATE; third party bespoke services; and software as a service (SaaS) applications. Services provided, hosted and managed by DfE constituted the single largest area of the landscape.

24. It was explained that as DfE and IfATE shared a proportion of their IT infrastructure, they shared common IT risks. Rigorous assurances were in place for a number of services such as the computer hardware and office software used by end users.

25. PD described the sensitivity of data held by IFATE, explaining that much of the data held on the Institute Data System was already in the public domain, and that data that was not required was not stored on the system. In addition, access to the system was restricted to only those who were required to use it and any data identified as potentially sensitive was flagged accordingly.

26. One of the most significant cyber security risks was that of human error, but staff vigilance and cyber security awareness was tested regularly through simulated phishing attacks and had yielded positive results.

27. PE thanked PD and MS for their presentation, and requested a short note to provide assurance on IfATE's most significant cyber risks, and recommendations for further improvement.

Item 10. Deep dive follow-up: HR and people management

28. AC introduced the item, which followed on from the deep dive into HR and people management conducted prior to the December ARAC meeting, at which AC had presented the HR team's self-assessment of IfATE's compliance with Government Functional Standard GovS003 (HR). CP explained that the Audit and Assurance Team had now conducted a review of the mandatory elements of the standard which had concluded that the framework of governance, risk management and control was largely adequate and effective. Improvement actions had been identified and were underway.

29. AC outlined the refreshed approach to learning and development recently launched with staff, which included protected time for learning.

30. Members noted the HR metrics provided by the HR team, and provided a steer regarding additional metrics that would be beneficial going forward in terms of headcount against budget; investment in training; employee satisfaction and engagement; vacancies in critical roles; and equality, diversity and inclusion.

31. PE thanked AC and CP for their work in this area.

Item 11. ARAC self-evaluation, ARAC annual report and ARAC Chair's Statement for Annual Report and Accounts

32. The committee considered a draft annual report to the board and chair's statement that had been prepared for inclusion in IfATE's next Annual Report and Accounts. These were approved without amendment.

33. The committee considered the results from a self-evaluation questionnaire distributed to committee members and completed during the last quarter. The committee's processes were largely well regarded, and some recommendations were made to further strengthen the quality of the papers and underlying assurance evidence, whilst maintaining clarity over the issues presented.

Item 12. Any other business

34. There was no other business.